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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

In re: Pacific Capital Funding Group Inc., Debtor In re: Pacific Capital Funding Group Inc. Pacific Private Money Group LLC Private Money Management Group LLC Pacific Mortgage Capital, LLC Pacific Note Fund Management Group LLC Pacific Private Money, Inc. Pacific Private Money Partners LLC Arrival Home Loans LLC Pacific Private Money Fund 1 LLC Pacific Southwest Note Fund LLC Pacific Freedom Fund LLC Pacific Opportunity Fund LLC Arrival Fund I, LLC Affects: ☐ Pacific Capital Funding Group Inc. ☐ Pacific Private Money Group LLC ☐ Private Money Management Group LLC ☐ Pacific Mortgage Capital, LLC	Case No. 26-30538 Chapter 11 Jointly Administered with: Case No. 26-30538 (WJL) Case No. 26-30535 (WJL) Case No. 26-30544 (WJL) Case No. 26-30539 (WJL) Case No. 26-30540 (WJL) Case No. 26-30533 (WJL) Case No. 26-30536 (WJL) Case No. 26-30543 (WJL) Case No. 26-30534 (WJL) Case No. 26-30541 (WJL) Case No. 26-30532 (WJL) Case No. 26-30537 (WJL) Case No. 26-30542 (WJL) **DECLARATION OF KRISTIN D. RIVERA IN SUPPORT OF MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ENTRY OF AN ORDER SUBSTANTIVELY CONSOLIDATING THE DEBTORS' ESTATES** **Judge: Hon. William J. Lafferty, III**

☐ Pacific Note Fund Management Group LLC
☐ Pacific Private Money, Inc.
☐ Pacific Private Money Partners LLC
☐ Arrival Home Loans LLC
☐ Pacific Private Money Fund 1 LLC
☐ Pacific Southwest Note Fund LLC
☐ Pacific Freedom Fund LLC
☐ Pacific Opportunity Fund LLC
☐ Arrival Fund I, LLC
☒ All Debtors

Status Conference:
Date: November 18, 2026
Time: 10:30 a.m.
Place: Courtroom 220 (In Person or via Zoom)
1300 Clay Street, Oakland, CA 94612

I, Kristin D. Rivera, declare as follows:

1. I am a partner in the Investigations and Forensics practice at PricewaterhouseCoopers Advisory Services LLC ("PwC"), a leading financial advisory services firm. I am resident in PwC's San Francisco office.

2. I submit this Declaration pursuant to 28 U.S.C. § 1746, in support of the *Motion of the Official Committee of Unsecured Creditors for Substantive Consolidation of the Jointly Administered Debtors and for Related Relief* (the "Motion")[1] filed on even date herewith.

3. I could and would testify competently to the facts set forth in this Declaration. I understand that the Committee has authorized me to submit this Declaration in support of its Motion.

I. BACKGROUND

A. Summary of Qualifications and Experience

4. Since 2006, I have been a Partner in PwC's Investigations and Forensics Practice, having formerly served as PwC's Global Forensics Leader and head of PwC's Global Centre for Crisis and Resilience. From 2002 to 2006, I was a Director at PwC and was employed by Arthur Andersen from 1994 to 2002. I am a Certified Public Accountant in California and Colorado, a Certified Fraud Examiner, and Certified in Financial Forensics by the American Institute of Certified Public Accountants. A copy of my Curriculum Vitae ("CV"), which summarizes my education and relevant work experience, is attached to my Declaration (as defined below) as **Appendix A**. As more fully

enumerated in my CV, I have provided testimony in numerous matters involving alleged breach of fiduciary obligation, theft, fraud, and other similar allegations, which depended upon the recovery and analysis of financial, accounting and operation data.

5. I regularly provide privileged consulting and forensic accounting services to corporations and other businesses relating to enterprise-wide operations, including the assessment of their conformance to policies and procedures and the identification and quantification of breaches thereof that may have resulted in various forms of customer, investor or other stakeholder harm. During my professional career I have provided services on over 500 engagements, most of which have been investigative in nature. I recently submitted a declaration and testified in the LeFever Mattson Chapter 11 bankruptcy in connection with substantive consolidation and plan confirmation and have also provided services related to other cases involving Ponzi or Ponzi-like allegations where my involvement was not of public record.

6. Over my 32-year career as a forensic accountant and investigator, I have provided testimony in numerous matters filed in California state court as well as other state courts and Federal court. I have also testified in arbitration and appeared in a fact witness capacity before the Energy and Commerce Committee of the United States Congress, the Federal Bureau of Investigation, the U.S. Securities and Exchange Commission and the U.S. Department of Justice.

B. PWC Retention and Scope of Work

7. On August 13, 2026, the Committee filed an application [Dkt. No. 97] to employ PwC as financial advisor to the Committee, effective as of July 20, 2026, pursuant to an engagement letter dated August 8, 2026 (the "Engagement Letter"). By order entered August 26, 2026 [Dkt. No. 124] (the "PwC Retention Order"), the Court authorized the Committee to employ and retain PwC as its financial advisor effective as of July 20, 2026, on the terms and conditions set forth in the Engagement Letter, as modified by the PwC Retention Order.

8. The Application and the Declaration of Steven J. Fleming [Dkt. No. 98] describe the services PwC is authorized to provide to the Committee, which include, without limitation: (a) to advise and assist the Committee in its review of the claims reconciliation and estimation process,

including an entity and priority-level assessment of claims; (b) to advise and assist the Committee in the evaluation and analysis of potential avoidance actions, including fraudulent conveyances and preferential payments or transfers; (c) to advise and assist the Committee in its assessment of restructuring alternatives and estimated recoveries; (d) to compile a searchable repository (the "Data Repository") of relevant case documents and data sources provided by counsel and the Committee; (e) to analyze investor proofs of claim, associated documents, and financial data, including reconciling claims to the books and records of the relevant debtors and classifying claims as off-book or on-book investments; (f) upon request, to research ownership of relevant assets and real estate properties from publicly available information; (g) to gather data, perform data analytics, and conduct other investigative procedures to assist with the claims analysis and ongoing legal and bankruptcy proceedings; (h) to provide eDiscovery services, including hosting and document review; and (i) as requested by counsel and the Committee, to act in the capacity of a fact witness by providing fact witness reports, declarations, or testimony summarizing the scope of PwC's services and the facts identified. [*See* Dkt. 98 ¶ 20.]

9. I have utilized professionals at PwC to assist me in conducting my analyses and preparing the information underlying this Declaration. The information set forth in this Declaration is based upon PwC's work to date and upon the pattern of facts that we observed in the performance of the tasks that Committee Counsel Fox Rothschild LLP ("Committee Counsel") and the Committee requested.

10. In developing the factual findings in this Declaration, I applied forensic accounting procedures consistent with the AICPA Statement on Standards for Forensic Services. Specifically:

a. Analyzed the Debtor-produced documents and the QuickBooks General Ledger Extracts in the Data Repository and reviewed the Governing Documents, annual meeting minutes, audited financial statements, bank account records, petitions, and Schedules and Statements of Financial Affairs of each of the 13 Debtors to identify ownership, officers, managers, and bank signatories;

b. Analyzed the QuickBooks General Ledger Extracts for the period June 16, 2019 through June 15, 2026 to identify intercompany and related-party entries by entity, counterparty, account, amount, and description, including the frequency of entries recorded in round multiples of $1,000;

c. Compared the intercompany entries against the Master Interfund Lending Agreement (the "MILA"), the Warehouse Agreements, and any promissory notes or loan records located in the Data Repository to determine whether the recorded intercompany activity was documented;

d. Reviewed the general ledger and bank account activity to identify sequences in which investor deposits into low-balance accounts were followed by investor redemptions;

e. Compared investor listings across the funds' investor reconciliations, Schedule K-1 workpapers, and capital reconciliations, combining listings for the same investor and grouping related investors into families, to measure investor overlap;

f. Compared the revenues, expenses, and debt service in the income statements and balance sheets in the Debtors' QuickBooks general ledgers with the returns promised to investors; and

g. Estimated the cost of disentanglement by identifying the categories and estimated number of in-scope transactions and applying an estimated number of hours per transaction at PwC's blended hourly rate under the Engagement Letter. I then organized the results of these procedures according to each of the five criteria described below, which I understand from Committee Counsel are relevant to the Court's evaluation of the Motion. PwC relied on the accuracy and completeness of the information provided to it and did not audit or independently verify it.

II. BACKGROUND INFORMATION

A. Sources Of Data

11. As described above, pursuant to the scope of its engagement as approved by the PwC Retention Order, PwC has been maintaining the Data Repository. As relevant to the analyses and

summaries set forth in this Declaration, the Data Repository contains documents from several sources, including, but not limited to:

a. Debtor-Produced Documents: I understand that the Debtors have produced more than one million documents (consisting of more than three million pages) in the aggregate, as of the date hereof. PwC received these documents directly from the Debtors, and they include formation documents, operating agreements, annual meeting minutes, financial statements, bank records, and the funds' investor schedules (Schedule K-1 workpapers, K-1 reconciliations, and capital reconciliations).

b. QuickBooks Records: I understand that the Debtors' accounting system of record is QuickBooks, a small-business accounting software. PwC obtained access to and data extracted from the Debtors' general ledger maintained in QuickBooks (the "QuickBooks General Ledger Extracts"), including an extract of intercompany transactions for the period June 16, 2019 through June 15, 2026.

B. Assumptions, Limitations & Compensation

12. In performing the analyses described in this Declaration, I was supported by a team of approximately 16 professionals at PwC, including forensic accountants, data management specialists, and data analysts. Members of this team have experience in bankruptcy matters, investigations, complex financial reconstruction, fraud-related analyses, and data-intensive engagements. I directed and supervised the work performed by these professionals, determined the scope of procedures to be performed, and reviewed the analyses and results generated. The findings expressed in this Declaration are my own and are based upon my review of the underlying data, analyses, and investigative procedures, consistent with my professional obligations under applicable professional standards.

13. In preparing this Declaration, I have relied on my general knowledge, training, experience, and expertise directly relevant to the issues addressed in this Declaration, including:

a. Forensic accounting and reconstruction of complex financial records;

b. Analysis of intercompany transactions and commingled funds;

c. Prior experience evaluating factual indicia of substantive consolidation;

d. Assessment of enterprise-wide financial records and internal controls; and

e. Quantification of costs and feasibility associated with disentangling complex, interrelated transactions, or business dealings.

f. Attached as **Appendix B** is a list of documents and information that I considered in conducting my analysis and developing the findings set forth in this Declaration. As noted above, my findings are based on my personal review of these materials and my years of experience, education, and training. I have no legal training, and I do not offer any legal opinions or legal conclusions in this Declaration, including any opinion as to whether the legal standards for substantive consolidation are satisfied or whether any person engaged in fraud or other wrongful conduct.

14. PwC's work on this matter is ongoing. I may review additional materials or conduct further analysis. I reserve the right to update, refine, or revise my findings as appropriate.

15. My analysis is subject to certain limitations, which inform, and are integral to, my findings regarding the feasibility and cost of disentanglement, including:

a. Accounting records are incomplete for certain periods, including limited availability of records maintained in QuickBooks prior to June 16, 2019.

b. Bank statements are available only for limited accounts and periods, limiting the ability to trace funds across the full period of operations.

c. Intercompany funding among the Debtors was generally not documented by executed notes or agreements. I am compensated for my time in this matter at $1,016 per hour. This compensation is not contingent upon the nature of my findings or on the outcome of this matter.

III. FACTUAL FINDINGS

16. I understand from Committee Counsel that the following factual indicia are relevant to the Court's evaluation of substantive consolidation, including whether creditors dealt with the Debtors as a single economic unit and whether the Debtors' affairs are "hopelessly entangled." I have used them in this Declaration to organize my factual findings:

a. Common ownership and centralized control

b. Corporate record keeping and the state of the books and records

c. Disregard of corporate formalities

d. Intercompany and related-party transfers and commingled finances

e. Investor overlap and confusion

f. The cost and feasibility of disentanglement

g. The benefit to the creditor body as a whole

The chart below summarizes the presence of factors a through e with respect to the 13 Debtors:

	Debtor Entities	1. Common Ownership and Centralized Control	2. Corporate Recordkeeping and the State of the Books and Records	3. Disregard of Corporate Formalities	4. Intercompany and Related-Party Transfers and Commingled Finances	5. Investor Overlap and Confusion	Number of Criteria Met
1	Arrival Fund 1 LLC	Yes	Yes	Yes	Yes	Yes	5
2	Pacific Capital Funding Group Inc	Yes	Yes	Yes	Yes		4
3	Pacific Freedom Fund LLC	Yes	Yes		Yes	Yes	4
4	Pacific Mortgage Capital LLC	Yes	Yes	Yes	Yes		4
5	Pacific Note Fund Management Group LLC	Yes	Yes	Yes	Yes		4
6	Pacific Opportunity Fund LLC	Yes	Yes	Yes	Yes	Yes	5
7	Pacific Private Money Fund 1 LLC	Yes	Yes		Yes	Yes	4
8	Pacific Private Money Group LLC	Yes	Yes	Yes	Yes		4
9	Pacific Private Money Inc	Yes	Yes	Yes	Yes		4
10	Pacific SW Note Fund LLC	Yes	Yes	Yes	Yes	Yes	5
11	Pacific Private Money Partners LLC	Yes	Yes	Yes	Yes		4
12	Private Money Management Group LLC	Yes	Yes	Yes	Yes		4
13	Arrival Home Loans LLC	Yes	Yes		Yes		3
	Number of Debtors with Evidence of Criteria	13	13	10	13	5	
	Percent of Total Debtors	100%	100%	77%	100%	38%	
	Average Number of Criteria						4.2

C. Summary of Findings by Criteria

1. Centralized Control And Decision Making

17. PwC evaluated each of the 13 Debtors to determine if there was evidence that Mr. Hanf exercised centralized authority over the Debtors from a governance perspective. Specifically, for Debtors where articles of organization or incorporation, operating agreements, statements of information, or other governing organizational documents ("Governing Documents") were available, we determined who was listed as president or manager. We found Mr. Hanf was designated as president, manager, or chief executive officer for 13 of the 13 Debtors (100%). PwC located Governing Documents for all 13 Debtors.

18. As of the Petition Date, Mr. Hanf had ownership or centralized control over every fund:

a. Arrival Fund I, LLC (AFI) by Arrival Home Loans LLC (AHL);

b. Pacific Freedom Fund LLC (PFF) by Pacific Private Money Inc. (PPMI);

c. Pacific Opportunity Fund LLC (POF) by Pacific Private Money Partners LLC (PPMP);

d. Pacific Private Money Fund I LLC (PPMF) by Private Money Management Group LLC (PMMG); and

e. Pacific Southwest Note Fund LLC (PSWNF) by Pacific Note Fund Management Group LLC (PNFMG).

19. Each of these managers is owned through Pacific Private Money Group LLC (PPMG), whose sole member is Pacific Capital Funding Group Inc. (PCFG), which is majority owned by Mr. Hanf (90%) and minority owned by Nam Phan (10%). PPMG owns 100% of PPMI, PPMP, PMMG and PNFMG and 87.4% of AHL. The ownership of PPMG and of PSWNF's manager changed over time, as described below:

20. PPMG was formed in Delaware on April 14, 2020, and under its initial operating agreement Saluda Grade was its sole member. [PCFG_0000000032] Under an amended and restated agreement dated April 30, 2020, PPMG had two members, Saluda Grade (22.22%, for a capital contribution of approximately $2,000,000) and PCFG (77.78%), and was managed by a five-member Board of Managers, with two designees of Saluda Grade (initially Timothy Carr and Ryan Craft), two designees of PCFG (Mr. Hanf and Nam Phan), and one to be designated jointly. [PCFG_0000127334 §§ 4.08, 5.02.] PCFG was the initial President, responsible for PPMG's day-to-day operations. [PCFG_0000127334] Ryan Craft resigned from the board on June 16, 2023. [PCFG_0000747464] As of the Petition Date, PCFG was PPMG's sole member. PCFG is owned 90% by Mr. Hanf and 10% by Nam Phan, and PPMI is wholly owned by PPMG. [PCFG_0000813867]

21. PSWNF was formed on August 1, 2020, and its owner and manager was Pacific Southwest Management Group LLC (PSWMG), a non-debtor formed on July 1, 2020 and owned by Mark Brown, Edward Brown, and PPMG. [PCFG_0000209499; PCFG_0000000037] Beginning in 2020, PSWNF's bank accounts were held at banks in Texas, used a Lubbock, Texas address, and named Mark Brown as the signatory and fund manager. However, in or around 2023, PSWNF's records were moved to California, its Texas accounts were replaced by accounts at Wells Fargo in

Novato, California, on which Mr. Hanf is the signatory, and its transactions began to appear in the Debtors' general ledger.[PCFG_0000903808] On November 30, 2024, Pacific Note Fund Management Group LLC, formed on November 20, 2024 with Mr. Hanf as its sole member and manager, became PSWNF's management entity. [PCFG_0000092247]

22. In summary, as of the Petition Date, the evidence indicates each of the 13 Debtors was controlled, directly or through the entity that manages or owns it, by Mr. Hanf, notwithstanding changes in the ownership of PPMG and of PSWNF's manager described above.

23. PwC also evaluated each of the Debtors to determine if there was evidence that Mr. Hanf exercised centralized authority over bank accounts. Mr. Hanf is listed as the signatory, in an officer or manager role, on all 19 current bank accounts identified for the Debtors and two affiliated entities. Those accounts are held in the names of the 13 Debtors, and all of them share a single address (1555 Grant Avenue, Novato, California) (PCFG_0000813886).

24. The Debtors' own Governing Documents describe Mr. Hanf as "integral" to their operations. The PPMF operating agreement identifies him as the principal of the manager and states that he "is considered an integral part of the Fund's investments and operations (a 'Key Man')," and provides that the fund would place a moratorium on new investments upon his death or permanent disability. [PCFG_0000276830]

25. The Debtors' records also show Mr. Hanf's direct involvement in their day-to-day financial affairs. Mr. Hanf signed every set of annual meeting minutes located for the two Debtors organized as corporations: PCFG, for 2021 through 2024, and PPMI, for 2016 through 2024.

26. The Debtors' accounting records were also maintained by a common group of user IDs. The QuickBooks general ledger contains approximately 179,700 ledger lines across 12 entity ledgers, created by 28 user IDs. Ten of those user IDs created lines in three or more entity ledgers and together created approximately 111,300 of those lines (62%). One user ID created lines in all 12 entity ledgers (approximately 41,600 lines; 23%), another in eight (approximately 22,700 lines; 13%), and a shared "Pacific Private Money Accounting" user ID in ten (approximately 20,400 lines; 11%). Mr. Hanf's own user ID created approximately 3,060 lines across 11 of the 12 entity ledgers, including

approximately 2,040 in PPMI, 351 in PSWNF, 260 in PMMG, and 150 in PFF. The same user IDs recorded transactions for funds, management entities, and the holding company PPMG alike, rather than each Debtor's records being maintained separately.

27. Based on my experience, the above evidence is consistent with Mr. Hanf exercising centralized operational control over the Debtors.

2. Corporate Record Keeping

28. The work performed by PwC was affected by the nature and form of the Debtors' record keeping. PwC evaluated each of the 13 Debtors to determine where its records were kept, specifically whether Governing Documents and financial records were located in the Debtors' shared drive and accounting server, and whether the Debtor was carried as an entity in the Debtors' accounting system. We found that the Debtors' records were kept together and commingled rather than being organized separately on an entity-by-entity basis.

29. The Debtors' accounting records were maintained in a single commercially available accounting system, QuickBooks, under one set of entity codes (003 through 102), with the following exceptions and caveats. First, 12 of the 13 Debtors are carried as separate entities in the ledger. PCFG, the parent, is not, as it existed to roll up the activity of the other Debtor entities. Second, investor capital records were maintained in separate schedules (K-1 workpapers and capital reconciliations) rather than in the ledger.

30. We noted the Debtors' ledgers share a distinctive set of intercompany accounts. When one entity lends to or borrows from another, it records the amount in an account named for the other entity, such as "S/T Loan Pay - PPMI." PwC identified 59 such accounts, and 28 of them appear in the ledgers of more than one entity. For example, "S/T Loan Pay - PPMI" appears in 10 of the 12 entity ledgers. These accounts are named for other members of the Debtor group, so they would not appear in the books of unrelated businesses, and their recurrence across the entities' books is consistent with the ledgers being maintained as parts of a single set of books. As a result, it is difficult to read any one entity's ledger on its own.

31. Entity-level financial reporting was limited. PwC located audited financial statements for only 4 of the 13 Debtors: PPMF for fiscal years 2016 through 2019, PPMI for fiscal year 2021, Pacific Freedom Fund LLC for fiscal year 2021, and PSWNF for fiscal year 2022. None were located for the other nine Debtors, and audits appear to have been discontinued around fiscal year 2022. According to a letter signed by Mr. Hanf in November 2022, PCFG does not produce financial statements. [PCFG_0000802836]

32. The above facts indicate the Debtors' records were commingled in a common repository and accounting system, with overlapping entity-named accounts and the same user IDs recording transactions across entities, while entity-level financial reporting was limited. As a result, it is difficult to assess any one entity's financial position without also considering the ledgers and records of the other entities.

3. Disregard Of Corporate Formalities

33. In addition to the corporate record keeping observations above, PwC observed limited documentation of intercompany arrangements among the Debtors, as described below.

34. PwC tested whether intercompany funding was documented by written agreements or executed promissory notes. PwC located two types of intercompany loan documentation. The first is a Master Interfund Lending Agreement dated as of January 1, 2023 (the "MILA") among six funds: Pacific Private Money Fund I LLC (PPMF), Pacific Freedom Fund LLC (PFF), and Pacific Southwest Note Fund LLC (PSWNF), which are Debtors, and The North Star Capital Fund LLC, PMC Fund One LLC, and Pacific Lending Partners LLC, which are not. [PCFG_0000747405] Arrival Home Loans LLC (AHL) joined the MILA as a borrower only, as of April 1, 2025. [PCFG_0000747401] Mr. Hanf signed the MILA as President of all six funds. The second is six Warehouse Revolving Line of Credit Agreements (the "Warehouse Agreements"), under which Pacific Private Money Inc (PPMI) is the borrower from PPMF (October 1, 2014), PFF (March 1, 2020 and December 9, 2022), and non-debtor The North Star Capital Fund LLC (July 1, 2020), and PFF is the borrower from PPMF (January 1, 2021) and The North Star Capital Fund LLC (May 1, 2021). [PCFG_0000759782; PCFG_0000873847] Executed copies were located for the two agreements between PPMI and PFF,

and Mr. Hanf signed each for both the borrower and the lender. The Warehouse Agreements contemplate a promissory note for each advance, however PwC located no such promissory notes. Other than the MILA and the Warehouse Agreements, PwC did not locate any intercompany loan agreement(s) or promissory note(s).

35. The MILA covers approximately 5% of the intercompany ledger entries and the Warehouse Agreements cover approximately 29%; because some entries are covered by both, the two together cover approximately 31% of the approximately 5,327 intercompany ledger entries. The remaining entries, approximately 3,680, involve relationships with no loan agreement, including approximately 2,282 entries between PPMI and Arrival Home Loans (AHL), approximately 353 between PPMI and Arrival Fund I (AFI), and approximately 256 between PPMI and Pacific Mortgage Capital LLC (PMC). Of the 1,045 entries on AHL's books, approximately 1,033 (99%) are with PPMI, and approximately 865 predate its joinder to the MILA.

36. The terms of the MILA, and the signed copy itself, explain how intercompany loans were to be handled. The MILA requires that each loan be on "arms-length, market terms," unsecured, for one to three years, with interest at the lender's weighted-average distribution rate. It requires each fund to keep written records of every loan, including amount, maturity, rate, and the comparable bank rate, for ten years (PCFG_0000747405), and it declares each fund's assets and liabilities "separate and distinct". PwC located no such records to support the intercompany loans reflected in QuickBooks. Furthermore, the signed copy still contains unfilled drafting brackets: the effective date reads "[date first loan made in the past]," the borrowing and lending caps are "[y%]" of assets under management, and the jurisdictions of PPMG and Pacific Private Money Fund I (PPMF) are blank. The First Amendment corrected the names or jurisdictions of five of the six funds almost eleven months later. [PCFG_0000000199]

37. For PSWNF, which is a party to the MILA, PwC located no executed promissory notes or loan records for its intercompany loans recorded in the ledger as short-term loans receivable and payable.

38. The redemption of the $100,000 investment of Hanf Capital LLC, an entity owned by Mr. Hanf, in PSWNF is one example of an affiliate transaction. The October 2022 redemption was documented as "No redemption form. Verbal request and approval." [PCFG_0000767728] Mr. Hanf personally entered both lines of the redemption check in QuickBooks on the day before the check date. The $100,000 investment was booked to equity in the same way as a third-party subscription. Mr. Hanf controlled the redeeming investor, and he approved and recorded the redemption on the fund side.

39. Mr. Hanf's direct involvement extended to related-party transactions. His user ID created approximately 3,060 ledger lines across 11 of the 12 entity ledgers, including approximately 2,040 in PPMI, 351 in PSWNF, 260 in PMMG, and 150 in PFF. In the PSWNF ledger, excluding a December 2023 bulk correction of 331 lines, the 16 of his remaining 20 lines that identify a counterparty each involve a related party: Pacific Realty Development I, LLC, Hanf Capital LLC, or Pacific Southwest Management Group, LLC. In February 2025, he personally entered short-term loan wires to Pacific Realty Development I, LLC and Hanf Capital LLC.

40. While some of the Debtors executed a Master Interfund Lending Agreement (MILA) to document lending among a subset of the funds, it covered only a small portion of the intercompany activity, PwC located no records evidencing that its documentation and interest terms were followed, and it was signed by Mr. Hanf as president or manager for each entity.

4. Intercompany And Related-Party Transfers and Commingled Finances

41. PwC identified evidence of intercompany cash transfers between and among the Debtors and their affiliated entities, including non-debtor affiliates, over multiple years, as recorded in the Debtors' QuickBooks general ledger for the period June 16, 2019 through June 15, 2026. The ledger records approximately 5,327 intercompany entries under S/T loans and intercompany accounts across 12 entity codes with a recorded value of more than $500 million. Pacific Private Money Inc. (PPMI) accounts for approximately 2,741 entries, Arrival Home Loans LLC (AHL) for 1,045, Pacific Freedom Fund LLC (PFF) for 778, Pacific Private Money Fund I LLC (PPMF) for 393, Pacific Mortgage Capital LLC (PMC) for 128, and Pacific Southwest Note Fund LLC (PSWNF) for 93.

42. Many of the intercompany ledger entries described above lacked supporting documentation, such as a loan agreement, or promissory note, linking them to a specific underlying transaction, and were recorded using generic descriptions, such as "intercompany transfer," which makes their purpose difficult to ascertain. Approximately 40% of the entries, representing approximately 73% of the dollar value, are in round multiples of $1,000, and of the approximately 1,560 entries of $100,000 or more, approximately 72% are in round thousands. In my experience, transfers that correspond to specific invoices, payroll obligations, or vendor payments typically result in non-rounded amounts reflecting the precise sum owed, whereas amounts in round multiples of $1,000 are less likely to correspond to a discrete underlying transaction. Furthermore, the transfers were executed through bank accounts that Mr. Hanf controlled and were supported by minimal, if any, documentation. Taken together, these facts significantly limit our ability to associate transfers with a specific business purpose.

43. Money also moved between the Debtors and affiliates outside the Debtor group. The ledger contains approximately 1,130 entries with counterparties flagged as non-Debtor affiliates, with approximately $303 million of debits, including Alpha One Seed, North Star Capital Fund, Pacific Lending Partners, and Pacific Southwest Management Group. It also contains entries with Hanf Capital LLC (approximately 94) and Pacific Realty Development I, LLC (approximately 222), which are non-debtor affiliates.

44. Most of the Debtors intercompany "lending", measured by ledger entries, was not governed by a formal agreement. As described above, the Master Interfund Lending Agreement (MILA) covers approximately 5% of the intercompany entries. It also does not cover lending with non-Debtor affiliates, other than the three non-Debtors that signed it (The North Star Capital Fund LLC, PMC Fund One LLC, and Pacific Lending Partners, LLC), because those affiliates were not parties to it. Moreover, although the MILA and the Warehouse Agreements each require intercompany loans to bear interest, PwC identified little to no interest accrued, paid, or received on intercompany lending in the intercompany loan accounts of the Debtors' general ledger.

45. The ledger also records transactions with Mr. Hanf's personal entities. In February 2025 Mr. Hanf personally entered short-term loan wires to Pacific Realty Development I, LLC and Hanf Capital LLC.

46. As noted above, the Debtors records reflect frequent transfers among and between the Debtors' and their affiliates' accounts. PPMI was a party to approximately 4,394 of the approximately 5,327 intercompany entries (82%), and 10 of the other 11 entity ledgers (91%) recorded entries with PPMI as the counterparty. This demonstrates that funds were routinely moved through a central entity rather than being maintained at the entity level, a pattern that, in my experience, is indicative of the commingling of assets and financial obligations across entities.

47. In reviewing the Debtors' general ledgers, PwC observed that the Debtors' revenues were not sufficient to pay the returns promised to investors. The amounts below are from the income statements and balance sheets in the Debtors' QuickBooks general ledgers and cover June 16, 2019 through June 16, 2026 for the Debtors:

	$ millions
Revenues	131.2M
Less: expenses	(97.9M)
Less: external debt service	(7.6M)
Revenue remaining	**25.7M**
Returns promised to investors (estimated from average investor equity on the balance sheet and each fund's stated return rate)	(49.5M)
Shortfall	**(23.8M)**
Impairment recorded December 31, 2025	(44.1M)
Combined shortfall	**(~68M)**

48. On this basis, the Debtors' recorded revenues were clearly insufficient to cover the returns promised to investors.

49. In reviewing the Debtors' general ledger, PwC also observed instances in which investor funds were received into accounts with low balances and, on the same day or shortly after,

were used to pay other investors (*i.e.*, the ledger showed that new investor funds were used to pay old investor redemptions). For example:

a. On July 6, 2022, a Pacific Freedom Fund (PFF) operating account with a balance of $(84,409) received investor deposits of $750,000 and paid investor redemptions of $537,001 the same day.

b. On June 30 and July 1, 2022, $237,000 of investor deposits were received into a Pacific Freedom Fund (PFF) subscription account, and $150,000 was transferred the next day to an operating account with a balance of $(57,614), which paid a $150,000 investor redemption.

c. On October 11, 2023, $880,000 of investor deposits were received into a Pacific Freedom Fund (PFF) operating account, and $350,000 was transferred to the fund's distribution account with a balance of $3,563, which paid four investor redemptions totaling $350,000.

d. On May 9 and 10, 2024, a $40,000 investor deposit was received into a Pacific Private Money Fund I (PPMF) account and transferred to its distribution account, which paid a $25,000 investor redemption.

50. These are examples PwC observed in the general ledger and do not represent the full population of investor payments. PwC has not matched specific deposits to specific payments. Nonetheless, the sequence of these transactions, investor deposits received into low-balance accounts followed by same-day or near-term investor redemptions, is the type of activity examined when evaluating whether investor redemptions are funded by incoming investor deposits.

51. The above facts demonstrate unrestricted transfer of funds among the Debtors and their affiliates and demonstrate the Debtors practiced centralized cash management rather than segregated, entity-level cash management. While intercompany loans were common, the records reviewed show limited documented controls to maintain clear financial separation among the affiliated entities. The specific examples shown above further demonstrate a pattern of commingling of assets and liabilities between funds which purport to operate as separate legal entities.

5. Investor Overlap and Confusion

52. PwC reviewed investor information for the Debtors' five funds (listed in the chart below) using the funds' investor reconciliations, Schedule K-1 workpapers, and capital reconciliations, covering 2022 through 2025, which include investor positions maintained in Juniper Square, an investment management software, to identify investors holding investments in more than one fund. PwC combined listings that referred to the same investor, including spelling variants, aliases on the same partner record, the same Juniper Square position, and the same taxpayer identification number. PwC also grouped investors into families, consisting of an investor, spouse, IRA, and trust, where the names or the address and surname matched.

53. PwC observed overlap across the funds as follows:

Fund	Investors	Also invested in another fund	%
Arrival Fund I	20	11	55%
Pacific Freedom Fund	170	69	41%
Pacific Opportunity Fund	10	8	80%
Pacific Private Money Fund I	354	72	20%
Pacific Southwest Note Fund	68	40	59%

54. In total, the Debtors' investor reconciliations list 516 distinct investors, 94 of whom (18%) invested in more than one fund. Grouped into families, there are 443 families, 106 of which (24%) invested in more than one fund. Limited to investors with non-zero capital or activity in 2025, 58 of 347 (17%) invested in more than one fund.

55. The funds' documents carried a common brand. For example, the footers of the Pacific Private Money Fund I LLC operating agreement and subscription booklet read "Pacific Private Money Loans," and Mr. Hanf signed a November 2022 letter on PCFG letterhead as "President and CEO" of "Pacific Private Money."

56. PwC's analysis of investor confusion is not complete. We intend to utilize investor proofs of claim, interviews of investors, and other information, when available, to finalize this

analysis. In my experience, the most robust evidence of investor confusion may not be fully elicited until the claims reconciliation process is complete.

57. The overlap among the funds, which is significant in the smaller funds, is evidence that the funds drew on a common investor base, and the common brand of the funds' documents is consistent with investors dealing with the Debtors as a single enterprise.

D. Summary of Findings by Debtor

58. The paragraphs below summarize, for each Debtor, the evidence described in this Declaration under each of the five criteria.

Pacific Capital Funding Group, Inc. ("PCFG").

59. With respect to common ownership and centralized control, PCFG is the parent, majority owned by Mr. Mark Hanf ("Mr. Hanf") (90%) and minority owned by Nam Phan (10%), and the sole member of PPMG; Mr. Hanf was its Chief Executive Officer from inception until June 2026 and signed every set of its annual meeting minutes.

60. With respect to corporate record keeping and the state of the books and records, PCFG has a bank account in its own name but is the only Debtor without its own ledger entity in the shared general ledger of PCFG. A November 22, 2022 letter signed by Mr. Hanf also states that it "does not produce financial statements." With respect to disregard of corporate formalities, PCFG is not a party to the Master Interfund Lending Agreement ("MILA"), and PwC located no intercompany loan agreement or promissory note between PCFG and any other Debtor or affiliate.

61. With respect to intercompany and related-party transfers and commingled finances, the other Debtors' transfers and shared accounts roll up to PCFG under the ownership structure.

62. PwC identified evidence of four of the five criteria evaluated.

Pacific Private Money Group LLC ("PPMG").

63. With respect to common ownership and centralized control, PPMG was owned in part by Saluda Grade until PCFG became its sole member, and Mr. Hanf was its Chief Executive Officer and Nam Phan its Chief Operating Officer until June 2026.

64. With respect to corporate record keeping and the state of the books and records, it has a Wells Fargo account and is carried as ledger entity 003 in the shared general ledger of PCFG, and no audited, reviewed nor compiled financial statements were located. With respect to disregard of corporate formalities, it is not a party to the MILA, and PwC located no intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

65. With respect to intercompany and related-party transfers and commingled finances, its ledger shows 32 entries, with debits totaling approximately $0.82 million and approximately 95% of the dollar value in round thousands.

66. PwC identified evidence of four of the five criteria evaluated.

Pacific Private Money, Inc. ("PPMI").

67. With respect to common ownership and centralized control, PPMI is wholly owned by PPMG, and Mr. Hanf is its sole director and President, was its Chief Executive Officer until June 2026, and is the signatory on its bank accounts.

68. With respect to corporate record keeping and the state of the books and records, it is carried as ledger entity 051 in the shared general ledger of PCFG; Mr. Hanf signed nine years of its annual meeting minutes, and one year of audited statements (FY2021) was located.

69. With respect to disregard of corporate formalities, it is a party to approximately 82% of the intercompany entries and is the borrower under four Warehouse Agreements, but not to the MILA, and PwC located no intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

70. With respect to intercompany and related-party transfers and commingled finances, its ledger shows approximately 2,741 entries, with debits totaling approximately $248.9 million, 46% with AHL, 17% with PFF and 13% with AFI; approximately 68% of the dollar value is in round thousands, 29 entries are described as covering redemptions, and it holds the investor ACH and servicing trust accounts.

71. PwC identified evidence of four of the five criteria evaluated.

Pacific Freedom Fund LLC ("PFF").

72. With respect to common ownership and centralized control, PFF is managed by PPMI, and Mr. Hanf is the signatory on its bank accounts.

73. With respect to corporate record keeping and the state of the books and records, it is carried as ledger entity 052 in the shared general ledger of PCFG, and only one year of audited statements (FY2021) was located.

74. With respect to intercompany and related-party transfers and commingled finances, its ledger shows approximately 778 entries, with debits totaling approximately $191.7 million, 51% with PPMI and 24% with PPMF; approximately 80% of the dollar value is in round thousands, 26 entries are described as covering redemptions, and four sequences show investor deposits paying other investors on days when the fund's combined cash was short.

75. With respect to investor overlap and confusion, 69 of its 170 investors (41%) also invested in another fund.

76. PwC identified evidence of four of the five criteria evaluated.

Private Money Management Group LLC ("PMMG").

77. With respect to common ownership and centralized control, PMMG is wholly owned by PPMG, manages PPMF, and is itself managed by PPMI through Mr. Hanf as President, and Mr. Hanf is the signatory on its bank account.

78. With respect to corporate record keeping and the state of the books and records, it is carried as ledger entity 011 in the shared general ledger of PCFG, and no audited, reviewed nor compiled financial statements were located.

79. With respect to disregard of corporate formalities, it is not a party to the MILA, and PwC located no intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

80. With respect to intercompany and related-party transfers and commingled finances, its ledger shows 39 entries, with debits totaling $220,000 and credits totaling approximately $3.38 million, 90% with PPMF.

81. PwC identified evidence of four of the five criteria evaluated.

Pacific Private Money Fund I LLC ("PPMF").

82. With respect to common ownership and centralized control, PPMF is managed by PMMG through PPMI under an operating agreement signed by Mr. Hanf, which calls him a "Key Man," and its 2017 Statement of Information lists him as manager.

83. With respect to corporate record keeping and the state of the books and records, it is carried as ledger entity 012 in the shared general ledger of PCFG, and audited statements were located for four years (FY2016 to FY2019).

84. With respect to intercompany and related-party transfers and commingled finances, its ledger shows approximately 393 entries, with debits totaling approximately $28.1 million, 41% with PFF and 30% with PPMI; approximately 67% of the dollar value is in round thousands, and 16 entries are described as covering redemptions. Its investor ACH account is titled in PPMI's name.

85. With respect to investor overlap and confusion, 72 of its 354 investors (20%) also invested in another fund.

86. PwC identified evidence of four of the five criteria evaluated.

Pacific Private Money Partners LLC ("PPMP").

87. With respect to common ownership and centralized control, PPMP is wholly owned by PPMG and manages Pacific Opportunity Fund ("POF"), and Mr. Hanf is its manager and bank signatory.

88. With respect to corporate record keeping and the state of the books and records, it is carried as ledger entity 091 in the shared general ledger of PCFG, and no audited reviewed nor compiled financial statements were located.

89. With respect to disregard of corporate formalities, it is not a party to the MILA, and PwC located no intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

90. With respect to intercompany and related-party transfers and commingled finances, its ledger shows 13 entries, with debits totaling approximately $19,700, 54% with POF and 46% with PPMI.

91. PwC identified evidence of four of the five criteria evaluated.

Pacific Opportunity Fund LLC ("POF").

92. With respect to common ownership and centralized control, POF is managed by PPMP, and Mr. Hanf is the signatory on its bank account.

93. With respect to corporate record keeping and the state of the books and records, it is carried as ledger entity 092 in the shared general ledger of PCFG, and no audited, reviewed nor compiled financial statements were located.

94. With respect to disregard of corporate formalities, it is not a party to the MILA, and PwC located no intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

95. With respect to intercompany and related-party transfers and commingled finances, its ledger shows 33 entries, with debits totaling approximately $1.76 million, 30% with PPMP and 27% with PFF, and approximately 90% of the dollar value in round thousands.

96. With respect to investor overlap and confusion, 8 of its 10 investors (80%) also invested in another fund.

97. PwC identified evidence of all five criteria evaluated.

Arrival Home Loans LLC ("AHL").

98. With respect to common ownership and centralized control, AHL was formed in 2022 with PPMG as its sole member and, as of the petition date, is owned 87.4% by PPMG, 4.07% by Pacific Freedom Fund LLC and 1.6% by Mr. Hanf; Mr. Hanf is its manager and bank signatory and served on its Board of Managers from April 2022 to June 2026.

99. With respect to corporate record keeping and the state of the books and records, it is carried as ledger entity 101 in the shared general ledger of PCFG, and no audited, reviewed nor compiled financial statements were located.

100. With respect to disregard of corporate formalities, AHL joined the MILA as a borrower only on April 1, 2025; approximately 865 of its 1,045 ledger entries predate that, and PwC located no

intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

101. With respect to intercompany and related-party transfers and commingled finances, its ledger shows approximately 1,045 entries, with debits totaling approximately $20.4 million; although its operating agreement states its purpose as originating and managing mortgage loans to third parties, approximately 99% of its entries are with PPMI, which is not a party to the MILA, and approximately 68% of the dollar value is in round thousands.

102. PwC identified evidence of three of the five criteria evaluated.

Arrival Fund I, LLC ("AFI").

103. With respect to common ownership and centralized control, AFI is managed by AHL, which is 87.4% owned by PPMG, and Mr. Hanf is the signatory on its bank account.

104. With respect to corporate record keeping and the state of the books and records, it is carried as ledger entity 102 in the shared general ledger of PCFG, and no audited, reviewed nor compiled financial statements were located.

105. With respect to disregard of corporate formalities, it is not a party to the MILA, and PwC located no intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

106. With respect to intercompany and related-party transfers and commingled finances, its own ledger shows four entries, and PPMI's ledger records approximately 353 entries with AFI. With respect to investor overlap and confusion, 11 of its 20 investors (55%) also invested in another fund.

107. PwC identified evidence of all five criteria evaluated.

Pacific Note Fund Management Group LLC ("PNFMG").

108. With respect to common ownership and centralized control, PNFMG was formed on November 20, 2024 with Mr. Hanf as its sole member and manager, is listed as wholly owned by PPMG as of the petition date, and became PSWNF's manager on November 30, 2024.

109. With respect to corporate record keeping and the state of the books and records, it has a bank account in its own name and is carried as ledger entity 031 in the shared general ledger of PCFG, and no audited, reviewed nor compiled financial statements were located.

110. With respect to disregard of corporate formalities, it is not a party to the MILA, and PwC located no intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

111. With respect to intercompany and related-party transfers and commingled finances, its ledger shows 28 entries, with debits totaling $39,000, 89% (25) with PSWNF, and approximately 94% of the dollar value in round thousands.

112. PwC identified evidence of four of the five criteria evaluated.

Pacific Southwest Note Fund LLC ("PSWNF").

113. With respect to common ownership and centralized control, control passed from PSWMG, its Manager, which was owned in part by Mark Brown and Edward Brown (it is my understanding that these Mr. Browns are not related), to PNFMG by written consent of a majority of its members effective November 30, 2024, and its accounts are now at Wells Fargo in California, where Mr. Hanf was the signatory.

114. With respect to corporate record keeping and the state of the books and records, its records moved to the Debtors' shared drive and ledger (entity 032) in the shared general ledger of PCFG in or around 2023, and one year of audited statements (FY2022) was located.

115. With respect to disregard of corporate formalities, PSWNF is a party to the MILA, yet PwC located no executed intercompany promissory note or loan record supporting the intercompany loans recorded on its books, and a $100,000 affiliate redemption was approved verbally and recorded by Mr. Hanf.

116. With respect to intercompany and related-party transfers and commingled finances, its ledger shows 93 entries, with debits totaling approximately $8.2 million, 31% with PFF, 23% with PPMI, 19% with PPMF and 25% with Mr. Hanf's affiliates Pacific Realty Development I, LLC and Hanf Capital LLC; approximately 96% of the dollar value is in round thousands.

117. With respect to investor overlap and confusion, 40 of its 68 investors (59%) also invested in another fund.

118. PwC identified evidence of all five criteria evaluated.

Pacific Mortgage Capital, LLC ("PMC").

119. With respect to common ownership and centralized control, PMC is member-managed and, as of the petition date, wholly owned by PPMG; Mr. Hanf is listed in its Statements of Information as its manager or member and its Chief Executive Officer, is its agent for service of process and bank signatory, and signed its operating agreement as President of its then-member PPMI.

120. With respect to corporate record keeping and the state of the books and records, its articles and operating agreement were located, it is carried as ledger entity 041 in the shared general ledger of PCFG, and no audited, reviewed nor compiled financial statements were located.

121. With respect to disregard of corporate formalities, it is not a party to the MILA, and PwC located no intercompany loan agreement or promissory note supporting the intercompany loans recorded on its books.

122. With respect to intercompany and related-party transfers and commingled finances, its ledger shows approximately 128 entries, with debits totaling approximately $26.7 million, 43% with PFF and 41% with PPMI; approximately 69% of the dollar value is in round thousands.

123. PwC identified evidence of four of the five criteria evaluated.

E. Feasibility And Cost of Disentanglement

124. Based on the volume of intercompany transactions, the lack of consistent entity-level accounting, and the absence of complete historical records, disentangling the Debtors would require extensive and expensive forensic accounting procedures. These would include transaction-by-transaction analyses, reconciliation of resulting intercompany balances, and reconciliation of investor claims by entity.

125. Any effort to disentangle the Debtors from each other is further complicated by related party transactions among the Debtors and affiliates.

126. Furthermore, absent substantive consolidation, the assets, liabilities, operations, and affairs of each of the 13 Debtors would need to be disentangled. Specific procedures necessary to disentangle the books and records of the Debtors would likely include:

a. Analyzing, assessing, and providing to each Debtor for recordation the appropriate accounting treatment of each intercompany transaction recorded in the Debtors' general ledger, including transactions with affiliates that are not Debtors;

b. Analyzing and documenting the appropriate terms and accounting treatment of each intercompany loan relationship, including those not covered by the Master Interfund Lending Agreement (MILA);

c. Reconciling the ledger's intercompany entries to the bank records of the Debtors' and affiliates' accounts and providing to each Debtor for recordation any payments or receipts not recorded in the ledger;

d. Obtaining independent retrospective value opinions for all real estate transactions between and among the Debtors, and between the Debtors and related parties; and

e. Analyzing and assessing the appropriate accounting treatment of each retrospective value opinion.

127. Due to the incomplete and/or inconsistent record keeping, the lack of formal documentation of intercompany arrangements, the prevalence of intercompany cash and property transfers, and the centralized cash management described above, it may not be possible to disentangle the Debtors with reliability. An entity-by-entity allocation of assets, liabilities, and cash flows that is supported by the Debtors' own records would be costly to reproduce by a third party. For most intercompany transfers, the records do not show whether a transfer was a loan, a repayment, a capital contribution, or the payment of another entity's expense, what terms applied, or why it was made. A forensic accountant would therefore have to make assumptions about which Debtor was owed what and why, and different reasonable assumptions would produce different balances. However, even if additional data were to become available, the cost to attempt such disentanglement would deplete the funds available to investors.

F. Cost of Separate Administration and Overall Incremental Cost of Not Consolidating

128. Absent substantive consolidation, the costs of maintaining the Debtors as separate economic estates would extend well beyond the forensic accounting procedures required to reconstruct the historical general ledgers. Following that reconstruction, the estates would need to determine and reconcile intercompany claim balances, establish the appropriate claim position for each estate, resolve competing claims and offsets, address disputes regarding ownership and allocation of causes of action and recoveries, implement appropriate conflict-management processes where estates have adverse interests, and separately administer claims and distributions for the affected estates.

129. PwC developed the incremental cost estimates below using a combination of: (a) transaction-level analysis of the Debtors' books and records; (b) the anticipated scope of financial and forensic work required to reconstruct and maintain separate estates; (c) PwC's current billing rates under its Court-approved engagement; and (d) my experience with complex bankruptcy and forensic matters. For categories involving legal services, fiduciary roles or other professionals outside PwC, I relied on information provided by Committee Counsel and the Debtors regarding the types of additional processes that would likely be required and used directional assumptions to estimate their potential economic impact. These estimates are intended to quantify the incremental burden of maintaining separate estates and are not forecasts of the ultimate professional fees that will be incurred.

130. The principal incremental cost categories and the bases for PwC's estimates are as follows:

Cost Driver	Basis of Estimate	Estimated Incremental Cost
Conflict governance and professional support	Assumes that estates with materially adverse intercompany positions would require independent fiduciary decision-making and related legal and financial advisory support. The low case assumes approximately five affected estates at an average incremental cost of approximately $200,000 per estate; the upper end reflects a greater number of	**$1.0M–$3.0M**

	affected estates and/or more extensive conflict-related activity.	
General ledger reconstruction	Approximately 1,900 to 2,600 intercompany and related-party transactions requiring individual analysis, at approximately one hour per transaction and PwC's blended hourly rate of approximately $558.	**$1.06M–$1.45M**
Intercompany claims reconciliation	Additional financial and forensic work following transaction reconstruction to establish debtor-by-debtor due-to and due-from positions, evaluate offsets and competing positions, and prepare or support intercompany claims and objections.	**$1.0M–$2.0M**
Inter-estate disputes	Potential legal and financial advisory costs associated with resolving disputes concerning intercompany claims, setoff, ownership of causes of action and allocation of recoveries. The range reflects uncertainty regarding the number, complexity and duration of disputes requiring contested resolution.	**$0.5M–$1.5M**
Separate claims and distribution administration	Additional administrative effort associated with maintaining multiple claim pools, reserves and distribution waterfalls and calculating and administering distributions on an estate-by-estate basis.	**$0.15M–$1.3M**
Total Estimated Incremental Cost		**Approximately $3.7M–$9.3M**

131. The general ledger reconstruction and intercompany claims reconciliation reflected above are separate activities. General ledger reconstruction is intended to determine, to the extent possible, what occurred historically and the appropriate entity-level accounting treatment of the underlying transactions. Intercompany claims reconciliation would follow that work and use the reconstructed records to determine what each estate claims to owe or be owed, evaluate offsets and competing positions, and support the allowance, objection, settlement or litigation of those claims. Similarly, the estimated cost of inter-estate disputes reflects the additional professional costs that could arise if the resulting positions cannot be resolved consensually.

132. These are estimates, and actual costs could be higher or lower depending on, among other things, the quality and completeness of additional records, the number of estates with materially adverse positions, the conflict-management measures required, the extent to which intercompany claims can be resolved consensually, and the duration of any contested proceedings. The estimates exclude ordinary administration and liquidation expenses that would be incurred under either path, as

well as the costs of pursuing third-party recoveries. Importantly, the incremental expenditures described above would principally determine how existing value should be allocated among affiliated Debtor estates; they would not themselves create additional enterprise value or generate recoveries from third parties.

133. The magnitude of these incremental costs is particularly significant when compared with the resources currently expected to be available to the Debtors. Based on the Debtors' filed Schedules of Assets and Liabilities, the Debtors reported approximately $4.5 million of cash as of the Petition Date. In addition, I understand that the Debtors currently estimate that their remaining tangible assets, principally notes receivable and owned real estate, will generate approximately $10 million of net proceeds after transaction-related expenses. I further understand that the Debtors estimate that the ordinary administrative costs required to reach confirmation of a plan, excluding prolonged litigation regarding substantive consolidation or inter-estate disputes, will be approximately $5 million.

134. Based on those estimates, the Debtors currently expect approximately $14.5 million of Petition Date cash and net proceeds from tangible assets, before ordinary case administration, and approximately $9.5 million remaining after the estimated $5 million of ordinary administrative costs necessary to reach confirmation. The estimated $3.7 million to $9.3 million of incremental costs associated with maintaining separate estates therefore represents approximately 39% to 97% of those remaining identifiable resources. At the upper end of the range, approximately $250,000 of those resources would remain before considering additional post-confirmation administration, distributions to creditors, or the costs associated with pursuing third-party recoveries.

135. Stated another way, the estimated incremental costs of preserving entity-level separateness are approximately equal to, and at the upper end nearly twice, the Debtors' aggregate Petition Date cash. Expenditures of this magnitude would materially reduce the resources available both for distributions to creditors and for activities that could generate additional recoveries, including the pursuit of third-party claims, avoidance actions and other potential sources of value.

136. The economic impact is compounded by the uncertainty of the result. Because the Debtors' historical records are incomplete, intercompany transactions frequently lack underlying

documentation, and historical bank records are incomplete for certain periods and accounts, incurring these costs would not assure that a reliable entity-by-entity allocation could ultimately be achieved. For many transactions, the available records do not establish whether a transfer represented a loan, repayment, capital contribution or payment of another entity's obligation, the economic purpose of the transfer, or the terms on which it occurred. Different reasonable assumptions could therefore produce materially different intercompany balances even after substantial forensic work.

137. Maintaining separate estates would also delay the claims reconciliation and distribution process while historical records are reconstructed, intercompany claims are established and disputed issues are resolved. That delay would itself extend the period during which estate professionals, fiduciary structures and other administrative resources must be maintained and funded.

138. Accordingly, from a financial and forensic perspective, the alternative to substantive consolidation is not simply the continued administration of thirteen readily ascertainable estates. It would require the estates to spend a substantial portion of the value presently expected to be available to creditors attempting to reconstruct those estates, reconcile and potentially litigate claims among them, and separately administer the resulting recovery pools with no assurance that the available records would permit a reliable result and without creating additional value for the creditor body as a whole.

IV. CONCLUSION

139. Based on the procedures described above, I identified evidence that the Debtors were operated as an integrated enterprise rather than as thirteen financially independent entities. The evidence includes centralized ownership and control, common management of bank accounts, shared accounting personnel and systems, extensive intercompany and related-party activity, limited adherence to documented intercompany lending terms, material investor overlap, and incomplete or inconsistent entity-level books and records. These conditions were not isolated to one or two Debtors; they were present across the Debtors, although the nature and degree of the evidence varied by entity.

140. The Debtors' historical accounting records do not provide a reliable, self-contained basis from which the financial position of each estate can simply be read or reconstructed. Thousands

of intercompany and related-party transactions were recorded across a common accounting environment, many without contemporaneous documentation sufficient to establish their purpose, terms or appropriate entity-level treatment. In numerous instances, the available records do not establish whether a transfer represented a loan, repayment, capital contribution, payment of another entity's expense or some other transaction. As a result, determining the financial position of each Debtor on a standalone basis would require substantial retrospective forensic analysis and, in many instances, the exercise of judgment regarding transactions for which the contemporaneous evidence is incomplete.

141. The difficulty of that exercise is not merely administrative. PwC estimates that maintaining entity-level separateness would require approximately $3.7 million to $9.3 million of incremental professional and administrative costs, in addition to the ordinary costs of administering these Chapter 11 cases. Those expenditures would principally be incurred to reconstruct historical entity-level economics, determine intercompany claim positions, resolve disputes among affiliated estates and separately administer multiple recovery pools. They would not themselves create additional enterprise value or generate third-party recoveries.

142. The magnitude of those incremental costs is significant in relation to the resources currently expected to be available to creditors. Based on the Debtors' filed Schedules of Assets and Liabilities, the Debtors reported approximately $4.5 million of Petition Date cash. I understand that the Debtors currently estimate approximately $10 million of net proceeds from their remaining tangible assets and approximately $5 million of ordinary administrative costs to reach plan confirmation, excluding prolonged litigation regarding substantive consolidation or inter-estate disputes. On that basis, the estimated incremental cost of maintaining separate estates represents approximately 39% to 97% of the approximately $9.5 million of identifiable resources expected to remain after those ordinary costs.

143. Even after incurring those costs, there is no assurance that the available records would permit the Debtors' historical affairs to be reconstructed with sufficient reliability to produce definitive entity-by-entity balances. Incomplete banking records, unsupported intercompany activity, limited

entity-level financial reporting and the absence of documentation for many transactions create the possibility that substantial estate resources could be consumed without producing a reliable or economically meaningful result.

144. Maintaining separate estates would also create additional consequences beyond the direct cost of reconstruction. Intercompany claims and competing estate positions would need to be established and potentially disputed; appropriate conflict-management processes would need to be maintained where estates have adverse interests; ownership and allocation of certain causes of action and recoveries could require separate analysis or litigation; and claims, reserves and distributions would need to be administered on an estate-by-estate basis. These processes would consume additional resources and could materially delay distributions to creditors.

145. Accordingly, from a financial and forensic perspective, the alternative to substantive consolidation is not simply the continued administration of thirteen readily ascertainable estates. It would require the estates first to expend a substantial portion of the value presently expected to be available to creditors attempting to reconstruct and defend entity-level distinctions that the historical records do not reliably preserve. Those expenditures would reduce the resources available for creditor distributions and efforts directed toward generating additional recoveries, while providing no assurance that a reliable standalone allocation could ultimately be achieved.

146. In summary, the evidence described in this Declaration demonstrates that the Debtors' financial affairs are interconnected, that the cost and uncertainty of attempting to reconstruct and administer them separately are significant, and that maintaining entity-level separateness would significantly diminish the value available to the creditor body as a whole.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. This Declaration was executed on November 4, 2026 at Kyoto, Japan.

/s/ KDRivera

Kristin D. Rivera

APPENDIX A

Kristin D. Rivera

Position	Partner, Investigations & Forensics PricewaterhouseCoopers Advisory Services LLC
Professional & Business History	PwC: Partner, 2006 to present PwC: Director, 2002 to 2006 Arthur Andersen: 1994 to 2002
Range of Experience	Provided forensic accounting, investigative services and dispute resolution services in more than 500 engagements alleging misconduct including earnings management, revenue or expense manipulation, fraudulent financial reporting, alleged violations of the Foreign Corrupt Practices Act (FCPA). Frequent author and speaker on the topics of misconduct, investigations and fraud. Participated in development of fraud standards in conjunction with the Centre for Audit Quality (CAQ) Anti-Fraud Working Group and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
Selected Specific Experiences	Internal corporate investigation services in anticipation of or in response to formal and informal SEC, DOJ and other regulatory agency investigations and whistleblower allegations, including work for companies, their auditors and/or counsel in technology, real estate, health, utilities and manufacturing. Arbitration and dispute resolution services have included the resolution of post-acquisition and other business disputes in technology, real estate and manufacturing industries. Forensic accounting and fraud services to hundreds of U.S. and global companies across technology, real estate, health, utilities, energy, financial services, professional services, retail, communications and manufacturing. Formal and informal testimony in matters involving fraudulent misrepresentation of financial information, misappropriation of assets, breach of fiduciary obligation, theft, fraud and other similar allegations, which depended upon the recovery and analysis of financial, accounting, human resource, and operational data.
Professional Affiliations	American Institute of Certified Public Accountants (AICPA)- Member Association of Certified Fraud Examiners - Member California Society of Certified Public Accountants - Member Colorado Society of Certified Public Accountants - Member
Education & Professional Certifications	B.A., Economics/Accounting, Scripps College, Claremont, California Certified Public Accountant, Colorado (1999) Certified Public Accountant, California (2003) Certified Fraud Examiner (2009) Certified in Financial Forensics (AICPA)

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Testimony Experience

Submitted an expert witness report and declaration (filed February 25, 2026; Dkt. Nos. 3753 and 3754) and was designated as an expert witness on substantive consolidation on behalf of the Official Committee of Unsecured Creditors in the LeFever Mattson Chapter 11 bankruptcy: *In re LeFever Mattson, a California corporation, et al.*, Case No. 24-10545 (CN) (Jointly Administered), and *In re KS Mattson Partners, LP*, Case No. 24-10715 (CN), United States Bankruptcy Court, Northern District of California, Santa Rosa Division (2026)

Testified at trial as accounting expert in a post-acquisition dispute alleging fraudulent misrepresentation of financial information referenced in purchase agreement

Provided testimony before staff of the Energy & Commerce Committee of the United States Congress related to a Congressional Inquiry into alleged misappropriation of assets at Los Alamos National Laboratory

Ruled as arbitrator in post-acquisition dispute between two software companies related to the proper treatment of deferred revenue in accordance with GAAP

Participated in arbitration panel of three accounting experts in a post-acquisition dispute related to the calculation of working capital

Testified at deposition in class action litigation alleging false advertising and the failure to pay customer rebates

Testified at deposition in contract dispute between a consumer product manufacturer and a former distributor

Testified in arbitration as damage expert in international contract dispute.

Analyzed plaintiff's compliance with contract provisions and rebutted claim for damages in the form of forecasted future profits

Publications

Conducting Fraud Risk Assessments, Institute of Internal Auditors (2024)

Global Economic Crime & Fraud Survey, PwC (2022 ,2020, 2018, 2016)

Global Crisis Survey, PwC (2021, 2019)

Seven Key Actions Business Can Take to Mitigate the Effects of COVID-19, PwC (2020)

Navigate your COVID-19 Response, PwC (2020)

Planning for the Unexpected, PwC (2018)

Are CEOs Less Ethical than in the Past, PwC (2017)

Strategy& CEO Success Study - Ethical lapses and CEO Accountability, PwC (2017)

"The Quarter Close: Business Email Compromise" (September 2015)

"Stop! Did Your Executive Really Request that Wire Transfer?" (July 2015)

"Tips For Maintaining an Effective Whistleblower Hotline" (July 2014)

"Nuisance or Nightmare? Responding to Highly Public Allegations" (June 2014)

"Foreign Corrupt Practices Act: The Role of Forensic Accountants" (September 2013)

"Fraud Risk Management Considerations, presented at the CPE Online SEC Hot Topics Conference (11/18/10 and 12/13/10)

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"Attacking Fraud and Abuse", presented at the Technology Chief Audit Executive Roundtable (September 2010)

"Finding and Foiling Fraud", presented at the 18th Annual NASPP Conference (September 2010)

"Selecting the Right Investigative Resource", Journal of Accountancy (December 2009)

"Fraud in a Downturn" presented via webinar to more than 1,000 PwC clients and alumni (July 2009)

"Accounting Standards Setters- What Are They Up To?" presented to Fenwick and West (June 2009)

"The SEC, Delaware and U.S. Supreme Court: Liability of Directors and Their Advisors" presented at Director's Roundtable Conference (November 2007 and December 2007).

"The General Counsel's Role and Obligations Regarding Audit Committees" presented at Northwestern University conference (December 2007).

"Conducting Due Diligence on Business Partners and Agents" presented at the FCPA Bootcamp Conference (June 2006).

"How to Implement a System to Sustain Ethical Behavior" presented at the Ethics and Financial Reporting Conference (April 2004).

"Fraud and Internal Controls in the Stock Plan Administration Department" presented to the National Association of Stock Plan Administrators (November 2003).

"Financial Statement Fraud and Internal Corporate Investigations" presented to the Nevada Bar Association (April 2003).

"The Sarbanes-Oxley Act of 2002: The Case for Immediate Attention to Internal Controls and Procedures" presented to the Chief Legal Officers Round Table (February 2003).

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APPENDIX B

Part 1

Outstanding Internal Loan Balance and Cost of Interest

As of 1/31/23

Legal / Usage	S/T Loan owed to	S/T Loan Amount	Cost of Interest / Mo.
12 PPMF - Mix.	PPMG (03)	195,000	1,359
12 PPMF - Mix.	PFF (52)	7,366,153	51,326
12 PPMF - Mix.	PPMI (51)	8,635,730	60,172
		16,196,883	112,856
41 PMC - Loans	PPMI (51)	-	-
41 PMC - Loans*	PFF (52)	1,946,020	19,923
41 PMC - Operations	PPMI (51)	1,044,864	7,280
		2,990,884	27,203
51 PPMI - Mix**	PFF (52)	4,705,883	-
51 PPMI - Loans**	PFF (52)	27,410,000	-
51 PPMI - Mix	PPMG (03)	102,000	711
		32,115,883	711
52 PFF - Mix	PPMG (03)	300,000	2,090
52 PFF - Mix	PLP (62)	254,800	1,775
		554,800	3,866
62 PLP - Mix	PPMF (12)	55,000	383
62 PLP - Mix	PPMI (51)	266,605	1,858
		321,605	2,241
71 PRD - Operations	PPMF (12)	6,123,650	42,668
71 PRD - Operations	PPMI (51)	867,897	6,047
71 PRD - Operations	PFF (52)	2,140,999	14,918
		9,132,546	63,633
81 HC - Mix	PPMF (12)	197,855	1,379
81 HC - Mix	PPMI (51)	50,000	348
81 HC - Mix	PFF (52)	2,200,000	15,329
81 HC - Mix	PRD (71)	465,000	3,240
		2,912,855	20,296
101 Arrival - Operations	PPMI (51)	2,586,848	18,025
	Total	66,812,304	248,830
	Loans portion	29,356,020	19,923
	percentage	44%	8%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

January Weighted Cost of Capital: 8.3613%

Outstanding Internal Loan Balance and Cost of Interest

As of 2/28/23

Legal / Usage	S/T Loan owed to	S/T Loan Amount	Cost of Interest / Mo.
12 PPMF - Mix.	PPMG (03)	196,359	1,364
12 PPMF - Mix.	PFF (52)	8,117,479	56,403
12 PPMF - Mix.	PPMI (51)	9,947,526	69,119
		18,261,364	126,886
41 PMC - Loans	PPMI (51)	-	-
41 PMC - Loans*	PFF (52)	1,965,944	12,711
41 PMC - Operations	PPMI (51)	1,121,932	7,796
		3,087,876	20,506
51 PPMI - Mix**	PFF (52)	10,109,088	-
51 PPMI - Loans**	PFF (52)	18,893,353	-
51 PPMI - Mix	PPMG (03)	102,711	714
		29,105,152	714
52 PFF - Mix	PPMG (03)	302,090	2,099
52 PFF - Mix	PLP (62)	-	-
		302,090	2,099
62 PLP - Mix	PPMF (12)	55,383	385
62 PLP - Mix	PPMI (51)	1,858	13
62 PLP - Mix	PFF (52)	175,925	1,222
		233,166	1,620
71 PRD - Operations	PPMF (12)	6,166,318	42,846
71 PRD - Operations	PPMI (51)	1,242,262	8,632
71 PRD - Operations	PFF (52)	2,155,917	14,980
		9,564,497	66,457
81 HC - Mix	PPMF (12)	197,855	1,375
81 HC - Mix	PPMI (51)	339,020	2,356
81 HC - Mix	PFF (52)	2,200,000	15,286
81 HC - Mix	PRD (71)	465,000	3,231
		3,201,875	22,248
101 Arrival - Operations	PPMI (51)	3,004,283	20,875
	Total	66,760,303	261,405
	Loans portion	20,859,297	12,711
	percentage	31%	5%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

February Weighted Cost of Capital: 8.3380%

Outstanding Internal Loan Balance and Cost of Interest

As of 3/31/23

Legal / Usage	S/T Loan owed to	S/T Loan Amount	Cost of Interest / Mo.
12 PPMF - Mix.	PPMG (03)	197,723	1,371
12 PPMF - Mix.	PFF (52)	8,186,882	56,769
12 PPMF - Mix.	PPMI (51)	11,114,746	77,072
		19,499,351	135,212
41 PMC - Loans	PPMI (51)	-	-
41 PMC - Loans*	PFF (52)	1,978,654	14,135
41 PMC - Operations	PPMI (51)	1,209,103	8,384
		3,187,757	22,519
51 PPMI - Mix**	PFF (52)	11,106,445	-
51 PPMI - Loans**	PFF (52)	18,972,806	-
51 PPMI - Mix	PPMG (03)	103,424	717
		30,182,675	717
52 PFF - Mix	PPMG (03)	304,189	2,109
52 PFF - Mix	PLP (62)	-	-
		304,189	2,109
62 PLP - Mix	PPMF (12)	55,768	387
62 PLP - Mix	PPMI (51)	1,871	13
62 PLP - Mix	PFF (52)	177,147	1,228
		234,786	1,628
71 PRD - Operations	PPMF (12)	6,209,164	43,055
71 PRD - Operations	PPMI (51)	1,615,946	11,205
71 PRD - Operations	PFF (52)	2,170,897	15,053
		9,996,007	69,314
81 HC - Mix	PPMF (12)	300,608	2,084
81 HC - Mix	PPMI (51)	321,242	2,228
81 HC - Mix	PFF (52)	2,336,616	16,202
81 HC - Mix	PRD (71)	476,452	3,304
		3,434,918	23,818
101 Arrival - Operations	PPMI (51)	3,313,561	22,977
	Total	70,153,243	278,295
	Loans portion	20,951,460	14,135
	percentage	30%	5%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

March Weighted Cost of Capital: 8.3210%

Outstanding Internal Loan Balance and Cost of Interest

As of 4/30/23

Legal / Usage	S/T Loan owed to	S/T Loan Amount	Cost of Interest / Mo.
12 PPMF - Mix.	PPMG (03)	199,094	1,384
12 PPMF - Mix.	PFF (52)	5,786,651	40,222
12 PPMF - Mix.	PPMI (51)	10,646,651	74,002
		16,632,396	115,608
41 PMC - Loans	PPMI (51)	-	-
41 PMC - Loans*	PFF (52)	1,992,790	13,810
41 PMC - Operations	PPMI (51)	1,270,524	8,831
		3,263,313	22,641
51 PPMI - Mix**	PFF (52)	12,449,701	-
51 PPMI - Loans**	PFF (52)	18,261,558	-
51 PPMI - Mix	PPMG (03)	104,142	724
		30,815,401	724
52 PFF - Mix	PPMG (03)	306,299	2,129
52 PFF - Mix	PLP (62)	-	-
		306,299	2,129
62 PLP - Mix	PPMF (12)	56,155	390
62 PLP - Mix	PPMI (51)	1,884	13
62 PLP - Mix	PFF (52)	253,375	1,761
		311,414	2,165
71 PRD - Operations	PPMF (12)	5,552,219	38,592
71 PRD - Operations	PPMI (51)	1,929,151	13,409
71 PRD - Operations	PFF (52)	2,185,950	15,194
		9,667,321	67,195
81 HC - Mix	PPMF (12)	302,693	2,104
81 HC - Mix	PPMI (51)	376,099	2,614
81 HC - Mix	PFF (52)	2,423,818	16,847
81 HC - Mix	PRD (71)	679,755	4,725
		3,782,365	26,290
101 Arrival - Operations	PPMI (51)	3,661,628	25,451
	Total	68,440,136	262,203
	Loans portion	20,254,348	13,810
	percentage	30%	5%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

April Weighted Cost of Capital: 8.3409%

Outstanding Internal Loan Balance and Cost of Interest

As of 5/31/23

Legal / Usage	S/T Loan owed to	S/T Loan Amount MAY	S/T Loan Amount APRIL	S/T Loan Amount Diff.	Cost of Interest / Mo. MAY	Cost of Interest / Mo. APRIL	Cost of Interest / Mo. Diff.
12 PPMF - Mix.	PPMG (03)	200,478	199,094	1,384	1,389	1,384	6
12 PPMF - Mix.	PFF (52)	5,030,224	5,786,651	(756,427)	34,862	40,222	(5,360)
12 PPMF - Mix.	PPMI (51)	10,935,654	10,646,651	289,003	75,789	74,002	1,786
		16,166,356	16,632,396	(466,040)	112,040	115,608	(3,568)
31 PSWMG - Operations	PPMI (51)	24,000	-	24,000	166	-	166
41 PMC - Loans	PPMI (51)	-	-	-	-	-	-
41 PMC - Loans*	PFF (52)	2,006,600	1,992,790	13,810	14,328	13,810	517
41 PMC - Operations	PPMI (51)	1,279,690	1,270,524	9,166	8,869	8,831	38
		3,286,290	3,263,313	22,976	23,196	22,641	555
51 PPMI - Mix**	PFF (52)	15,403,331	12,449,701	2,953,630	-	-	-
51 PPMI - Loans**	PFF (52)	18,854,459	18,261,558	592,902	-	-	-
51 PPMI - Mix	PPMG (03)	104,865	104,142	724	727	724	3
		34,362,656	30,815,401	3,547,256	727	724	3
52 PFF - Mix	PPMG (03)	308,428	306,299	2,129	2,138	2,129	9
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
		308,428	306,299	2,129	2,138	2,129	9
62 PLP - Mix	PPMF (12)	56,545	56,155	390	283	390	(108)
62 PLP - Mix	PPMI (51)	13	1,884	(1,870)	0	13	(13)
62 PLP - Mix	PFF (52)	255,137	253,375	1,761	1,768	1,761	7
		311,695	311,414	281	2,051	2,165	(114)
71 PRD - Operations	PPMF (12)	6,000,814	5,552,219	448,595	30,004	38,592	(8,588)
71 PRD - Operations	PPMI (51)	2,073,560	1,929,151	144,409	14,371	13,409	962
71 PRD - Operations	PFF (52)	2,351,144	2,185,950	165,194	16,294	15,194	1,100
		10,425,519	9,667,321	758,198	60,669	67,195	(6,526)
81 HC - Mix	PPMF (12)	304,796	302,693	2,104	1,524	2,104	(580)
81 HC - Mix	PPMI (51)	378,994	376,099	2,894	2,627	2,614	12
81 HC - Mix	PFF (52)	2,440,665	2,423,818	16,847	16,915	16,847	67
81 HC - Mix	PRD (71)	694,480	679,755	14,725	4,813	4,725	88
		3,818,936	3,782,365	36,571	25,878	26,290	(412)
91 PPMP - Operations	PPMI (51)	13,681	-	13,681	95	-	95
92 POF - Operations	PPMI (51)	60,406	-	60,406	419	-	419
101 Arrival - Operations	PPMI (51)	2,962,663	3,661,628	(698,966)	20,532	25,451	(4,919)
	Total	**71,740,627**	**68,440,136**	**3,300,492**	**247,911**	**262,203**	**(14,292)**
	Loans portion	20,861,059	20,254,348	606,712	14,328	13,810	517
	percentage	29%	30%	-1%	6%	5%	1%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

Weighted Cost of Capital: 8.3165%

PPMF Fixed Cost of Capital: 6.0000%

Outstanding Internal Loan Balance and Cost of Interest

As of 6/30/23

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		JUNE	MAY	Diff.	JUNE	MAY	Diff.
11 PMMG - Operations	PPMG (03)	3,000	-	3,000	21	-	21
12 PPMF - Mix.	PPMG (03)	201,867	200,478	1,389	1,402	1,389	13
12 PPMF - Mix.	PFF (52)	6,408,598	5,030,224	1,378,374	44,516	34,862	9,654
12 PPMF - Mix.	PPMI (51)	11,269,793	10,935,654	334,139	78,283	75,789	2,494
12 PPMF - Mix.	POF (92)	68,729	-	68,729	458	-	458
		17,948,987	16,166,356	1,782,631	124,659	112,040	12,619
31 PSWMG - Operations	PPMI (51)	48,166	24,000	24,166	335	166	168
41 PMC - Loans	PPMI (51)	-	-	-	-	-	-
41 PMC - Loans*	PFF (52)	2,020,928	2,006,600	14,328	18,357	14,328	4,029
41 PMC - Operations	PPMI (51)	1,347,096	1,279,690	67,406	9,357	8,869	488
		3,368,024	3,286,290	81,734	27,714	23,196	4,518
51 PPMI - Loans	PMC (41)	250,000	-	250,000	1,667	-	1,667
51 PPMI - Mix**	PFF (52)	4,591,333	15,403,331	(10,811,998)	-	-	-
51 PPMI - Loans**	PFF (52)	26,587,421	18,854,459	7,732,962	-	-	-
51 PPMI - Mix	PPMG (03)	105,592	104,865	727	733	727	7
		31,284,346	34,362,656	(3,078,310)	2,400	727	1,673
52 PFF - Mix	PPMG (03)	310,565	308,428	2,138	2,157	2,138	20
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
		310,565	308,428	2,138	2,157	2,138	20
62 PLP - Mix	PPMF (12)	56,828	56,545	283	284	283	1
62 PLP - Mix	PPMI (51)	7,013	13	7,000	49	0	49
62 PLP - Mix	PFF (52)	266,905	255,137	11,768	1,854	1,768	86
		330,746	311,695	19,051	2,187	2,051	136
71 PRD - Operations	PPMF (12)	6,080,818	6,000,814	80,004	30,404	30,004	400
71 PRD - Operations	PPMI (51)	2,118,059	2,073,560	44,499	14,713	14,371	342
71 PRD - Operations	PFF (52)	2,392,439	2,351,144	41,294	16,618	16,294	324
		10,591,316	10,425,519	165,797	61,735	60,669	1,066
81 HC - Mix	PPMF (12)	306,320	304,796	1,524	1,532	1,524	8
81 HC - Mix	PPMI (51)	382,572	378,994	3,579	2,657	2,627	31
81 HC - Mix	PFF (52)	2,457,580	2,440,665	16,915	17,071	16,915	156
81 HC - Mix	PRD (71)	699,293	694,480	4,813	4,857	4,813	44
		3,845,766	3,818,936	26,831	26,117	25,878	239
91 PPMP - Operations	PPMI (51)	13,776	13,681	95	96	95	1
92 POF - Operations	PPMI (51)	61,758	60,406	1,353	429	419	10
101 Arrival - Operations	PPMI (51)	3,086,080	2,962,663	123,417	21,437	20,532	904
	Total	**70,889,530**	**71,740,627**	**(851,097)**	**269,266**	**247,911**	**21,355**
	Loans portion	28,608,349	20,861,059	7,747,289	18,357	14,328	4,029
	percentage	40%	29%	11%	7%	6%	1%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

Weighted Cost of Capital:	8.3355%
PPMF Fixed Rate:	6.0000%
PMCFO Fixed Rate:	8.0000%
POF Fixed Rate:	8.0000%

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Outstanding Internal Loan Balance and Cost of Interest

As of 7/31/23

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		JULY	JUNE	Diff.	JULY	JUNE	Diff.
12 PPMF - Mix.	PPMG (03)	203,270	201,867	1,402	1,416	1,402	13
12 PPMF - Mix.	PFF (52)	8,894,451	6,408,598	2,485,853	61,942	44,516	17,427
12 PPMF - Mix.	PPMI (51)	11,946,565	11,269,793	676,772	83,198	78,283	4,915
12 PPMF - Mix.	POF (92)	69,187	68,729	458	461	458	3
		21,113,473	17,948,987	3,164,486	147,017	124,659	22,358
31 PSWMG - Operations	PPMI (51)	59,801	48,166	11,634	416	335	82
41 PMC - Loans	PPMI (51)	-	-	-	-	-	-
41 PMC - Loans*	PFF (52)	2,039,285	2,020,928	18,357	26,781	18,357	8,424
41 PMC - Operations	PPMI (51)	1,399,987	1,347,096	52,891	9,750	9,357	392
		3,439,271	3,368,024	71,248	36,531	27,714	8,817
51 PPMI - Mix	PPMG (03)	106,071	105,593	478	739	733	5
51 PPMI - Loans	PMC (41)	-	250,000	(250,000)	-	1,667	(1,667)
52 PPMI - Loans	PMCFO (42)	251,737	-	251,737	1,888	-	1,888
51 PPMI - Mix**	PFF (52)	(1,580,189)	4,591,333	(6,171,522)	-	-	-
51 PPMI - Loans**	PFF (52)	33,984,452	26,587,421	7,397,031	-	-	-
		32,404,264	31,178,754	1,225,510	2,627	2,400	227
52 PFF - Mix	PPMG (03)	312,722	310,565	2,157	2,178	2,157	21
52 PFF - Mix	PSWNF (32)	62,511	-	-	443	-	443
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
		375,234	310,565	2,157	2,621	2,157	463
62 PLP - Mix	PPMF (12)	57,112	56,828	284	286	284	1
62 PLP - Mix	PPMI (51)	7,062	7,013	49	49	49	0
62 PLP - Mix	PFF (52)	278,759	266,905	11,854	1,941	1,854	87
		342,933	330,746	12,187	2,276	2,187	89
71 PRD - Operations	PPMF (12)	6,111,222	6,080,818	30,404	30,556	30,404	152
71 PRD - Operations	PPMI (51)	2,132,772	2,118,059	14,713	14,853	14,713	140
71 PRD - Operations	PFF (52)	2,409,057	2,392,439	16,619	16,777	16,618	159
		10,653,051	10,591,316	61,735	62,186	61,735	451
81 HC - Mix	PPMF (12)	307,852	306,320	1,532	1,539	1,532	8
81 HC - Mix	PPMI (51)	96,347	382,572	(286,225)	671	2,657	(1,986)
81 HC - Mix	PFF (52)	2,763,671	2,457,580	306,091	19,247	17,071	2,176
81 HC - Mix	PRD (71)	615,651	699,293	(83,643)	4,287	4,857	(570)
		3,783,521	3,845,766	(62,245)	25,744	26,117	(373)
91 PPMP - Operations	PPMI (51)	15,571	13,776	1,796	108	96	13
92 POF - Operations	PPMI (51)	62,187	61,758	429	433	429	4
101 Arrival - Operations	PPMI (51)	3,246,743	3,086,080	160,663	22,611	21,437	1,174
	Total	**75,496,049**	**70,783,938**	**4,649,600**	**302,571**	**269,266**	**33,305**
	Loans portion	36,023,737	28,608,349	7,415,388	26,781	18,357	8,424
	percentage	48%	40%	7%	9%	7%	2%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

Weighted Cost of Capital:	8.3570%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

Outstanding Internal Loan Balance and Cost of Interest

As of 8/31/23

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		AUGUST	JULY	Diff.	AUGUST	JULY	Diff.
03 PPMG - Operations	PPMI (51)	400,690	-	400,690	2,794	-	2,794
11 PMMG - Operations	PPMF (12)	3,021	-	3,021	-	-	-
12 PPMF - Mix.	PPMG (03)	204,685	203,270	1,416	1,427	1,416	12
12 PPMF - Mix.	PFF (52)	9,203,404	8,894,451	308,953	61,942	61,942	-
12 PPMF - Mix.	PPMI (51)	12,072,876	11,946,565	126,311	84,175	83,198	977
12 PPMF - Mix.	POF (92)	69,779	69,187	591	465	461	4
		21,550,744	21,113,473	437,271	148,010	147,017	993
31 PSWMG - Operations	PSWNF (32)	161,585	157,663	3,921	-	-	-
31 PSWMG - Operations	PPMI (51)	79,417	59,801	19,616	554	416	137
		241,002	217,464	23,538	554	416	137
41 PMC - Loans	PPMI (51)	-	-	-	-	-	-
41 PMC - Loans*	PFF (52)	2,066,066	2,039,285	26,781	17,547	26,781	(9,234)
41 PMC - Operations	PPMI (51)	1,375,068	1,399,987	(24,919)	9,587	9,750	(162)
		3,441,134	3,439,271	1,862	27,134	36,531	(9,397)
42 PMCFO - Operations	PMC (41)	4,800	4,800	-	-	-	-
51 PPMI - Mix	PPMG (03)	-	106,071	(106,071)	-	739	(739)
51 PPMI - Loans	PMC (41)	-	-	-	-	-	-
52 PPMI - Loans	PMCFO (42)	250,000	251,737	(1,737)	1,875	1,888	(13)
51 PPMI - Mix**	PFF (52)	11,865,662	17,747,421	(5,881,759)	-	-	-
51 PPMI - Loans**	PFF (52)	22,894,202	14,656,843	8,237,359	-	-	-
51 PPMI - Loans	Alpha Funds	12,300,903	13,298,078	(997,175)	-	-	-
		47,310,767	46,060,150	1,250,617	1,875	2,627	(752)
52 PFF - Mix	PPMG (03)	314,900	312,722	2,178	2,196	2,178	18
52 PFF - Mix	PSWNF (32)	62,954	62,511	-	446	443	3
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
52 PFF - Loans	Alpha Funds	8,358,500	8,933,500	(575,000)	-	-	-
		8,736,354	9,308,734	(572,822)	2,641	2,621	21
62 PLP - Mix	PPMF (12)	57,398	57,112	286	287	286	1
62 PLP - Mix	PPMI (51)	7,111	7,062	49	50	49	0
62 PLP - Mix	PFF (52)	280,700	278,759	1,941	1,957	1,941	16
		345,209	342,933	2,276	2,294	2,276	18
71 PRD - Operations	PPMF (12)	6,141,778	6,111,222	30,556	30,709	30,556	153
71 PRD - Operations	PPMI (51)	2,197,678	2,132,772	64,906	15,323	14,853	470
71 PRD - Operations	PFF (52)	2,425,834	2,409,057	16,777	16,914	16,777	136
		10,765,290	10,653,051	112,239	62,945	62,186	759
81 HC - Mix	PPMF (12)	589,391	307,852	281,539	2,947	1,539	1,408
81 HC - Mix	PPMI (51)	107,156	96,347	10,808	747	671	76
81 HC - Mix	PFF (52)	2,782,918	2,763,671	19,247	19,403	19,247	157
81 HC - Mix	PRD (71)	414,938	615,651	(200,713)	2,893	4,287	(1,394)
		3,894,403	3,783,521	110,882	25,990	25,744	246
91 PPMP - Operations	PPMI (51)	15,680	15,571	108	109	108	1
92 POF - Operations	PPMI (51)	64,156	62,187	1,969	447	433	14
101 Arrival - Operations	PPMI (51)	3,766,673	3,246,743	519,930	26,262	22,611	3,651
	Total	**100,539,922**	**98,247,898**	**2,291,581**	**301,056**	**302,571**	**(1,515)**
	Loans portion	45,619,671	38,927,706	6,691,965	17,547	26,781	(9,234)
	percentage	45%	40%	6%	6%	9%	-3%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

Weighted Cost of Capital:	8.3667%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

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Outstanding Internal Loan Balance and Cost of Interest

As of 9/30/23

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount SEPT	S/T Loan Amount AUGUST	S/T Loan Amount Diff.	Cost of Interest / Mo. SEPT	Cost of Interest / Mo. AUGUST	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	611,969	400,690	211,279	4,270	2,794	1,477
11 PMMG - Operations	PPMF (12)	3,021	3,021	-	-	-	-
12 PPMF - Mix.	PPMG (03)	206,112	204,685	1,427	1,438	1,427	11
12 PPMF - Mix.	PFF (52)	8,971,022	9,203,404	(232,382)	62,598	61,942	656
12 PPMF - Mix.	PPMI (51)	13,174,675	12,072,876	1,101,799	91,931	84,175	7,756
12 PPMF - Mix.	POF (92)	70,244	69,779	465	468	465	3
		22,422,054	21,550,744	871,309	156,436	148,010	8,426
31 PSWMG - Operations	PSWNF (32)	162,548	161,585	964	-	-	-
31 PSWMG - Operations	PPMI (51)	143,127	79,417	63,709	999	554	445
		305,675	241,002	64,673	999	554	445
41 PMC - Loans	PPMI (51)	-	-	-	-	-	-
41 PMC - Loans*	PFF (52)	2,083,613	2,066,066	17,547	18,998	17,547	1,451
41 PMC - Operations	PPMI (51)	1,384,702	1,375,068	9,635	9,662	9,587	75
		3,468,316	3,441,134	27,182	28,661	27,134	1,526
42 PMCFO - Operations	PMC (41)	4,800	4,800	(0)	-	-	-
51 PPMI - Mix	PPMG (03)	-	-	-	-	-	-
51 PPMI - Loans	PMC (41)	-	-	-	-	-	-
52 PPMI - Loans	PMCFO (42)	250,000	250,000	-	1,875	1,875	-
51 PPMI - Mix**	PFF (52)	17,402,324	11,865,662	5,536,662	-	-	-
51 PPMI - Loans**	PFF (52)	18,042,421	22,894,202	(4,851,781)	-	-	-
51 PPMI - Loans	Alpha Funds	5,436,034	12,300,903	(6,864,869)	-	-	-
		41,130,779	47,310,767	(6,179,988)	1,875	1,875	-
52 PFF - Mix	PPMG (03)	317,096	314,900	2,196	2,213	2,196	17
52 PFF - Mix	PSWNF (32)	63,400	62,954	-	449	446	3
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
52 PFF - Loans	Alpha Funds	8,358,500	8,358,500	-	-	-	-
		8,738,996	8,736,354	2,196	2,662	2,641	20
62 PLP - Mix	PPMF (12)	57,684	57,398	287	288	287	1
62 PLP - Mix	PPMI (51)	7,111	7,111	-	-	50	(50)
62 PLP - Mix	PFF (52)	282,657	280,700	1,957	1,972	1,957	15
		347,453	345,209	2,244	2,261	2,294	(33)
71 PRD - Operations	PPMF (12)	7,255,114	6,141,778	1,113,336	36,276	30,709	5,567
71 PRD - Operations	PPMI (51)	2,213,000	2,197,678	15,323	15,442	15,323	119
71 PRD - Operations	PFF (52)	2,717,748	2,425,834	291,914	18,964	16,914	2,050
		12,185,862	10,765,290	1,420,572	70,682	62,945	7,736
81 HC - Mix	PPMF (12)	592,338	589,391	2,947	2,962	2,947	15
81 HC - Mix	PPMI (51)	108,098	107,156	943	754	747	7
81 HC - Mix	PFF (52)	2,802,321	2,782,918	19,403	19,554	19,403	151
81 HC - Mix	PRD (71)	542,831	414,938	127,893	3,788	2,893	895
		4,045,589	3,894,403	151,186	27,058	25,990	1,068
91 PPMP - Operations	PPMI (51)	15,789	15,680	109	110	109	1
92 POF - Operations	PPMI (51)	64,604	64,156	447	451	447	3
93 REIT	POF (92)	700	200	500	-	-	-
101 Arrival - Operations	PPMI (51)	4,127,785	3,766,673	361,113	28,803	26,262	2,541
	Total	**97,473,390**	**100,540,122**	**(3,067,178)**	**324,266**	**301,056**	**23,210**
	Loans portion	33,920,569	45,619,671	(11,699,103)	18,998	17,547	1,451
	percentage	35%	45%	-11%	6%	6%	0%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

Weighted Cost of Capital:	8.3734%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

Outstanding Internal Loan Balance and Cost of Interest

As of 10/31/23

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		OCT	SEPT	Diff.	OCT	SEPT	Diff.
03 PPMG - Operations	PPMI (51)	1,116,739	611,969	504,770	7,832	4,270	3,562
11 PMMG - Operations	PPMF (12)	3,021	3,021	-	-	-	-
12 PPMF - Mix.	PPMG (03)	207,551	206,112	1,438	1,456	1,438	17
12 PPMF - Mix.	PFF (52)	9,083,621	8,971,022	112,598	63,709	62,598	1,111
12 PPMF - Mix.	PPMI (51)	13,575,049	13,174,675	400,374	95,210	91,931	3,279
12 PPMF - Mix.	POF (92)	70,712	70,244	468	471	468	3
		22,936,932	22,422,054	514,879	160,846	156,436	4,411
31 PSWMG - Operations	PSWNF (32)	163,512	162,548	964	-	-	-
31 PSWMG - Operations	PPMI (51)	123,127	143,127	(20,000)	864	999	(135)
		286,639	305,675	(19,036)	864	999	(135)
41 PMC - Loans	PPMI (51)	-	-	-	-	-	-
41 PMC - Loans*	PFF (52)	2,102,612	2,083,613	18,998	21,949	18,998	2,951
41 PMC - Operations	PPMI (51)	1,394,412	1,384,702	9,709	9,780	9,662	118
		3,497,023	3,468,316	28,708	31,729	28,661	3,069
42 PMCFO - Operations	PMC (41)	8,622	4,800	3,822	-	-	-
51 PPMI - Mix	PPMG (03)	-	-	-	-	-	-
51 PPMI - Loans	PMC (41)	-	-	-	-	-	-
52 PPMI - Loans	PMCFO (42)	250,000	250,000	-	1,875	1,875	-
51 PPMI - Mix**	PFF (52)	20,438,779	17,402,324	3,036,455	-	-	-
51 PPMI - Loans**	PFF (52)	17,311,958	18,042,421	(730,464)	-	-	-
51 PPMI - Loans	Alpha Funds	14,055,078	5,436,034	8,619,044	-	-	-
		52,055,815	41,130,779	10,925,036	1,875	1,875	-
52 PFF - Mix	PPMG (03)	319,309	317,096	2,213	2,240	2,213	27
52 PFF - Mix	PSWNF (32)	63,849	63,400	-	452	449	3
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
52 PFF - Mix	POF (92)	118,769	-	118,769	792	-	792
52 PFF - Loans	Alpha Funds	7,662,500	8,358,500	(696,000)	-	-	-
		8,164,426	8,738,996	(575,018)	3,484	2,662	822
62 PLP - Mix	PPMF (12)	57,973	57,684	288	290	288	1
62 PLP - Mix	PPMI (51)	-	7,111	(7,111)	-	-	-
62 PLP - Mix	PFF (52)	284,630	282,657	1,972	1,996	1,972	24
		342,602	347,453	(4,850)	2,286	2,261	25
71 PRD - Operations	PPMF (12)	7,991,390	7,255,114	736,276	39,957	36,276	3,681
71 PRD - Operations	PPMI (51)	2,228,412	2,213,000	15,412	15,629	15,442	187
71 PRD - Operations	PFF (52)	2,736,712	2,717,748	18,964	19,194	18,964	230
		12,956,514	12,185,862	770,652	74,780	70,682	4,099
81 HC - Mix	PPMF (12)	595,300	592,338	2,962	2,976	2,962	15
81 HC - Mix	PPMI (51)	109,048	108,098	950	765	754	11
81 HC - Mix	PFF (52)	2,821,875	2,802,321	19,554	19,792	19,554	237
81 HC - Mix	PRD (71)	566,619	542,831	23,788	3,974	3,788	186
		4,092,842	4,045,589	47,253	27,507	27,058	449
91 PPMP - Operations	PPMI (51)	15,899	15,789	110	112	110	1
92 POF - Operations	PPMI (51)	64,604	64,604	-	453	451	2
93 REIT	POF (92)	700	700	-	-	-	-
101 Arrival - Operations	PPMI (51)	4,127,785	4,127,785	-	28,951	28,803	148
	Total	**109,670,164**	**97,473,390**	**12,196,325**	**340,719**	**324,266**	**16,453**
	Loans portion	41,132,148	33,920,569	7,211,579	21,949	18,998	2,951
	percentage	38%	35%	3%	6%	6%	1%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

Weighted Cost of Capital:	8.4163%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

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Outstanding Internal Loan Balance and Cost of Interest

As of 11/30/23

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount NOV	S/T Loan Amount OCT	S/T Loan Amount Diff.	Cost of Interest / Mo. NOV	Cost of Interest / Mo. OCT	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,724,507	1,116,739	607,768	12,063	7,832	4,230
11 PMMG - Operations	PPMF (12)	3,021	3,021	-	-	-	-
12 PPMF - Mix.	PPMG (03)	209,006	207,551	1,456	1,462	1,456	6
12 PPMF - Mix.	PSWNF (32)	54,774	-	54,774	388	-	388
12 PPMF - Mix.	PFF (52)	9,147,330	9,083,621	63,709	63,985	63,709	276
12 PPMF - Mix.	PPMI (51)	13,950,293	13,575,049	375,244	97,581	95,210	2,371
12 PPMF - Mix.	POF (92)	71,183	70,712	471	475	471	3
		23,432,586	22,936,932	495,654	163,890	156,436	7,455
31 PSWMG - Operations	PSWNF (32)	802,604	163,512	639,092	-	-	-
31 PSWMG - Operations	PPMI (51)	137,990	123,127	14,864	965	864	102
		940,594	286,639	653,956	965	999	102
41 PMC - Loans	PPMI (51)	-	-	-	-	-	-
41 PMC - Loans*	PFF (52)	2,102,612	2,102,612	-	18,798	21,949	(3,152)
41 PMC - Operations	PPMI (51)	1,513,361	1,394,412	118,950	10,586	9,780	806
		3,615,973	3,497,023	118,950	29,383	28,661	723
42 PMCFO - Operations	PMC (41)	6,711	8,622	(1,911)	-	-	-
43 PMCFO - Operations	PPMI (51)	1,911	-	1,911	13	-	13
		8,622	8,622	-	13	-	13
51 PPMI - Mix	PPMG (03)	-	-	-	-	-	-
51 PPMI - Loans	PMC (41)	-	-	-	-	-	-
52 PPMI - Loans	PMCFO (42)	250,000	250,000	-	1,875	1,875	-
51 PPMI - Mix**	PFF (52)	15,805,032	20,438,779	(4,633,747)	-	-	-
51 PPMI - Loans**	PFF (52)	21,813,501	17,311,958	4,501,544	-	-	-
51 PPMI - Loans	Alpha Funds	8,472,078	14,055,078	(5,583,000)	-	-	-
		46,340,612	52,055,815	(5,715,203)	1,875	1,875	-
52 PFF - Mix	PPMG (03)	321,548	319,309	2,240	2,249	2,240	10
52 PFF - Mix	PSWNF (32)	100,000	63,849	-	708	452	256
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
52 PFF - Mix	POF (92)	119,566	118,769	797	797	792	5
52 PFF - Loans	Alpha Funds	7,662,500	7,662,500	-	-	-	-
		8,203,614	8,164,426	3,037	3,755	3,484	271
62 PLP - Mix	PPMF (12)	58,263	57,973	290	291	290	1
62 PLP - Mix	PPMI (51)	-	-	-	-	-	-
62 PLP - Mix	PFF (52)	286,626	284,630	1,996	2,005	1,996	9
		344,889	342,602	2,286	2,296	2,261	35
71 PRD - Operations	PPMF (12)	8,031,347	7,991,390	39,957	40,157	39,957	200
71 PRD - Operations	PPMI (51)	2,244,042	2,228,412	15,629	15,697	15,629	68
71 PRD - Operations	PFF (52)	2,755,906	2,736,712	19,194	19,277	19,194	83
		13,031,294	12,956,514	74,780	75,131	70,682	4,449
81 HC - Mix	PPMF (12)	598,276	595,300	2,977	2,991	2,976	15
81 HC - Mix	PPMI (51)	110,008	109,048	960	769	765	5
81 HC - Mix	PFF (52)	2,841,667	2,821,875	19,792	19,877	19,792	86
81 HC - Mix	PRD (71)	570,593	566,619	3,974	3,991	3,974	17
		4,120,545	4,092,842	27,702	27,629	27,058	571
91 PPMP - Operations	PPMI (51)	16,011	15,899	112	112	112	0
92 POF - Operations	PPMI (51)	64,604	64,604	-	452	453	(1)
93 REIT	POF (92)	1,700	700	1,000	-	-	-
101 Arrival - Operations	PPMI (51)	4,652,900	4,127,785	525,115	32,547	28,951	3,596
	Total	**106,501,471**	**109,670,164**	**(3,204,844)**	**350,112**	**328,802**	**21,445**
	Loans portion	40,050,691	41,132,148	(1,081,456)	18,798	21,949	(3,152)
	percentage	38%	38%	0%	5%	7%	-1%

Notes:

*Calculated from PMC Life of Loan Schedule

**No cost for funds due to Operating Agreement

Weighted Cost of Capital:	8.3939%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

Outstanding Internal Loan Balance and Cost of Interest

As of 12/31/23

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		DEC	NOV	Diff.	DEC (3)	NOV (3)	Diff.
03 PPMG - Operations	PPMI (51)	1,512,773	1,724,507	(211,734)	10,661	12,063	(1,402)
11 PMMG - Operations	PPMF (12)	3,021	3,021	-	-	-	-
12 PPMF - Mix.	PPMG (03)	210,468	209,006	1,462	1,483	1,462	21
12 PPMF - Mix.	PSWNF (32)	55,162	54,774	388	391	388	3
12 PPMF - Mix.	PFF (52)	9,404,215	9,147,330	256,885	66,273	63,985	2,288
12 PPMF - Mix.	PPMI (51)	13,845,480	13,950,293	(104,813)	97,572	97,581	(9)
12 PPMF - Mix.	POF (92)	71,658	71,183	475	478	475	3
		23,586,982	23,432,586	154,396	166,196	163,890	2,306
31 PSWMG - Operations	PSWNF (32)	838,817	802,604	36,213	-	-	-
31 PSWMG - Operations	PPMI (51)	4,355	137,990	(133,635)	31	965	(935)
		843,172	940,594	(97,422)	31	965	(935)
41 PMC - Loans (1)	PFF (52)	2,121,409	2,102,612	18,798	22,389	18,798	3,592
41 PMC - Operations	PPMI (51)	1,523,994	1,513,361	10,633	10,740	10,586	154
		3,645,404	3,615,973	29,431	33,129	29,383	3,746
42 PMCFO - Operations	PMC (41)	6,711	6,711	-	-	-	-
42 PMCFO - Operations	PPMI (51)	1,849	1,911	(62)	13	13	(0)
		8,560	8,622	(62)	13	13	(0)
52 PPMI - Loans	PMCFO (42)	250,000	250,000	-	1,875	1,875	-
51 PPMI - Mix (2)	PFF (52)	7,021,070	15,805,032	(8,783,962)	-	-	-
51 PPMI - Loans (2)	PFF (52)	30,615,201	21,813,501	8,801,699	-	-	-
51 PPMI - Loans	Alpha Funds	17,214,978	8,472,078	8,742,900	-	-	-
51 PPMI - Ops	POF (92)	100,000	-	100,000	667	-	-
		55,201,249	46,340,612	8,860,637	1,875	1,875	-
52 PFF - Mix	PPMG (03)	-	321,548	(321,548)	-	2,249	(2,249)
52 PFF - Mix	PSWNF (32)	108,113	100,000	-	766	708	57
52 PFF - Mix	POF (92)	55,760	119,566	(63,807)	372	797	(425)
52 PFF - Loans	Alpha Funds	7,662,500	7,662,500	-	-	-	-
		7,826,372	8,203,614	(385,355)	1,138	3,755	(2,617)
62 PLP - Mix	PPMF (12)	45,494	58,263	(12,769)	227	291	(64)
62 PLP - Mix	PFF (52)	135,251	286,626	(151,375)	953	2,005	(1,052)
		180,745	344,889	(164,144)	1,181	2,296	(1,116)
71 PRD - Operations	PPMF (12)	8,089,144	8,031,347	57,797	40,446	40,157	289
71 PRD - Operations	PPMI (51)	2,259,738	2,244,042	15,697	15,925	15,697	228
71 PRD - Operations	PFF (52)	2,775,184	2,755,906	19,277	19,557	19,277	280
		13,124,066	13,031,294	92,772	75,928	75,131	797
81 HC - Mix	PPMF (12)	601,268	598,276	2,991	3,006	2,991	15
81 HC - Mix	PPMI (51)	111,848	110,008	1,840	788	769	19
81 HC - Mix	PFF (52)	2,861,544	2,841,667	19,877	20,166	19,877	289
81 HC - Mix	PRD (71)	629,584	570,593	58,991	4,437	3,991	446
		4,204,245	4,120,545	83,700	28,397	27,629	768
91 PPMP - Operations	PPMI (51)	-	16,011	(16,011)	-	112	(112)
91 PPMP - Operations	POF (92)	45,379	-	45,379	303	-	303
		45,379	16,011	29,368	303	112	191
92 POF - Operations	PPMI (51)	607	64,604	(63,997)	4	452	(448)
93 REIT	POF (92)	1,700	1,700	-	-	-	-
101 Arrival - Operations	PPMI (51)	5,044,398	4,652,900	391,497	35,549	32,547	3,002
	Total	**115,228,672**	**106,501,471**	**8,673,709**	**354,404**	**350,112**	**3,990**
	Loans portion	57,614,088	40,050,691	17,563,397	22,389	18,798	3,592
	percentage	50%	38%	12%	6%	5%	1%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital

PFF Weighted Cost of Capital:	8.4566%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

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Outstanding Internal Loan Balance and Cost of Interest

As of 01/31/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount JAN	S/T Loan Amount DEC	S/T Loan Amount Diff.	Cost of Interest / Mo. JAN (3)	Cost of Interest / Mo. DEC (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,523,433	1,512,773	10,661	10,793	10,661	133
11 PMMG - Operations	PPMF (12)	3,021	3,021	-	-	-	-
12 PPMF - Mix.	PPMG (03)	211,951	210,468	1,483	1,502	1,483	18
12 PPMF - Mix.	PSWNF (32)	55,553	55,162	391	393	391	3
12 PPMF - Mix.	PFF (52)	9,704,012	9,404,215	299,797	68,752	66,273	2,479
12 PPMF - Mix. (4)	PPMI (51)	14,010,165	13,845,480	164,686	99,261	97,572	1,689
12 PPMF - Mix.	POF (92)	72,136	71,658	478	481	478	3
		24,053,817	23,586,982	466,835	170,389	166,196	4,192
31 PSWMG - Operations	PSWNF (32)	864,216	838,817	25,399	-	-	-
31 PSWMG - Operations	PPMI (51)	55,206	4,355	50,850	391	31	360
		919,421	843,172	76,249	391	31	360
32 PSWNF - Operations	PPMI (51)	792	-	792	6	-	-
41 PMC - Loans (1)	PFF (52)	2,121,409	2,121,409	-	18,536	22,389	(3,853)
41 PMC - Operations	PPMI (51)	1,613,929	1,523,994	89,934	11,435	10,740	695
		3,735,338	3,645,404	89,934	29,971	33,129	(3,158)
42 PMCFO - Operations	PMC (41)	6,747	6,711	36	-	-	-
42 PMCFO - Operations	PPMI (51)	-	1,849	(1,849)	-	13	(13)
		6,747	8,560	(1,813)	-	13	(13)
52 PPMI - Loans	PMCFO (42)	250,013	250,000	13	1,875	1,875	0
51 PPMI - Mix (2)	PFF (52)	23,163,234	7,021,070	16,142,164	-	-	-
51 PPMI - Loans (2)	PFF (52)	13,928,315	30,615,201	(16,686,886)	-	-	-
51 PPMI - Loans	Alpha Funds	14,891,359	17,214,978	(2,323,619)	-	-	-
51 PPMI - Loans	Setpoint	1,947,500	-	1,947,500	-	-	-
51 PPMI - Ops	PLP (62)	2,318	-	2,318	16	-	16
51 PPMI - Ops	POF (92)	-	100,000	(100,000)	-	667	-
		54,182,739	55,201,249	(1,018,510)	1,875	1,875	0
52 PFF - Mix	PSWNF (32)	358,879	108,113	-	2,542	766	1,776
52 PFF - Mix	POF (92)	56,131	55,760	372	374	372	2
52 PFF - Loans	Alpha Funds	7,662,500	7,662,500	-	-	-	-
		8,077,510	7,826,372	372	2,916	1,138	1,779
62 PLP - Mix	PPMF (12)	45,722	45,494	227	229	227	1
62 PLP - Mix	PFF (52)	143,204	135,251	7,953	1,015	953	61
		188,925	180,745	8,181	1,243	1,181	63
71 PRD - Operations	PPMF (12)	7,672,230	8,089,144	(416,914)	38,361	40,446	(2,085)
71 PRD - Operations	PPMI (51)	2,275,663	2,259,738	15,925	16,123	15,925	198
71 PRD - Operations	PFF (52)	2,794,741	2,775,184	19,557	19,800	19,557	243
		12,742,634	13,124,066	(381,432)	74,284	75,928	(1,643)
81 HC - Mix	PPMF (12)	604,274	601,268	3,006	3,021	3,006	15
81 HC - Mix	PPMI (51)	112,637	111,848	788	798	788	10
81 HC - Mix	PFF (52)	2,881,710	2,861,544	20,166	20,417	20,166	251
81 HC - Mix	PRD (71)	654,021	629,584	24,437	4,634	4,437	197
		4,252,642	4,204,245	48,397	28,870	28,397	472
91 PPMP - Operations	POF (92)	45,379	45,379	-	303	303	-
		45,379	45,379	-	303	303	-
92 POF - Operations	PPMI (51)	4,763	607	4,156	34	4	29
93 REIT	POF (92)	1,700	1,700	-	-	-	-
101 Arrival - Operations	PPMI (51)	5,348,513	5,044,398	304,115	37,894	35,549	2,345
	Total	**115,087,375**	**115,228,672**	**(392,855)**	**358,968**	**354,404**	**4,559**
	Loans portion	40,551,083	57,614,088	(17,063,005)	18,536	22,389	(3,853)
	percentage	35%	50%	-15%	5%	6%	-1%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
4. Includes $1.9 mil UPB

PFF Weighted Cost of Capital:	8.5019%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

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Outstanding Internal Loan Balance and Cost of Interest

As of 02/29/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		FEB	JAN	Diff.	FEB (3)	JAN (3)	Diff.
03 PPMG - Operations	PPMI (51)	1,534,227	1,523,433	10,793	10,982	10,793	189
11 PMMG - Operations	PPMF (12)	3,021	3,021	-	-	-	-
12 PPMF - Mix.	PPMG (03)	213,453	211,951	1,502	1,528	1,502	26
12 PPMF - Mix.	PSWNF (32)	55,946	55,553	394	396	393	3
12 PPMF - Mix.	PFF (52)	9,897,764	9,704,012	193,752	70,851	68,752	2,099
12 PPMF - Mix. (4)	PPMI (51)	14,418,845	14,010,165	408,679	103,214	99,261	3,953
12 PPMF - Mix.	POF (92)	72,617	72,136	481	484	481	3
		24,658,624	24,053,817	604,807	176,473	170,389	6,084
31 PSWMG - Operations	PSWNF (32)	757,161	864,216	(107,055)	-	-	-
31 PSWMG - Operations	PPMI (51)	69,597	55,206	14,391	498	391	107
		826,758	919,421	(92,664)	498	391	107
32 PSWNF - Operations	PPMI (51)	-	792	(792)	-	6	-
41 PMC - Loans (1)	PFF (52)	2,121,409	2,121,409	-	16,339	18,536	(2,197)
41 PMC - Operations	PPMI (51)	1,613,976	1,613,929	47	11,553	11,435	119
		3,735,385	3,735,338	47	27,892	29,971	(2,079)
42 PMCFO - Operations	PMC (41)	8,870	6,747	2,123	-	-	-
		8,870	6,747	2,123	-	-	-
52 PPMI - Loans	PMCFO (42)	201,888	250,013	(48,125)	1,514	1,875	(361)
51 PPMI - Mix (2)	PFF (52)	24,823,947	23,163,234	1,660,713	-	-	-
51 PPMI - Loans (2)	PFF (52)	12,685,186	13,928,315	(1,243,129)	-	-	-
51 PPMI - Loans	Alpha Funds	12,898,744	14,891,359	(1,992,615)	-	-	-
51 PPMI - Loans	Setpoint	733,248	1,947,500	(1,214,252)	-	-	-
51 PPMI - Ops	PLP (62)	-	2,318	(2,318)	-	16	(16)
		51,343,013	54,182,739	(2,839,727)	1,514	1,875	(361)
52 PFF - Mix	PSWNF (32)	461,421	358,879	-	3,268	2,542	726
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
52 PFF - Mix	POF (92)	56,505	56,131	374	377	374	2
52 PFF - Loans	Alpha Funds	7,662,500	7,662,500	-	-	-	-
		8,180,426	8,077,510	374	3,645	2,916	729
62 PLP - Mix	PPMF (12)	45,950	45,722	229	230	229	1
62 PLP - Mix	PFF (52)	194,218	143,204	51,015	1,390	1,015	376
		240,169	188,925	51,243	1,620	1,243	377
71 PRD - Operations	PPMF (12)	7,370,392	7,672,230	(301,839)	36,852	38,361	(1,509)
71 PRD - Operations	PPMI (51)	2,091,786	2,275,663	(183,877)	14,974	16,123	(1,149)
71 PRD - Operations	PFF (52)	3,364,541	2,794,741	569,800	24,084	19,800	4,284
		12,826,719	12,742,634	84,084	75,910	74,284	1,625
81 HC - Mix	PPMF (12)	607,296	604,274	3,021	3,036	3,021	15
81 HC - Mix	PPMI (51)	114,020	112,637	1,383	816	798	18
81 HC - Mix	PFF (52)	2,902,127	2,881,710	20,417	20,774	20,417	358
81 HC - Mix	PRD (71)	708,655	654,021	54,634	5,073	4,634	439
		4,332,097	4,252,642	79,455	29,700	28,870	830
91 PPMP - Operations	POF (92)	46,379	45,379	1,000	-	-	-
		46,379	45,379	1,000	-	-	-
92 POF - Operations	PPMI (51)	4,130	4,763	(633)	30	34	(4)
93 REIT	POF (92)	1,700	1,700	-	-	-	-
101 Arrival - Operations	PPMI (51)	5,639,514	5,348,513	291,001	40,369	37,894	2,475
	Total	**113,381,030**	**115,087,375**	**(1,809,095)**	**368,632**	**358,665**	**9,972**
	Loans portion	36,101,087	40,551,083	(4,449,996)	16,339	18,536	(2,197)
	percentage	32%	35%	-3%	4%	5%	-1%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
4. Includes $1.9 mil UPB

PFF Weighted Cost of Capital:	8.5899%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

Outstanding Internal Loan Balance and Cost of Interest

As of 03/31/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		MAR	FEB	Diff.	MAR (3)	FEB (3)	Diff.
03 PPMG - Operations	PPMI (51)	1,545,209	1,534,227	10,982	11,131	10,982	149
11 PMMG - Operations	PPMF (12)	3,521	3,021	500	-	-	-
12 PPMF - Mix.	PPMG (03)	214,981	213,453	1,528	1,549	1,528	21
12 PPMF - Mix.	PSWNF (32)	56,342	55,946	396	399	396	3
12 PPMF - Mix.	PFF (52)	9,993,614	9,897,764	95,851	71,992	70,851	1,142
12 PPMF - Mix. (4)	PPMI (51)	14,678,464	14,418,845	259,619	105,741	103,214	2,527
12 PPMF - Mix.	POF (92)	73,101	72,617	484	487	484	3
		25,016,502	24,658,624	357,878	180,168	176,473	3,696
31 PSWMG - Operations	PSWNF (32)	758,559	757,161	1,399	-	-	-
31 PSWMG - Operations	PPMI (51)	84,095	69,597	14,498	606	498	108
		842,655	826,758	15,897	606	498	108
32 PSWNF - Operations	PPMI (51)	375	-	375	3	-	-
41 PMC - Loans (1)	PFF (52)	2,137,748	2,121,409	16,339	26,211	16,339	9,872
41 PMC - Operations	PPMI (51)	1,722,825	1,613,976	108,849	12,411	11,553	858
		3,860,573	3,735,385	125,188	38,622	27,892	10,730
42 PMCFO - Operations	PMC (41)	10,623	8,870	1,753	-	-	-
		10,623	8,870	1,753	-	-	-
52 PPMI - Loans	PMCFO (42)	203,402	201,888	1,514	1,526	1,514	11
51 PPMI - Mix (2)	PFF (52)	24,160,881	24,823,947	(663,066)	-	-	-
51 PPMI - Loans (2)	PFF (52)	13,151,566	12,685,186	466,379	-	-	-
51 PPMI - Loans	Alpha Funds	15,447,744	12,898,744	2,549,000	-	-	-
51 PPMI - Loans	Setpoint	1,548,540	733,248	815,292	-	-	-
		54,512,132	51,343,013	3,169,120	1,526	1,514	11
52 PFF - Mix	PSWNF (32)	389,689	461,421	-	2,760	3,268	(508)
52 PFF - Mix	POF (92)	56,882	56,505	377	379	377	3
52 PFF - Loans	Alpha Funds	7,662,500	7,662,500	-	-	-	-
		8,109,071	8,180,426	377	3,140	3,645	(506)
62 PLP - Mix	PPMF (12)	46,180	45,950	230	231	230	1
62 PLP - Mix	PFF (52)	185,609	194,218	(8,610)	1,337	1,390	(53)
		231,789	240,169	(8,380)	1,568	1,620	(52)
71 PRD - Operations	PPMF (12)	7,407,243	7,370,392	36,852	37,036	36,852	184
71 PRD - Operations	PPMI (51)	2,006,760	2,091,786	(85,026)	14,456	14,974	(517)
71 PRD - Operations	PFF (52)	3,388,625	3,364,541	24,084	24,411	24,084	327
		12,802,628	12,826,719	(24,090)	75,904	75,910	(6)
81 HC - Mix	PPMF (12)	610,332	607,296	3,036	3,052	3,036	15
81 HC - Mix	PPMI (51)	114,894	114,020	874	828	816	11
81 HC - Mix	PFF (52)	2,922,901	2,902,127	20,774	21,056	20,774	282
81 HC - Mix	PRD (71)	813,728	708,655	105,073	5,862	5,073	789
		4,461,854	4,332,097	129,758	30,797	29,700	1,098
91 PPMP - Operations	POF (92)	46,379	46,379	-	-	-	-
		46,379	46,379	-	-	-	-
92 POF - Operations	PPMI (51)	4,347	4,130	217	31	30	2
93 REIT	POF (92)	1,700	1,700	-	-	-	-
101 Arrival - Operations	PPMI (51)	5,691,533	5,639,514	52,020	41,001	40,369	632
	Total	**117,140,892**	**113,381,030**	**3,831,218**	**384,496**	**368,632**	**15,862**
	Loans portion	39,948,098	36,101,087	3,847,010	26,211	16,339	9,872
	percentage	34%	32%	2%	7%	4%	2%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
4. Includes $1.9 mil UPB

PFF Weighted Cost of Capital:	8.6446%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

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Outstanding Internal Loan Balance and Cost of Interest

As of 04/30/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount APR	S/T Loan Amount MAR	S/T Loan Amount Diff.	Cost of Interest / Mo. APR (3)	Cost of Interest / Mo. MAR (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,556,341	1,545,209	11,131	11,293	11,131	162
11 PMMG - Operations	PPMF (12)	4,521	3,521	1,000	-	-	-
12 PPMF - Mix.	PPMG (03)	216,530	214,981	1,549	1,571	1,549	23
12 PPMF - Mix.	PSWNF (32)	56,742	56,342	399	402	399	3
12 PPMF - Mix.	PFF (52)	10,085,606	9,993,614	91,992	73,185	71,992	1,192
12 PPMF - Mix. (4)	PPMI (51)	15,404,542	14,678,464	726,078	111,780	105,741	6,039
12 PPMF - Mix.	POF (92)	73,588	73,101	487	491	487	3
		25,837,007	25,016,502	820,505	187,429	180,168	7,260
31 PSWMG - Operations	PSWNF (32)	724,616	758,559	(33,944)	-	-	-
31 PSWMG - Operations	PPMI (51)	98,701	84,095	14,606	716	606	110
		823,316	842,655	(19,338)	716	606	110
32 PSWNF - Operations	PPMI (51)	9,161	375	8,786	66	3	-
41 PMC - Loans (1)	PFF (52)	2,163,959	2,137,748	26,211	17,570	26,211	(8,641)
41 PMC - Operations	PPMI (51)	1,722,112	1,722,825	(713)	12,496	12,411	85
		3,886,071	3,860,573	25,498	30,066	38,622	(8,556)
42 PMCFO - Operations	PMC (41)	14,722	10,623	4,099	-	-	-
		14,722	10,623	4,099	-	-	-
52 PPMI - Loans	PMCFO (42)	-	203,402	(203,402)	-	1,526	(1,526)
51 PPMI - Mix (2)	PFF (52)	23,732,721	24,160,881	(428,160)	-	-	-
51 PPMI - Loans (2)	PFF (52)	13,602,669	13,151,566	451,103	-	-	-
51 PPMI - Loans	Alpha Funds	18,767,189	15,447,744	3,319,445	-	-	-
51 PPMI - Loans	Setpoint	720,853	1,548,540	(827,687)	-	-	-
		56,823,432	54,512,132	2,311,300	-	1,526	(1,526)
52 PFF - Mix	PSWNF (32)	384,072	389,689	(5,617)	2,721	2,760	(40)
52 PFF - Mix	POF (92)	57,261	56,882	379	382	379	3
52 PFF - Loans	Alpha Funds	7,662,500	7,662,500	-	-	-	-
		8,103,833	8,109,071	(5,238)	3,102	3,140	(37)
62 PLP - Mix	PPMF (12)	46,411	46,180	231	232	231	1
62 PLP - Mix	PFF (52)	186,946	185,609	1,337	1,357	1,337	19
		233,357	231,789	1,568	1,589	1,568	21
71 PRD - Operations	PPMG (03)	50,000	-		363	-	363
71 PRD - Operations	PPMF (12)	7,444,280	7,407,243	37,036	37,221	37,036	185
71 PRD - Operations	PPMI (51)	2,021,216	2,006,760	14,456	14,667	14,456	210
71 PRD - Operations	PFF (52)	3,513,037	3,388,625	124,411	25,492	24,411	1,081
		13,028,532	12,802,628	225,904	77,743	75,904	1,839
81 HC - Mix	PPMF (12)	613,384	610,332	3,052	3,067	3,052	15
81 HC - Mix	PPMI (51)	115,779	114,894	886	840	828	12
81 HC - Mix	PFF (52)	9,843,957	2,922,901	6,921,056	71,431	21,056	50,375
81 HC - Mix	PRD (71)	886,589	813,728	72,862	6,433	5,862	571
		11,459,709	4,461,854	6,997,855	81,771	30,797	50,974
91 PPMP - Operations	POF (92)	46,379	46,379	-	-	-	-
		46,379	46,379	-	-	-	-
92 POF - Operations	PPMI (51)	4,378	4,347	31	32	31	0
93 REIT	POF (92)	1,700	1,700	-	-	-	-
101 Arrival - Operations	PPMI (51)	5,888,930	5,691,533	197,396	42,732	41,001	1,731
	Total	**127,721,389**	**117,140,892**	**10,580,497**	**436,540**	**384,496**	**52,043**
	Loans portion	42,917,170	39,948,098	2,969,072	17,570	26,211	(8,641)
	percentage	34%	34%	-1%	4%	7%	-3%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
4. Includes $1.9 mil UPB

PFF Weighted Cost of Capital:	8.7076%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

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Outstanding Internal Loan Balance and Cost of Interest

As of 05/31/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount MAY	S/T Loan Amount APR	S/T Loan Amount Diff.	Cost of Interest / Mo. MAY (3)	Cost of Interest / Mo. APR (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,567,634	1,556,341	11,293	11,474	11,293	180
11 PMMG - Operations	PPMF (12)	8,521	4,521	4,000	-	-	-
12 PPMF - Mix.	PPMG (03)	218,101	216,530	1,571	1,596	1,571	25
12 PPMF - Mix.	PSWNF (32)	57,143	56,742	401	405	402	3
12 PPMF - Mix.	PFF (52)	10,233,791	10,085,606	148,185	74,903	73,185	1,718
12 PPMF - Mix. (4)	PPMI (51)	15,889,714	15,404,542	485,172	116,299	111,780	4,519
12 PPMF - Mix.	POF (92)	-	73,588	(73,588)	-	491	(491)
		26,398,749	25,837,007	561,742	193,203	187,429	5,775
31 PSWMG - Operations	PSWNF (32)	730,991	724,616	6,375	-	-	-
31 PSWMG - Operations	PPMI (51)	114,542	98,701	15,841	838	716	122
		845,533	823,316	22,217	838	716	122
32 PSWNF - Operations	PPMI (51)	-	9,161	(9,161)	-	66	-
41 PMC - Loans (1)	PFF (52)	2,163,959	2,163,959	0	18,593	17,570	1,023
41 PMC - Operations	PPMI (51)	1,881,072	1,722,112	158,960	13,768	12,496	1,272
		4,045,031	3,886,071	158,960	32,361	38,707	(6,347)
42 PMCFO - Operations	PMC (41)	3,634	14,722	(11,088)	-	-	-
		3,634	14,722	(11,088)	-	-	-
51 PPMI - Mix (2)	PFF (52)	24,550,386	23,732,721	817,664	-	-	-
51 PPMI - Loans (2)	PFF (52)	13,902,679	13,602,669	300,010	-	-	-
51 PPMI - Loans	Alpha Funds	14,489,489	18,767,189	(4,277,700)	-	-	-
51 PPMI - Loans	Setpoint	90,000	720,853	(630,853)	-	-	-
		53,032,553	56,823,432	(3,790,879)	-	-	-
52 PFF - Mix	PSWNF (32)	386,792	384,072	2,720	2,740	2,721	19
52 PFF - Mix	POF (92)	-	57,261	(57,261)	-	382	(382)
52 PFF - Loans	Alpha Funds	7,662,500	7,662,500	-	-	-	-
		8,049,292	8,103,833	(54,541)	2,740	3,102	(362)
62 PLP - Mix	PPMF (12)	46,643	46,411	232	233	232	1
62 PLP - Mix	PFF (52)	38,302	186,946	(148,644)	280	1,357	(1,076)
		84,945	233,357	(148,412)	514	1,589	(1,075)
71 PRD - Operations	PPMG (03)	50,363	50,000		369	363	6
71 PRD - Operations	PPMF (12)	7,545,993	7,444,280	101,713	37,730	37,221	509
71 PRD - Operations	PPMI (51)	2,035,882	2,021,216	14,666	14,901	14,667	234
71 PRD - Operations	PFF (52)	3,545,528	3,513,037	32,491	25,950	25,492	459
		13,177,766	13,028,532	149,234	78,950	77,743	1,207
81 HC - Mix	PPMF (12)	616,451	613,384	3,067	3,082	3,067	15
81 HC - Mix	PPMI (51)	116,678	115,779	899	854	840	14
81 HC - Mix	PFF (52)	9,965,388	9,843,957	121,431	72,938	71,431	1,507
81 HC - Mix	PRD (71)	868,023	886,589	(18,566)	6,353	6,433	(80)
		11,566,540	11,459,709	106,831	83,228	81,771	1,456
91 PPMP - Operations	PPMI (51)	3,438	-	3,438	25	-	25
91 PPMP - Operations	POF (92)	46,679	46,379	300	-	-	-
		50,117	46,379	3,738	-	-	-
92 POF - Operations	PPMI (51)	-	4,378	(4,378)	-	32	(32)
93 REIT	POF (92)	1,700	1,700	-	-	-	-
101 Arrival - Operations	PPMI (51)	6,015,030	5,888,930	126,100	44,025	42,732	1,293
	Total	**124,847,045**	**127,721,389**	**(2,874,344)**	**447,332**	**445,181**	**2,151**
	Loans portion	38,308,627	42,917,170	(4,608,543)	18,593	17,570	1,023
	percentage	31%	34%	-3%	4%	4%	0%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
4. Includes $1.9 mil UPB

PFF Weighted Cost of Capital:	8.7830%
PPMF Fixed Rate:	6.0000%
PSWNF Fixed Rate:	8.5000%
PMCFO Fixed Rate:	9.0000%
POF Fixed Rate:	8.0000%

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Outstanding Internal Loan Balance and Cost of Interest

As of 06/30/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		JUNE	MAY	Diff.	JUNE (3)	MAY (3)	Diff.
03 PPMG - Operations	PPMI (51)	1,579,108	1,567,634	11,474	11,638	11,474	164
11 PMMG - Operations	PPMF (12)	8,521	8,521	-	-	-	-
12 PPMF - Mix.	PPMG (03)	219,697	218,101	1,596	1,619	1,596	23
12 PPMF - Mix.	PSWNF (32)	37,548	57,143	(19,595)	266	405	(139)
12 PPMF - Mix.	PFF (52)	10,408,694	10,233,791	174,903	76,714	74,903	1,811
12 PPMF - Mix. (4)	PPMI (51)	16,006,013	15,889,714	116,299	117,967	116,299	1,667
		26,671,952	26,398,749	273,203	196,565	193,203	3,362
31 PSWMG - Operations	PSWNF (32)	730,991	730,991	(0)	-	-	-
31 PSWMG - Operations	PPMI (51)	129,380	114,542	14,838	954	838	115
		860,371	845,533	14,838	954	838	115
41 PMC - Loans (1)	PFF (52)	2,182,551	2,163,959	18,592	16,189	18,593	(2,404)
41 PMC - Operations	PPMI (51)	1,958,027	1,881,072	76,955	14,431	13,768	663
		4,140,578	4,045,031	95,547	30,620	32,361	(1,741)
42 PMCFO - Operations	PMC (41)	4,034	3,634	400	-	-	-
51 PPMI - Mix (2)	PFF (52)	27,011,158	24,550,386	2,460,772	-	-	-
51 PPMI - Loans (2)	PFF (52)	12,578,748	13,902,679	(1,323,931)	-	-	-
51 PPMI - Loans	Alpha Funds	18,801,954	14,489,489	4,312,465	-	-	-
51 PPMI - Loans	Setpoint	4,495,816	90,000	4,405,816	-	-	-
		62,887,676	53,032,553	9,855,122	-	-	-
52 PFF - Mix	PSWNF (32)	489,532	386,792	102,740	3,468	2,740	728
52 PFF - Loans	Alpha Funds	7,662,500	7,662,500	-	-	-	-
		8,152,032	8,049,292	102,740	3,468	2,740	728
62 PLP - Mix	PPMF (12)	51,876	46,643	5,233	259	233	26
62 PLP - Mix	PFF (52)	288,583	38,302	250,281	2,127	280	1,847
		340,459	84,945	255,514	2,386	514	1,873
71 PRD - Operations	PPMG (03)	60,731	50,363	10,368	448	369	79
71 PRD - Operations	PPMF (12)	7,590,723	7,545,993	44,730	37,954	37,730	224
71 PRD - Operations	PPMI (51)	2,084,117	2,035,882	48,235	15,360	14,901	459
71 PRD - Operations	PFF (52)	3,571,479	3,545,528	25,951	26,322	25,950	372
		13,307,050	13,177,766	129,284	80,084	78,950	1,134
81 HC - Mix	PPMF (12)	619,533	616,451	3,082	3,098	3,082	15
81 HC - Mix	PPMI (51)	127,590	116,678	10,912	940	854	86
81 HC - Mix	PFF (52)	11,038,326	9,965,388	1,072,938	81,354	72,938	8,416
81 HC - Mix	PRD (71)	849,876	868,023	(18,147)	6,264	6,353	(89)
		12,635,324	11,566,540	1,068,784	91,656	83,228	8,428
91 PPMP - Operations	PPMI (51)	3,463	3,438	25	26	25	0
91 PPMP - Operations	POF (92)	46,679	46,679	-	-	-	-
		50,142	50,117	25	-	-	-
93 REIT	POF (92)	1,799	1,700	99	-	-	-
101 Arrival - Operations	PPMI (51)	5,603,834	6,015,030	(411,195)	41,301	44,025	(2,724)
	Total	**136,242,879**	**124,847,045**	**11,395,834**	**458,672**	**447,332**	**11,340**
	Loans portion (5)	45,721,569	38,308,627	7,412,942	16,189	18,593	(2,404)
	percentage	34%	31%	3%	4%	4%	-1%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.8442%
   - PPMF Fixed Rate: 6.0000%
   - PSWNF Fixed Rate: 8.5000%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages

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Outstanding Internal Loan Balance and Cost of Interest

As of 07/31/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		JULY	JUNE	Diff.	JULY (3)	JUNE (3)	Diff.
03 PPMG - Operations	PPMI (51)	1,579,146	1,579,108	38	11,680	11,638	41
11 PMMG - Operations	PPMF (12)	8,521	8,521	-	-	-	-
12 PPMF - Mix.	PPMG (03)	219,697	219,697	-	1,625	1,619	6
12 PPMF - Mix.	PSWNF (32)	57,548	37,548	20,000	408	266	142
12 PPMF - Mix.	PFF (52)	10,621,694	10,408,694	213,000	78,561	76,714	1,847
12 PPMF - Mix. (4)	PPMI (51)	16,006,183	16,006,013	170	118,386	117,967	419
		26,905,122	26,671,952	233,170	198,979	196,565	2,414
31 PSWMG - Operations	PSWNF (32)	730,991	730,991	-	-	-	-
31 PSWMG - Operations	PPMI (51)	156,543	129,380	27,163	1,158	954	204
		887,534	860,371	27,163	1,158	954	204
32 PSWNF - Operations	PPMI (51)	5,813	-	5,813	43	-	-
41 PMC - Loans	PPMI (51)	-	-	-	-	-	-
41 PMC - Loans (1)	PFF (52)	2,167,577	2,182,551	(14,974)	36,915	16,189	20,726
41 PMC - Operations	PPMI (51)	2,053,559	1,958,027	95,533	15,189	14,431	758
		4,221,136	4,140,578	80,558	52,103	30,620	21,483
42 PMCFO - Operations	PMC (41)	4,034	4,034	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	27,916,462	27,011,158	905,304	-	-	-
51 PPMI - Loans (2)	PFF (52)	12,046,864	12,578,748	(531,885)	-	-	-
51 PPMI - Loans	Alpha Funds	22,625,187	18,801,954	3,823,233	-	-	-
51 PPMI - Loans	Setpoint	2,944,267	4,495,816	(1,551,549)	-	-	-
		65,532,780	62,887,676	2,645,104	-	-	-
52 PFF - Mix	PSWNF (32)	1,083,032	489,532	593,500	7,671	3,468	4,204
52 PFF - Loans	Alpha Funds	7,344,000	7,662,500	(318,500)	-	-	-
		8,427,032	8,152,032	275,000	7,671	3,468	4,204
62 PLP - Mix	PPMF (12)	51,876	51,876	-	259	259	-
62 PLP - Mix	PFF (52)	288,583	288,583	-	2,134	2,127	8
62 PLP - Mix	PRD (71)	4,000	-	4,000	30	-	30
		344,459	340,459	4,000	2,423	2,386	37
71 PRD - Operations	PPMG (03)	60,731	60,731	-	449	448	2
71 PRD - Operations	PPMF (12)	7,590,723	7,590,723	-	37,954	37,954	-
71 PRD - Operations	PPMI (51)	2,084,117	2,084,117	-	15,415	15,360	54
71 PRD - Operations	PFF (52)	3,571,479	3,571,479	-	26,416	26,322	93
		13,307,050	13,307,050	-	80,233	80,084	149
81 HC - Mix	PPMF (12)	619,533	619,533	-	3,098	3,098	-
81 HC - Mix	PPMI (51)	127,648	127,590	58	944	940	4
81 HC - Mix	PFF (52)	11,038,326	11,038,326	-	81,642	81,354	288
81 HC - Mix	PRD (71)	864,972	849,876	15,096	6,398	6,264	134
		12,650,479	12,635,324	15,154	92,082	91,656	426
91 PPMP - Operations	PPMI (51)	3,463	3,463	-	26	26	0
91 PPMP - Operations	POF (92)	47,679	46,679	1,000	-	-	-
		51,142	50,142	1,000	-	-	-
93 REIT	POF (92)	1,799	1,799	-	-	-	-
101 Arrival - Operations	PPMI (51)	5,867,556	5,603,834	263,722	43,398	41,301	2,097
102 Arrival Fund 1 - Ops	PPMI (51)	9,920	-	9,920	-	-	-
	Total	**139,803,520**	**136,242,879**	**3,560,641**	**489,770**	**458,672**	**31,055**
	Loans portion (5)	47,127,895	45,721,569	1,406,325	36,915	16,189	20,726
	percentage	34%	34%	0%	8%	4%	4%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.8755%
   - PPMF Fixed Rate: 6.0000%
   - PSWNF Fixed Rate: 8.5000%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages

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Outstanding Internal Loan Balance and Cost of Interest

As of 08/31/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount			Cost of Interest / Mo.		
		AUG	JULY	Diff.	AUG (3)	JULY (3)	Diff.
03 PPMG - Operations	PPMI (51)	1,616,500	1,579,146	37,354	11,976	11,699	277
11 PMMG - Operations	PPMF (12)	8,521	8,521	-	-	-	-
12 PPMF - Mix.	PPMG (03)	222,941	219,697	3,244	1,652	1,628	24
12 PPMF - Mix.	PSWNF (32)	58,222	57,548	674	412	408	5
12 PPMF - Mix.	PFF (52)	10,701,968	10,621,694	80,274	79,288	78,693	595
12 PPMF - Mix. (4)	PPMI (51)	16,242,535	16,006,183	236,352	120,336	118,585	1,751
12 PPMF - Mix.	POF (92)	125,000	-	125,000	833	-	833
		27,350,666	26,905,122	445,544	202,522	199,314	3,208
31 PSWMG - Operations	PSWNF (32)	730,991	730,991	-	-	-	-
31 PSWMG - Operations	PPMI (51)	174,904	156,543	18,361	1,296	1,160	136
		905,895	887,534	18,361	1,296	1,160	136
32 PSWNF - Operations	PPMI (51)	-	5,813	(5,813)	-	43	-
41 PMC - Loans	PPMI (51)	36,915	-	36,915	-	-	-
41 PMC - Loans (1)	PFF (52)	2,167,577	2,167,577	-	36,915	36,915	-
41 PMC - Operations	PPMI (51)	2,114,478	2,053,559	60,919	15,666	15,214	451
		4,318,970	4,221,136	97,834	52,580	52,129	451
42 PMCFO - Operations	PMC (41)	4,034	4,034	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	31,748,760	27,916,462	3,832,298	-	-	-
51 PPMI - Loans (2)	PFF (52)	7,067,181	12,046,864	(4,979,682)	-	-	-
51 PPMI - Loans	Alpha Funds	17,189,368	22,625,187	(5,435,819)	-	-	-
51 PPMI - Loans	Setpoint	3,056,066	2,944,267	111,799	-	-	-
		59,061,375	65,532,780	(6,471,404)	-	-	-
52 PFF - Mix	PSWNF (32)	1,094,171	1,083,032	11,139	7,750	7,671	79
52 PFF - Mix	PLP (62)	-	-	-	-	-	-
52 PFF - Mix	POF (92)	150,000	-	150,000	1,000	-	1,000
52 PFF - Loans	Alpha Funds	6,189,000	7,344,000	(1,155,000)	-	-	-
		7,433,171	8,427,032	(993,861)	8,750	7,671	1,079
62 PLP - Mix	PPMF (12)	52,395	51,876	519	262	259	3
62 PLP - Mix	PFF (52)	292,844	288,583	4,261	2,170	2,138	32
62 PLP - Mix	PRD (71)	5,030	4,000	1,030	37	30	8
		350,268	344,459	5,810	2,469	2,427	42
71 PRD - Operations	PPMG (03)	61,628	60,731	897	457	450	7
71 PRD - Operations	PPMF (12)	7,496,630	7,590,723	(94,093)	37,483	37,954	(470)
71 PRD - Operations	PPMI (51)	2,114,892	2,084,117	30,775	15,669	15,441	228
71 PRD - Operations	PFF (52)	3,624,216	3,571,479	52,738	26,851	26,460	391
		13,297,366	13,307,050	(9,683)	80,459	80,304	155
81 HC - Mix	PPMF (12)	625,728	619,533	6,195	3,129	3,098	31
81 HC - Mix	PPMI (51)	129,532	127,648	1,884	960	946	14
81 HC - Mix	PFF (52)	11,901,322	11,038,326	862,996	88,174	81,780	6,394
81 HC - Mix	PRD (71)	887,611	864,972	22,639	6,576	6,408	168
		13,544,194	12,650,479	893,715	98,838	92,232	6,606
91 PPMP - Operations	PPMI (51)	3,514	3,463	51	26	26	0
91 PPMP - Operations	POF (92)	47,679	47,679	-	-	-	-
		51,193	51,142	51	-	-	-
93 REIT	POF (92)	1,799	1,799	-	-	-	-
101 Arrival - Operations	PPMI (51)	6,180,697	5,867,556	313,140	45,791	43,471	2,320
102 Arrival Fund 1 - Ops	PPMI (51)	-	9,920	(9,920)	-	-	-
	Total	**134,124,649**	**139,803,520**	**(5,678,871)**	**504,681**	**490,450**	**14,274**
	Loans portion (5)	35,706,107	47,127,895	(11,421,788)	36,915	36,915	-
	percentage	27%	34%	-7%	7%	8%	0%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.8905%
   - PPMF Fixed Rate: 6.0000%
   - PSWNF Fixed Rate: 8.5000%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages

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Outstanding Internal Loan Balance and Cost of Interest

As of 09/30/24

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount SEP	S/T Loan Amount AUG	S/T Loan Amount Diff.	Cost of Interest / Mo. SEP (3)	Cost of Interest / Mo. AUG (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,628,476	1,616,500	11,976	12,115	11,976	139
11 PMMG - Operations	PPMF (12)	13,321	8,521	4,800	-	-	-
12 PPMF - Mix.	PPMG (03)	224,593	222,941	1,652	1,671	1,652	19
12 PPMF - Mix.	PSWNF (32)	58,634	58,222	412	433	412	21
12 PPMF - Mix.	PFF (52)	11,336,256	10,701,968	634,288	84,335	79,288	5,047
12 PPMF - Mix. (4)	PPMI (51)	16,538,246	16,242,535	295,711	123,035	120,336	2,699
12 PPMF - Mix.	POF (92)	833	125,000	(124,167)	6	833	(827)
		28,158,563	27,350,666	807,897	209,480	202,522	6,958
31 PSWMG - Operations	PSWNF (32)	730,991	730,991	-	-	-	-
31 PSWMG - Operations	PPMI (51)	190,200	174,904	15,296	1,415	1,296	119
		921,191	905,895	15,296	1,415	1,296	119
41 PMC - Loans	PPMI (51)	-	36,915	(36,915)	-	-	-
41 PMC - Loans (1)	PFF (52)	2,167,577	2,167,577	-	-	36,915	(36,915)
41 PMC - Operations	PPMI (51)	2,134,184	2,114,478	19,705	15,877	15,666	212
		4,301,761	4,318,970	(17,209)	15,877	52,580	(36,703)
42 PMCFO - Operations	PMC (41)	4,034	4,034	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	30,573,930	31,748,760	(1,174,829)	-	-	-
51 PPMI - Loans (2)	PFF (52)	6,957,341	7,067,181	(109,840)	-	-	-
51 PPMI - Loans	Alpha Funds	8,101,911	17,189,368	(9,087,457)	-	-	-
51 PPMI - Loans	Setpoint	2,168,930	3,056,066	(887,137)	-	-	-
		47,802,112	59,061,375	(11,259,263)	-	-	-
52 PFF - Mix	PSWNF (32)	1,301,921	1,094,171	207,750	9,613	7,750	1,862
52 PFF - Mix	POF (92)	1,000	150,000	(149,000)	7	1,000	(993)
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		7,491,921	7,433,171	58,750	9,620	8,750	869
62 PLP - Mix	PPMF (12)	52,657	52,395	262	283	262	21
62 PLP - Mix	PFF (52)	295,013	292,844	2,170	2,195	2,170	25
62 PLP - Ops	PSP (61)	11,000	-	11,000	-	-	-
62 PLP - Mix	PRD (71)	5,067	5,030	37	38	37	0
		363,737	350,268	13,469	2,515	2,469	46
71 PRD - Operations	PPMG (03)	62,085	61,628	457	462	457	5
71 PRD - Operations	PPMF (12)	7,534,113	7,496,630	37,483	40,433	37,483	2,950
71 PRD - Operations	PPMI (51)	2,122,227	2,114,892	7,335	15,788	15,669	120
71 PRD - Operations	PFF (52)	3,651,067	3,624,216	26,851	27,162	26,851	311
		13,369,492	13,297,366	72,126	83,845	80,459	3,386
81 HC - Mix	PPMF (12)	628,857	625,728	3,129	3,375	3,129	246
81 HC - Mix	PPMI (51)	130,608	129,532	1,076	972	960	12
81 HC - Mix	PFF (52)	11,989,496	11,901,322	88,174	89,195	88,174	1,021
81 HC - Mix	PRD (71)	894,187	887,611	6,576	6,652	6,576	76
		13,643,147	13,544,194	98,954	100,194	98,838	1,356
91 PPMP - Operations	PPMI (51)	-	3,514	(3,514)	-	26	(26)
91 PPMP - Operations	POF (92)	51,219	47,679	3,540	-	-	-
		51,219	51,193	26	-	-	-
93 REIT	POF (92)	1,799	1,799	-	-	-	-
101 Arrival - Operations	PPMI (51)	6,473,590	6,180,697	292,893	48,160	45,791	2,369
	Total	**124,224,363**	**134,124,649**	**(9,900,286)**	**483,220**	**504,681**	**(21,461)**
	Loans portion (5)	25,584,759	35,706,107	(10,121,348)	-	36,915	(36,915)
	percentage	21%	27%	-6%	0%	7%	-7%

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.9273%
   - PPMF Fixed Rate: 6.4400%
   - PSWNF Fixed Rate: 8.8600%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5500%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages

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Outstanding Internal Loan Balance and Cost of Interest

As of 10/31/24

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount OCT	S/T Loan Amount SEP	S/T Loan Amount Diff.	Cost of Interest / Mo. OCT (3)	Cost of Interest / Mo. SEP (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,642,850	1,628,476	14,374	12,259	12,115	144
11 PMMG - Operations	PPMF (12)	13,321	13,321	-	-	-	-
12 PPMF - Mix.	PPMG (03)	226,264	224,593	1,671	1,688	1,671	18
12 PPMF - Mix.	PSWNF (32)	59,067	58,634	433	436	433	3
12 PPMF - Mix.	PFF (52)	11,115,890	11,336,256	(220,366)	82,947	84,335	(1,388)
12 PPMF - Mix. (4)	PPMI (51)	16,661,282	16,538,246	123,035	124,327	123,035	1,292
12 PPMF - Mix.	POF (92)	839	833	6	6	6	0
		28,063,341	28,158,563	(95,222)	209,404	209,480	(76)
31 PSWMG - Operations	PSWNF (32)	730,991	730,991	-	-	-	-
31 PSWMG - Operations	PPMI (51)	205,615	190,200	15,415	1,534	1,415	119
		936,606	921,191	15,415	1,534	1,415	119
41 PMC - Loans (1)	PPMI (51)	46,132	-	46,132	18,885	-	18,885
41 PMC - Loans	PFF (52)	2,167,577	2,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,140,053	2,134,184	5,869	15,969	15,877	92
		4,353,762	4,301,761	52,001	34,854	15,877	18,977
42 PMCFO - Operations	PMC (41)	0	4,034	(4,034)	-	-	-
51 PPMI - Mix (2)	PFF (52)	30,169,486	30,573,930	(404,444)	-	-	-
51 PPMI - Loans (2)	PFF (52)	6,966,148	6,957,341	8,806	-	-	-
51 PPMI - Loans	Alpha Funds	9,136,500	8,101,911	1,034,589	-	-	-
51 PPMI - Loans	Setpoint	2,317,512	2,168,930	148,582	-	-	-
		48,589,646	47,802,112	787,533	-	-	-
52 PFF - Mix	PSWNF (32)	1,311,534	1,301,921	9,613	9,683	9,613	71
52 PFF - Mix	POF (92)	1,007	1,000	7	7	7	0
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		7,501,541	7,491,921	9,620	9,691	9,620	71
91 PPMP - Operations	POF (92)	51,219	51,219	-	-	-	-
93 REIT	POF (92)	1,799	1,799	-	-	-	-
101 Arrival - Operations	PPMI (51)	6,842,149	6,473,590	368,559	51,056	48,160	2,896
	Subtotal	**97,996,233**	**96,847,986**	**1,148,246**	**318,798**	**296,666**	**22,131**
	Loans portion (5)	26,822,868	25,584,759	1,238,109	18,885	-	18,885
	percentage	27%	26%	1%	6%	0%	6%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount OCT	S/T Loan Amount SEP	S/T Loan Amount Diff.	Cost of Interest / Mo. OCT (3)	Cost of Interest / Mo. SEP (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMF (12)	52,940	52,657	283	284	283	2
62 PLP - Mix	PFF (52)	297,208	295,013	2,195	2,218	2,195	23
62 PLP - Ops	PSP (61)	11,000	11,000	-	-	-	-
62 PLP - Mix	PRD (71)	8,105	5,067	3,038	60	38	23
		369,252	363,737	5,515	2,562	2,515	47
71 PRD - Operations	PPMG (03)	62,547	62,085	462	467	462	5
71 PRD - Operations	PPMF (12)	6,905,897	7,534,113	(628,216)	37,062	40,433	(3,371)
71 PRD - Operations	PPMI (51)	2,138,015	2,122,227	15,788	15,954	15,788	166
71 PRD - Operations	PFF (52)	3,678,229	3,651,067	27,162	27,447	27,162	285
		12,784,688	13,369,492	(584,804)	80,929	83,845	(2,916)
81 HC - Mix	PPMF (12)	632,232	628,857	3,375	3,393	3,375	18
81 HC - Mix	PPMI (51)	231,637	130,608	101,030	1,728	972	757
81 HC - Mix	PFF (52)	12,478,691	11,989,496	489,195	93,116	89,195	3,921
81 HC - Mix	PRD (71)	900,839	894,187	6,652	6,722	6,652	70
		14,243,399	13,643,147	600,252	104,960	100,194	4,766
	SubTotal	**27,397,340**	**27,376,377**	**20,963**	**188,451**	**186,554**	**1,898**
	Total	**125,393,572**	**124,224,363**	**1,169,209**	**507,249**	**483,220**	**24,029**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.9544%
   - PPMF Fixed Rate: 6.4400%
   - PSWNF Fixed Rate: 8.8600%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5500%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages

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Outstanding Internal Loan Balance and Cost of Interest

As of 11/30/24

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount NOV	S/T Loan Amount OCT	S/T Loan Amount Diff.	Cost of Interest / Mo. NOV (3)	Cost of Interest / Mo. OCT (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,637,560	1,642,850	(5,290)	12,134	12,259	(125)
11 PMMG - Operations	PPMF (12)	13,321	13,321	-	-	-	-
12 PPMF - Mix.	PPMG (03)	227,952	226,264	1,688	1,689	1,688	1
12 PPMF - Mix.	PSWNF (32)	59,503	59,067	436	439	436	3
12 PPMF - Mix.	PFF (52)	11,548,836	11,115,890	432,947	85,577	82,947	2,630
12 PPMF - Mix. (4)	PPMI (51)	16,785,608	16,661,282	124,327	124,382	124,327	55
12 PPMF - Mix.	POF (92)	100,845	839	100,006	719	6	713
		28,722,745	28,063,341	659,404	212,806	209,404	3,402
31 PSWMG - Operations	PSWNF (32)	730,991	730,991	-	-	-	-
31 PSWMG - Operations	PPMI (51)	227,319	205,615	21,704	1,684	1,534	150
		958,310	936,606	21,704	1,684	1,534	150
41 PMC - Loans (1)	PPMI (51)	18,885	46,132	(27,247)	11,473	18,885	(7,411)
41 PMC - Loans	PFF (52)	1,167,577	2,167,577	(1,000,000)	-	-	-
41 PMC - Operations	PPMI (51)	2,193,142	2,140,053	53,089	16,251	15,969	282
		3,379,604	4,353,762	(974,158)	27,724	34,854	(7,129)
51 PPMI - Mix (2)	PFF (52)	30,489,388	30,169,486	319,901	-	-	-
51 PPMI - Loans (2)	PFF (52)	6,901,144	6,966,148	(65,003)	-	-	-
51 PPMI - Loans	Alpha Funds	8,495,500	9,136,500	(641,000)	-	-	-
51 PPMI - Loans	Setpoint	1,865,764	2,317,512	(451,748)	-	-	-
		47,751,796	48,589,646	(837,849)	-	-	-
52 PFF - Mix	PSWNF (32)	1,260,217	1,311,534	(51,317)	9,305	9,683	(379)
52 PFF - Mix	POF (92)	8,306	1,007	7,299	59	7	52
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		7,457,523	7,501,541	(44,018)	9,364	9,691	(327)
91 PPMP - Operations	POF (92)	51,355	51,219	136	-	-	-
93 REIT	POF (92)	1,799	1,799	-	-	-	-
101 Arrival - Operations	PPMI (51)	6,979,568	6,842,149	137,419	51,719	51,056	663
	Subtotal	**96,953,581**	**97,996,233**	**(1,042,652)**	**315,432**	**318,798**	**(3,366)**
	Loans portion (5)	24,637,870	26,822,868	(2,184,998)	11,473	18,885	(7,411)
	percentage	25%	27%	-2%	4%	6%	-2%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount NOV	S/T Loan Amount OCT	S/T Loan Amount Diff.	Cost of Interest / Mo. NOV (3)	Cost of Interest / Mo. OCT (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMF (12)	-	52,940	(52,940)	-	284	(284)
62 PLP - Mix	PFF (52)	-	297,208	(297,208)	-	2,218	(2,218)
62 PLP - Ops	PSP (61)	-	11,000	(11,000)	-	-	-
62 PLP - Mix	PRD (71)	-	8,105	(8,105)	-	60	(60)
		-	369,252	(369,252)	-	2,562	(2,562)
71 PRD - Operations	PPMG (03)	63,013	62,547	467	467	467	0
71 PRD - Operations	PPMF (12)	6,642,959	6,905,897	(262,938)	35,651	37,062	(1,411)
71 PRD - Operations	PPMI (51)	2,153,969	2,138,015	15,954	15,961	15,954	7
71 PRD - Operations	PFF (52)	3,705,676	3,678,229	27,447	27,459	27,447	12
		12,565,617	12,784,688	(219,071)	79,538	80,929	(1,392)
81 HC - Mix	PPMF (12)	635,625	632,232	3,393	3,411	3,393	18
81 HC - Mix	PPMI (51)	237,085	231,637	5,448	1,757	1,728	28
81 HC - Mix	PFF (52)	12,971,807	12,478,691	493,116	96,121	93,116	3,005
81 HC - Mix	PRD (71)	909,861	900,839	9,022	6,742	6,722	20
		14,754,378	14,243,399	510,979	108,031	104,960	3,072
	SubTotal	**27,319,996**	**27,397,340**	**(77,344)**	**187,569**	**188,451**	**(882)**
	Total	**124,273,576**	**125,393,572**	**(1,119,996)**	**503,001**	**507,249**	**(4,248)**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.8920%
   - PPMF Fixed Rate: 6.4400%
   - PSWNF Fixed Rate: 8.8600%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5500%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages

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Outstanding Internal Loan Balance and Cost of Interest

As of 12/31/24

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount DEC	S/T Loan Amount NOV	S/T Loan Amount Diff.	Cost of Interest / Mo. DEC (3)	Cost of Interest / Mo. NOV (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,649,694	1,637,560	12,134	12,242	12,134	108
11 PMMG - Operations	PPMF (12)	13,321	13,321	-	-	-	-
12 PPMF - Mix.	PPMG (03)	229,641	227,952	1,689	1,704	1,689	15
12 PPMF - Mix.	PSWNF (32)	59,943	59,503	439	443	439	3
12 PPMF - Mix.	PFF (52)	12,020,414	11,548,836	471,577	89,203	85,577	3,626
12 PPMF - Mix. (4)	PPMI (51)	16,913,490	16,785,608	127,882	125,514	124,382	1,133
12 PPMF - Mix.	POF (92)	101,564	100,845	719	724	719	5
		29,325,051	28,722,745	602,306	217,588	212,806	4,782
31 PSWMG - Operations	PSWNF (32)	747,991	730,991	17,000	-	-	-
31 PSWMG - Operations	PPMI (51)	243,004	227,319	15,684	1,803	1,684	119
		990,994	958,310	32,684	1,803	1,684	119
32 PSWNF - Operations	PPMI (51)	4,375	-	4,375	-	-	-
41 PMC - Loans (1)	PPMI (51)	44,591	18,885	25,706	14,233	11,473	2,760
41 PMC - Loans	PFF (52)	1,167,577	1,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,258,112	2,193,142	64,970	16,757	16,251	506
		3,470,280	3,379,604	90,676	30,990	35,136	(4,146)
51 PPMI - Mix (2)	PFF (52)	30,730,295	30,489,388	240,907	-	-	-
51 PPMI - Loans (2)	PFF (52)	7,507,866	6,901,144	606,721	-	-	-
51 PPMI - Loans	Alpha Funds	2,250,500	8,495,500	(6,245,000)	-	-	-
51 PPMI - Loans	Setpoint	3,742,922	1,865,764	1,877,158	-	-	-
		44,231,583	47,751,796	(3,520,213)	-	-	-
52 PFF - Mix	PSWNF (32)	1,330,522	1,260,217	70,305	9,824	9,305	519
52 PFF - Mix	POF (92)	1,013,656	8,306	1,005,350	7,222	59	7,163
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		8,533,178	7,457,523	1,075,655	17,046	9,364	7,682
91 PPMP - Operations	POF (92)	52,349	51,355	994	-	-	-
93 REIT	POF (92)	-	1,799	(1,799)	-	-	-
101 Arrival - Operations	PPMI (51)	7,198,302	6,979,568	218,735	53,418	51,719	1,700
	Subtotal	**95,469,128**	**96,953,581**	**(1,484,453)**	**333,088**	**322,843**	**10,245**
	Loans portion (5)	20,902,455	24,637,870	(3,735,415)	14,233	11,473	2,760
	percentage	22%	25%	-4%	4%	4%	1%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount DEC	S/T Loan Amount NOV	S/T Loan Amount Diff.	Cost of Interest / Mo. DEC (3)	Cost of Interest / Mo. NOV (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	720	-	720	-	-	-
71 PRD - Operations	PPMG (03)	63,480	63,013	467	471	467	4
71 PRD - Operations	PPMF (12)	6,678,610	6,642,959	35,651	35,842	35,651	191
71 PRD - Operations	PPMI (51)	2,169,930	2,153,969	15,961	16,103	15,961	142
71 PRD - Operations	PFF (52)	3,733,135	3,705,676	27,459	27,703	27,459	244
		12,645,155	12,565,617	79,538	80,119	79,538	582
81 HC - Mix	PPMF (12)	639,036	635,625	3,411	3,429	3,411	18
81 HC - Mix	PPMI (51)	238,743	237,085	1,658	1,772	1,757	15
81 HC - Mix	PFF (52)	13,867,928	12,971,807	896,121	102,913	96,121	6,792
81 HC - Mix	PLP (62)	250,000	-	250,000	-	-	-
81 HC - Mix	PRD (71)	914,304	909,861	4,442	6,785	6,742	43
		15,910,011	14,754,378	1,155,633	114,900	108,031	6,868
	SubTotal	**28,555,886**	**27,319,996**	**1,235,890**	**195,019**	**187,569**	**7,450**
	Total	**124,025,014**	**124,273,576**	**(248,563)**	**528,107**	**510,412**	**17,695**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.9052%
   - PPMF Fixed Rate: 6.4400%
   - PSWNF Fixed Rate: 8.8600%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5500%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages

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Outstanding Internal Loan Balance and Cost of Interest

As of 1/31/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount JAN	S/T Loan Amount DEC	S/T Loan Amount Diff.	Cost of Interest / Mo. JAN (3)	Cost of Interest / Mo. DEC (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,661,936	1,649,694	12,242	12,329	12,238	91
11 PMMG - Operations	PPMF (12)	13,321	13,321	-	-	-	-
12 PPMF - Mix.	PPMG (03)	231,346	229,641	1,704	1,716	1,704	13
12 PPMF - Mix.	PSWNF (32)	60,385	59,943	443	451	448	3
12 PPMF - Mix.	PFF (52)	12,360,617	12,020,414	340,203	91,694	89,170	2,524
12 PPMF - Mix. (4)	PPMI (51)	17,060,373	16,913,490	146,883	126,558	125,468	1,090
12 PPMF - Mix.	POF (92)	102,287	101,564	724	727	722	5
		29,815,008	29,325,051	489,957	221,147	217,512	3,634
31 PSWMG - Operations	PSWNF (32)	749,491	747,991	1,500	-	-	-
31 PSWMG - Operations	PPMI (51)	258,807	243,004	15,803	1,920	1,803	117
		1,008,297	990,994	17,303	1,920	1,803	117
32 PSWNF - Operations	PPMI (51)	11,912	4,375	7,537	-	-	-
41 PMC - Loans (1)	PPMI (51)	56,243	44,591	11,653	11,653	14,233	(2,580)
41 PMC - Loans	PFF (52)	1,167,577	1,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,307,057	2,258,112	48,945	17,114	16,751	363
		3,530,877	3,470,280	60,597	28,767	30,984	(2,217)
51 PPMI - Mix (2)	PFF (52)	31,379,892	30,730,295	649,597	-	-	-
51 PPMI - Loans (2)	PFF (52)	7,182,058	7,507,866	(325,808)	-	-	-
51 PPMI - Loans	AFI (102)	861,351	1,042,653	(181,301)			
51 PPMI - Loans	Alpha Funds	1,444,500	2,250,500	(806,000)	-	-	-
51 PPMI - Loans	Setpoint	2,214,629	3,742,922	(1,528,293)	-	-	-
		43,082,430	45,274,236	(2,191,806)	-	-	-
52 PFF - Mix	PSWNF (32)	1,540,346	1,330,522	209,824	11,514	9,946	1,568
52 PFF - Mix	POF (92)	928,413	1,013,656	(85,243)	6,599	7,205	(606)
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		8,657,759	8,533,178	124,581	18,114	17,151	962
91 PPMP - Operations	POF (92)	57,904	52,349	5,554	-	-	-
92 POF - Operations	PPMI (51)	961	-	961	7	-	7
101 Arrival - Operations	PPMI (51)	7,495,278	7,198,302	296,975	55,602	53,399	2,203
201 PPMX - Ops	PPMI (51)	543	-	543	-	-	-
201 PPMX - Ops	AHL (101)	3,785	-	3,785	-	-	-
		4,328	-	4,328	-	-	-
	Subtotal	**95,340,012**	**96,511,781**	**(1,171,769)**	**337,885**	**333,087**	**4,798**
	Loans portion (5)	19,115,358	21,945,108	(2,829,750)	11,653	14,233	(2,580)
	percentage	20%	23%	-3%	3%	4%	-1%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount JAN	S/T Loan Amount DEC	S/T Loan Amount Diff.	Cost of Interest / Mo. JAN (3)	Cost of Interest / Mo. DEC (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	3,022	720	2,302	-	-	-
71 PRD - Operations	PPMG (03)	63,951	63,480	471	474	471	3
71 PRD - Operations	PPMF (12)	6,714,452	6,678,610	35,842	36,314	36,120	194
71 PRD - Operations	PPMI (51)	2,186,033	2,169,930	16,103	16,217	16,097	119
71 PRD - Operations	PFF (52)	3,760,839	3,733,135	27,703	27,899	27,693	206
		12,725,275	12,645,155	80,119	80,904	80,381	522
81 HC - Mix	PPMF (12)	642,465	639,036	3,429	3,475	3,456	19
81 HC - Mix	PPMI (51)	245,631	238,743	6,888	1,822	1,771	51
81 HC - Mix	PFF (52)	14,125,842	13,867,928	257,913	104,789	102,876	1,913
81 HC - Mix	PLP (62)	250,000	250,000	-	-	-	-
81 HC - Mix	PRD (71)	911,089	914,304	(3,215)	6,759	6,783	(24)
		16,175,027	15,910,011	265,016	116,845	114,885	1,959
	SubTotal	**28,903,323**	**28,555,886**	**347,437**	**197,748**	**195,267**	**2,481**
	Total	**124,243,335**	**125,067,667**	**(824,332)**	**535,633**	**528,354**	**7,279**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.9019%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages

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Outstanding Internal Loan Balance and Cost of Interest

As of 2/28/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount FEB	S/T Loan Amount JAN	S/T Loan Amount Diff.	Cost of Interest / Mo. FEB (3)	Cost of Interest / Mo. JAN (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,675,790	1,661,936	13,854	12,484	12,329	155
11 PMMG - Operations	PPMF (12)	14,896	13,321	1,575	-	-	-
11 PMMG - Operations	PPMI (51)	300	-	300	2	-	-
		15,196	13,321	1,875	2	-	2
12 PPMF - Mix.	PPMG (03)	233,062	231,346	1,716	1,736	1,716	20
12 PPMF - Mix.	PSWNF (32)	130,837	60,385	70,451	978	451	527
12 PPMF - Mix.	PFF (52)	12,853,311	12,360,617	492,694	95,750	91,694	4,056
12 PPMF - Mix. (4)	PPMI (51)	17,190,133	17,060,373	129,760	128,057	126,558	1,498
12 PPMF - Mix.	POF (92)	103,015	102,287	727	732	727	5
		30,510,357	29,815,008	695,349	227,253	221,147	6,106
31 PSWMG - Operations	PSWNF (32)	751,491	749,491	2,000	-	-	-
31 PSWMG - Operations	PPMI (51)	275,027	258,807	16,220	2,049	1,920	129
		1,026,517	1,008,297	18,220	2,049	1,920	129
32 PSWNF - Operations	PPMI (51)	16,596	11,912	4,684	124	-	-
41 PMC - Loans (1)	PPMI (51)	64,480	56,243	8,237	8,237	11,653	(3,416)
41 PMC - Loans	PFF (52)	1,167,577	1,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,361,953	2,307,057	54,896	17,595	17,114	481
		3,594,010	3,530,877	63,133	25,832	28,767	(2,935)
51 PPMI - Mix	PSWNF (32)	770,000	-	770,000	-	-	-
51 PPMI - Mix (2)	PFF (52)	31,447,837	31,379,892	67,945	-	-	-
51 PPMI - Loans (2)	PFF (52)	6,753,467	7,182,058	(428,591)	-	-	-
51 PPMI - Loans (6)	AFI (102)	491,764	861,351	(369,588)	-	-	-
51 PPMI - Loans	Alpha Funds	1,655,000	1,444,500	210,500	-	-	-
51 PPMI - Loans	Setpoint	2,570,068	2,214,629	355,439	-	-	-
		43,688,136	43,082,430	605,706	-	-	-
52 PFF - Mix	PSWNF (32)	1,551,860	1,540,346	11,514	11,600	11,514	86
52 PFF - Mix	POF (92)	941,818	928,413	13,405	6,695	6,599	95
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		8,682,678	8,657,759	24,919	18,295	18,114	181
91 PPMP - Operations	PPMI (51)	300	-	300	2	-	2
91 PPMP - Operations	POF (92)	57,904	57,904	-	-	-	-
		58,204	57,904	300	-	-	-
92 POF - Operations	PSWNF (32)	35,000	-	35,000	261	6	255
92 POF - Operations	PPMI (51)	300	961	(661)	2	7	(5)
		35,300	961	34,339	263	13	250
101 Arrival - Operations	PPMI (51)	7,742,948	7,495,278	247,670	57,680	55,602	2,079
201 PPMX - Ops	PPMI (51)	15	543	(528)	-	-	-
201 PPMX - Ops	AHL (101)	-	3,785	(3,785)	-	-	-
		15	4,328	(4,313)	-	-	-
	Subtotal	**97,045,746**	**95,340,012**	**1,670,135**	**343,981**	**337,891**	**5,710**
	Loans portion (5)	18,891,355	19,115,358	(224,003)	8,237	11,653	(3,416)
	percentage	19%	20%	-1%	2%	3%	-1%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount FEB	S/T Loan Amount JAN	S/T Loan Amount Diff.	Cost of Interest / Mo. FEB (3)	Cost of Interest / Mo. JAN (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	3,022	3,022	-	-	-	-
71 PRD - Operations	PPMG (03)	64,426	63,951	475	480	474	6
71 PRD - Operations	PPMF (12)	6,750,766	6,714,452	36,314	36,510	36,314	196
71 PRD - Operations	PSWNF (32)	70,000	-	70,000	379	36,315	(35,936)
71 PRD - Operations	PPMI (51)	2,202,249	2,186,033	16,216	16,405	16,217	189
71 PRD - Operations	PFF (52)	3,798,738	3,760,839	37,899	28,298	27,899	400
		12,886,179	12,725,275	160,905	82,073	80,904	1,169
81 HC - Mix	PPMF (12)	643,120	642,465	654	3,478	3,475	4
81 HC - Mix	PSWMG (31)	5,000	-	5,000	27	3,476	(3,449)
81 HC - Mix	PSWNF (32)	45,000	-	45,000	243	3,477	(3,233)
81 HC - Mix	PPMI (51)	247,511	245,631	1,880	1,844	1,822	22
81 HC - Mix	PFF (52)	14,650,631	14,125,842	524,789	109,139	104,789	4,350
81 HC - Mix	PLP (62)	520,000	250,000	270,000	-	-	-
81 HC - Mix	PRD (71)	914,089	911,089	3,000	6,809	6,759	51
		17,025,351	16,175,027	850,324	121,541	116,845	4,696
	SubTotal	**29,914,552**	**28,903,323**	**1,011,229**	**203,613**	**197,748**	**5,865**
	Total	**126,960,298**	**124,243,335**	**2,681,364**	**547,595**	**535,639**	**11,575**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.9393%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - IDOP Fixed Rate: 8.5300%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 3/31/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount MAR	S/T Loan Amount FEB	S/T Loan Amount Diff.	Cost of Interest / Mo. MAR (3)	Cost of Interest / Mo. FEB (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,673,274	1,675,790	(2,516)	12,497	12,484	13
11 PMMG - Operations	PPMF (12)	14,896	14,896	-	-	-	-
11 PMMG - Operations	PPMI (51)	302	300	2	2	2	-
		15,198	15,196	2	2	2	0
12 PPMF - Mix.	PPMG (03)	234,798	233,062	1,736	1,754	1,736	17
12 PPMF - Mix.	PSWNF (32)	134,411	130,837	3,575	1,005	978	27
12 PPMF - Mix.	PFF (52)	13,099,061	12,853,311	245,750	97,829	95,750	2,080
12 PPMF - Mix. (4)	PPMI (51)	17,318,189	17,190,133	128,057	129,340	128,057	1,283
12 PPMF - Mix.	POF (92)	103,747	103,015	732	737	732	5
		30,890,206	30,510,357	379,850	230,665	227,253	3,412
31 PSWMG - Operations	PSWNF (32)	751,491	751,491	-	-	-	-
31 PSWMG - Operations	PPMI (51)	286,169	275,027	11,143	2,137	2,049	88
		1,037,660	1,026,517	11,143	2,137	2,049	88
32 PSWNF - Operations	PPMI (51)	16,720	16,596	124	125	124	-
41 PMC - Loans (1)	PPMI (51)	73,665	64,480	9,185	9,185	8,237	948
41 PMC - Loans	PFF (52)	1,167,577	1,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,403,684	2,361,953	41,731	17,952	17,595	357
		3,644,926	3,594,010	50,916	27,137	29,248	(2,111)
51 PPMI - Mix	PSWNF (32)	770,000	770,000	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	30,983,573	31,447,837	(464,265)	-	-	-
51 PPMI - Loans (2)	PFF (52)	7,869,644	6,753,467	1,116,177	-	-	-
51 PPMI - Loans (6)	AFI (102)	1,390,845	491,764	899,081	-	-	-
51 PPMI - Loans	Alpha Funds	1,716,000	1,655,000	61,000	-	-	-
51 PPMI - Loans	Setpoint	7,271,135	2,570,068	4,701,067	-	-	-
		50,001,196	43,688,136	6,313,061	-	-	-
52 PFF - Mix	PSWNF (32)	1,663,460	1,551,860	111,600	12,434	11,600	834
52 PFF - Mix	POF (92)	956,048	941,818	14,229	6,796	6,695	101
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		8,808,508	8,682,678	125,830	19,230	18,295	935
91 PPMP - Operations	PPMI (51)	302	300	2	2	2	0
91 PPMP - Operations	POF (92)	57,904	57,904	-	-	-	-
		58,206	58,204	2	-	-	-
92 POF - Operations	PSWNF (32)	35,262	35,000	262	263	261	3
92 POF - Operations	PPMI (51)	302	300	2	2	2	0
		35,564	35,300	264	266	263	3
101 Arrival - Operations	PPMI (51)	7,797,352	7,742,948	54,405	58,234	57,680	554
201 PPMX - Ops	PPMI (51)	1,605	15	1,590	-	-	-
201 PPMX - Ops	AHL (101)	2,914	-	2,914	-	-	-
		4,519	15	4,504	-	-	-
	Subtotal	**103,983,329**	**97,045,746**	**6,937,317**	**350,293**	**347,397**	**2,891**
	Loans portion (5)	25,677,866	18,891,355	6,786,511	9,185	8,237	948
	percentage	25%	19%	5%	3%	2%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount MAR	S/T Loan Amount FEB	S/T Loan Amount Diff.	Cost of Interest / Mo. MAR (3)	Cost of Interest / Mo. FEB (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	3,022	500,000	-	-	-
62 PLP - Mix	PFF (52)	8,000	-	8,000	60	-	60
		511,022	3,022	508,000	60	-	60
71 PRD - Operations	PPMG (03)	64,906	64,426	480	485	480	5
71 PRD - Operations	PPMF (12)	6,787,276	6,750,766	36,510	36,708	36,510	197
71 PRD - Operations	PSWNF (32)	93,190	70,000	23,190	504	379	125
71 PRD - Operations	PPMI (51)	2,218,655	2,202,249	16,406	16,570	16,405	164
71 PRD - Operations	PFF (52)	3,842,036	3,798,738	43,298	28,694	28,298	396
		13,006,063	12,886,179	119,884	82,960	82,073	888
81 HC - Mix	PPMF (12)	646,598	643,120	3,478	3,497	3,478	19
81 HC - Mix	PSWMG (31)	5,037	5,000	37	27	27	0
81 HC - Mix	PSWNF (32)	91,420	45,000	46,420	494	243	251
81 HC - Mix	PPMI (51)	249,355	247,511	1,844	1,862	1,844	18
81 HC - Mix	PFF (52)	14,179,770	14,650,631	(470,861)	105,901	109,139	(3,238)
81 HC - Mix	PLP (62)	520,000	520,000	-	-	-	-
81 HC - Mix	PRD (71)	927,657	914,089	13,568	6,928	6,809	119
		16,619,836	17,025,351	(405,514)	118,710	121,541	(2,831)
	SubTotal	**30,136,921**	**29,914,552**	**222,369**	**201,730**	**203,613**	**(1,883)**
	Total	**134,120,250**	**126,960,298**	**7,159,686**	**552,023**	**551,011**	**1,008**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.9621%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 4/30/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount APR	S/T Loan Amount MAR	S/T Loan Amount Diff.	Cost of Interest / Mo. APR (3)	Cost of Interest / Mo. MAR (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,646,108	1,673,274	(27,166)	12,317	12,521	(203)
11 PMMG - Operations	PPMF (12)	15,696	14,896	800	-	-	-
11 PMMG - Operations	PPMI (51)	304	302	2	2	2	-
		16,001	15,198	802	2	2	0
12 PPMF - Mix.	PPMG (03)	236,552	234,798	1,754	1,770	1,757	13
12 PPMF - Mix.	PSWNF (32)	170,416	134,411	36,005	1,274	1,005	269
12 PPMF - Mix.	PFF (52)	13,423,690	13,099,061	324,629	100,446	98,017	2,429
12 PPMF - Mix. (4)	PPMI (51)	17,647,529	17,318,189	329,340	132,052	129,588	2,464
12 PPMF - Mix.	POF (92)	104,484	103,747	737	743	737	5
		31,582,671	30,890,206	692,465	236,285	231,104	5,181
31 PSWMG - Operations	PSWNF (32)	751,491	751,491	-	-	-	-
31 PSWMG - Operations	PPMI (51)	297,482	286,169	11,312	2,226	2,141	85
		1,048,972	1,037,660	11,312	2,226	2,141	85
32 PSWNF - Operations	PPMI (51)	18,449	16,720	1,729	138	125	-
41 PMC - Loans (1)	PPMI (51)	82,624	73,665	8,959	8,959	9,185	(225)
41 PMC - Loans	PFF (52)	1,167,577	1,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,453,507	2,403,684	49,823	18,359	17,986	373
		3,703,709	3,644,926	58,783	27,318	29,639	(2,320)
51 PPMI - Mix	PSWNF (32)	770,000	770,000	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	31,118,874	30,983,573	135,302	-	-	-
51 PPMI - Loans (2)	PFF (52)	8,565,586	7,869,644	695,942	-	-	-
51 PPMI - Loans (6)	AFI (102)	1,844,405	1,390,845	453,559	-	-	-
51 PPMI - Loans	Alpha Funds	1,827,500	1,716,000	111,500	-	-	-
51 PPMI - Loans	Setpoint	9,856,308	7,271,135	2,585,173	-	-	-
		53,982,673	50,001,196	3,981,477	-	-	-
52 PFF - Mix	PSWNF (32)	1,695,894	1,663,460	32,434	12,677	12,434	242
52 PFF - Mix	POF (92)	1,045,135	956,048	89,088	7,429	6,796	633
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		8,930,030	8,808,508	121,522	20,106	19,230	876
91 PPMP - Operations	PPMI (51)	687	302	385	5	2	3
91 PPMP - Operations	POF (92)	57,904	57,904	-	-	-	-
		58,591	58,206	385	-	-	-
92 POF - Operations	PSWNF (32)	35,525	35,262	264	266	264	2
92 POF - Operations	PPMI (51)	2,082	302	1,780	16	2	13
		37,607	35,564	2,043	281	266	15
101 Arrival - Operations	PPMI (51)	7,838,854	7,797,352	41,502	39,194	38,987	208
201 PPMX - Ops	PPMI (51)	624	1,605	(981)	-	-	-
201 PPMX - Ops	AHL (101)	-	2,914	(2,914)	-	-	-
		624	4,519	(3,895)	-	-	-
	Subtotal	**108,864,287**	**103,983,329**	**4,880,307**	**337,869**	**334,015**	**3,839**
	Loans portion (5)	29,533,000	25,677,866	3,855,134	8,959	9,185	(225)
	percentage	27%	25%	2%	3%	3%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount APR	S/T Loan Amount MAR	S/T Loan Amount Diff.	Cost of Interest / Mo. APR (3)	Cost of Interest / Mo. MAR (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
62 PLP - Mix	PFF (52)	8,060	8,000	60	60	60	0
		511,082	511,022	60	60	60	0
71 PRD - Operations	PPMG (03)	21,391	64,906	(43,515)	160	486	(326)
71 PRD - Operations	PPMF (12)	6,823,984	6,787,276	36,708	36,906	36,708	199
71 PRD - Operations	PSWNF (32)	107,387	93,190	14,197	581	504	77
71 PRD - Operations	PPMI (51)	2,235,225	2,218,655	16,570	16,726	16,602	124
71 PRD - Operations	PFF (52)	3,870,730	3,842,036	28,694	28,964	28,749	215
		13,058,716	13,006,063	52,653	83,337	83,048	288
81 HC - Mix	PPMF (12)	648,850	646,598	2,252	3,509	3,497	12
81 HC - Mix	PSWMG (31)	5,075	5,037	38	27	27	0
81 HC - Mix	PSWNF (32)	115,603	91,420	24,183	625	494	131
81 HC - Mix	PPMI (51)	472,416	249,355	223,062	3,535	1,866	1,669
81 HC - Mix	PFF (52)	14,325,670	14,179,770	145,901	107,195	106,104	1,092
81 HC - Mix	PLP (62)	520,000	520,000	-	-	-	-
81 HC - Mix	PRD (71)	944,085	927,657	16,428	7,064	6,941	123
		17,031,699	16,619,836	411,863	121,957	118,930	3,027
	SubTotal	**30,601,497**	**30,136,921**	**464,576**	**205,354**	**202,038**	**3,316**
	Total	**139,465,784**	**134,120,250**	**5,344,883**	**543,222**	**536,053**	**7,154**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 8.9793%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PPMI - AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 5/31/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount MAY	S/T Loan Amount APR	S/T Loan Amount Diff.	Cost of Interest / Mo. MAY (3)	Cost of Interest / Mo. APR (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,658,425	1,646,108	12,317	12,459	12,317	142
11 PMMG - Operations	PPMF (12)	22,956	15,696	7,260	-	-	-
11 PMMG - Operations	PPMI (51)	307	304	2	2	2	-
		23,263	16,001	7,262	2	2	0
12 PPMF - Mix.	PPMG (03)	238,322	236,552	1,770	1,790	1,770	20
12 PPMF - Mix.	PSWNF (32)	759,575	170,416	589,159	5,678	1,274	4,404
12 PPMF - Mix.	PFF (52)	13,654,136	13,423,690	230,446	102,579	100,446	2,133
12 PPMF - Mix. (4)	PPMI (51)	17,784,392	17,647,529	136,863	133,608	132,052	1,556
12 PPMF - Mix.	POF (92)	105,227	104,484	743	748	743	5
		32,541,652	31,582,671	958,980	244,403	236,285	8,118
31 PSWMG - Operations	PSWNF (32)	757,691	751,491	6,200	-	-	-
31 PSWMG - Operations	PPMI (51)	308,708	297,482	11,226	2,319	2,226	93
		1,066,398	1,048,972	17,426	2,319	2,226	93
32 PSWNF - Operations	PPMI (51)	19,764	18,449	1,316	148	138	-
41 PMC - Loans (1)	PPMI (51)	91,954	82,624	9,329	9,329	8,959	370
41 PMC - Loans	PFF (52)	1,167,577	1,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,467,698	2,453,507	14,190	18,539	18,359	180
		3,727,229	3,703,709	23,520	27,868	30,012	(2,143)
51 PPMI - Mix	PSWNF (32)	770,000	770,000	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	31,780,860	31,118,874	661,985	-	-	-
51 PPMI - Loans (2)	PFF (52)	7,527,511	8,565,586	(1,038,075)	-	-	-
51 PPMI - Loans (6)	AFI (102)	735,775	1,844,405	(1,108,629)	-	-	-
51 PPMI - Loans	Alpha Funds	1,235,000	1,827,500	(592,500)	-	-	-
51 PPMI - Loans	Setpoint	7,244,537	9,856,308	(2,611,771)	-	-	-
		49,293,683	53,982,673	(4,688,990)	-	-	-
52 PFF - Mix	PSWNF (32)	2,063,571	1,695,894	367,677	15,425	12,677	2,748
52 PFF - Mix	POF (92)	1,052,564	1,045,135	7,429	7,482	7,429	53
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		9,305,136	8,930,030	375,106	22,907	20,106	2,801
91 PPMP - Operations	PPMI (51)	692	687	5	5	5	0
91 PPMP - Operations	POF (92)	58,104	57,904	200	-	-	-
		58,796	58,591	205	-	-	-
92 POF - Operations	PSWNF (32)	35,791	35,525	266	269	266	3
92 POF - Operations	PPMI (51)	2,097	2,082	16	16	16	0
		37,888	37,607	281	285	281	3
101 Arrival - Operations	PPMI (51)	7,601,464	7,838,854	(237,390)	38,007	39,194	(1,187)
201 PPMX - Ops	PPMI (51)	714	624	90	-	-	-
	Subtotal	**105,334,410**	**108,864,287**	**(3,530,150)**	**348,400**	**340,562**	**7,824**
	Loans portion (5)	24,191,354	29,533,000	(5,341,646)	9,329	8,959	370
	percentage	23%	27%	-4%	3%	3%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount MAY	S/T Loan Amount APR	S/T Loan Amount Diff.	Cost of Interest / Mo. MAY (3)	Cost of Interest / Mo. APR (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
62 PLP - Mix	PFF (52)	8,120	8,060	60	61	60	1
		511,142	511,082	60	61	60	1
71 PRD - Operations	PPMG (03)	21,551	21,391	160	162	160	2
71 PRD - Operations	PPMF (12)	8,381,845	6,823,984	1,557,862	45,332	36,906	8,425
71 PRD - Operations	PSWNF (32)	113,190	107,387	5,804	612	581	31
71 PRD - Operations	PPMI (51)	2,251,950	2,235,225	16,726	16,918	16,726	192
71 PRD - Operations	PFF (52)	3,899,694	3,870,730	28,964	29,297	28,964	333
		14,668,230	13,058,716	1,609,515	92,321	83,337	8,984
81 HC - Mix	PPMF (12)	1,077,359	648,850	428,509	5,827	3,509	2,318
81 HC - Mix	PSWMG (31)	5,113	5,075	38	28	27	0
81 HC - Mix	PSWNF (32)	148,468	115,603	32,865	803	625	178
81 HC - Mix	PPMI (51)	475,951	472,416	3,535	3,576	3,535	41
81 HC - Mix	PFF (52)	14,944,866	14,325,670	619,195	112,276	107,195	5,080
81 HC - Mix	PLP (62)	520,000	520,000	-	-	-	-
81 HC - Mix	PRD (71)	1,122,232	944,085	178,147	8,431	7,064	1,367
		18,293,989	17,031,699	1,262,290	130,940	121,957	8,983
	SubTotal	**33,473,362**	**30,601,497**	**2,871,865**	**223,322**	**205,354**	**17,968**
	Total	**138,807,772**	**139,465,784**	**(658,285)**	**571,721**	**545,915**	**25,792**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 9.0152%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PPMI - AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 6/30/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount JUNE	S/T Loan Amount MAY	S/T Loan Amount Diff.	Cost of Interest / Mo. JUNE (3)	Cost of Interest / Mo. MAY (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,670,884	1,658,425	12,459	12,601	12,459	142
11 PMMG - Operations	PPMF (12)	22,956	22,956	-	-	-	-
11 PMMG - Operations	PPMI (51)	309	307	2	2	2	-
		23,265	23,263	2	2	2	0
12 PPMF - Mix.	PPMG (03)	240,112	238,322	1,790	1,811	1,790	20
12 PPMF - Mix.	PSWNF (32)	1,515,253	759,575	755,678	11,327	5,678	5,649
12 PPMF - Mix.	PFF (52)	13,556,715	13,654,136	(97,421)	102,236	102,579	(343)
12 PPMF - Mix. (4)	PPMI (51)	17,917,144	17,784,392	132,753	135,119	133,608	1,511
12 PPMF - Mix.	POF (92)	105,975	105,227	748	753	748	5
		33,335,199	32,541,652	793,548	251,245	244,403	6,842
31 PSWMG - Operations	PSWNF (32)	758,891	757,691	1,200	-	-	-
31 PSWMG - Operations	PPMI (51)	320,027	308,708	11,319	2,413	2,319	94
		1,078,917	1,066,398	12,519	2,413	2,319	94
32 PSWNF - Operations	PPMI (51)	21,400	19,764	1,636	161	148	-
41 PMC - Loans (1)	PPMI (51)	101,054	91,954	9,100	9,100	9,329	(229)
41 PMC - Loans	PFF (52)	1,167,577	1,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,487,068	2,467,698	19,370	18,756	18,539	217
		3,755,700	3,727,229	28,471	27,856	27,868	(12)
51 PPMI - Mix	PSWNF (32)	770,000	770,000	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	31,427,665	31,780,860	(353,194)	-	-	-
51 PPMI - Loans (2)	PFF (52)	8,228,481	7,527,511	700,970	-	-	-
51 PPMI - Loans (6)	AFI (102)	2,145,373	735,775	1,409,597	-	-	-
51 PPMI - Loans	Alpha Funds	1,866,500	1,235,000	631,500	-	-	-
51 PPMI - Loans	Setpoint	12,338,491	7,244,537	5,093,955	-	-	-
		56,776,510	49,293,683	7,482,827	-	-	-
52 PFF - Mix	PSWNF (32)	2,743,996	2,063,571	680,425	20,511	15,425	5,086
52 PFF - Mix	POF (92)	1,074,760	1,052,564	22,196	7,640	7,482	158
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		10,007,757	9,305,136	702,621	28,151	22,907	5,244
91 PPMP - Operations	PPMI (51)	697	692	5	5	5	0
91 PPMP - Operations	POF (92)	58,104	58,104	-	-	-	-
		58,801	58,796	5	-	-	-
92 POF - Operations	PSWNF (32)	36,058	35,791	268	272	269	3
92 POF - Operations	PPMI (51)	2,113	2,097	16	16	16	0
		38,171	37,888	283	288	285	3
101 Arrival - Operations	PPMI (51)	7,226,895	7,601,464	(374,569)	36,134	38,007	(1,873)
201 PPMX - Ops	PPMI (51)	744	714	30	-	-	-
	Subtotal	**113,994,243**	**105,334,320**	**8,659,647**	**358,853**	**348,400**	**10,437**
	Loans portion (5)	32,036,476	24,191,354	7,845,122	9,100	9,329	(229)
	percentage	28%	23%	5%	3%	3%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount JUNE	S/T Loan Amount MAY	S/T Loan Amount Diff.	Cost of Interest / Mo. JUNE (3)	Cost of Interest / Mo. MAY (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
62 PLP - Mix	PFF (52)	61	8,120	(8,059)	0	61	(61)
		503,083	511,142	(8,059)	0	61	(61)
71 PRD - Operations	PPMG (03)	21,712	21,551	162	164	162	2
71 PRD - Operations	PPMF (12)	7,610,080	8,381,845	(771,765)	41,158	45,332	(4,174)
71 PRD - Operations	PSWNF (32)	153,136	113,190	39,946	828	612	216
71 PRD - Operations	PMC (41)	4,849	-	4,849	-	-	-
71 PRD - Operations	PPMI (51)	2,268,869	2,251,950	16,918	17,110	16,918	192
71 PRD - Operations	PFF (52)	3,928,991	3,899,694	29,297	29,630	29,297	333
		13,987,637	14,668,230	(680,593)	88,890	92,321	(3,431)
81 HC - Mix	PPMF (12)	1,083,186	1,077,359	5,827	5,858	5,827	32
81 HC - Mix	PSWMG (31)	5,151	5,113	38	28	28	0
81 HC - Mix	PSWNF (32)	174,578	148,468	26,110	944	803	141
81 HC - Mix	PPMI (51)	479,527	475,951	3,576	3,616	3,576	41
81 HC - Mix	PFF (52)	16,057,141	14,944,866	1,112,276	121,092	112,276	8,817
81 HC - Mix	PLP (62)	520,000	520,000	-	-	-	-
81 HC - Mix	PRD (71)	1,757,732	1,122,232	635,500	13,256	8,431	4,825
		20,077,315	18,293,989	1,783,326	144,794	130,940	13,855
	SubTotal	**34,568,036**	**33,473,362**	**1,094,674**	**233,685**	**223,322**	**10,363**
	Total	**148,562,278**	**138,807,682**	**9,754,321**	**592,538**	**571,721**	**20,800**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 9.0496%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PPMD AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 7/31/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount JULY	S/T Loan Amount JUNE	S/T Loan Amount Diff.	Cost of Interest / Mo. JULY (3)	Cost of Interest / Mo. JUNE (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,683,485	1,670,884	12,601	12,689	12,601	88
11 PMMG - Operations	PPMF (12)	23,106	22,956	150	-	-	-
11 PMMG - Operations	PPMI (51)	311	309	2	2	2	-
		23,417	23,265	152	2	2	0
12 PPMF - Mix.	PPMG (03)	241,923	240,112	1,811	1,823	1,811	13
12 PPMF - Mix.	PSWNF (32)	1,626,579	1,515,253	111,327	12,159	11,327	832
12 PPMF - Mix.	PFF (52)	13,658,951	13,556,715	102,236	102,949	102,236	713
12 PPMF - Mix. (4)	PPMI (51)	18,052,264	17,917,144	135,119	136,061	135,119	942
12 PPMF - Mix.	POF (92)	106,728	105,975	753	759	753	5
		33,686,445	33,335,199	351,245	253,751	251,245	2,505
31 PSWMG - Operations	PSWNF (32)	759,991	758,891	1,100	-	-	-
31 PSWMG - Operations	PPMI (51)	331,440	320,027	11,413	2,498	2,413	85
		1,091,431	1,078,917	12,513	2,498	2,413	85
32 PSWNF - Operations	PPMI (51)	21,649.30	21,400	249	163.17	161	-
41 PMC - Loans (1)	PPMI (51)	110,531	101,054	9,476	-	9,100	(9,100)
41 PMC - Loans	PFF (52)	1,167,577	1,167,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,505,824	2,487,068	18,756	18,887	18,756	131
		3,783,932	3,755,700	28,232	18,887	27,856	(8,970)
51 PPMI - Mix	PSWNF (32)	877,500	770,000	107,500	-	-	-
51 PPMI - Mix (2)	PFF (52)	32,854,597	31,427,665	1,426,932	-	-	-
51 PPMI - Loans (2)	PFF (52)	6,713,080	8,228,481	(1,515,401)	-	-	-
51 PPMI - Loans (6)	AFI (102)	142,892	2,145,373	(2,002,480)	-	-	-
51 PPMI - Loans	Alpha Funds	905,000	1,866,500	(961,500)	-	-	-
51 PPMI - Loans	Setpoint	4,612,773	12,338,491	(7,725,718)	-	-	-
		46,105,842	56,776,510	(10,670,668)	-	-	-
52 PFF - Mix	PSWNF (32)	3,039,508	2,743,996	295,511	22,720	20,511	2,209
52 PFF - Mix	POF (92)	1,089,935	1,074,760	15,174	7,748	7,640	108
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		10,318,443	10,007,757	310,686	30,468	28,151	2,317
91 PPMP - Operations	PPMI (51)	703	697	5	5	5	0
91 PPMP - Operations	POF (92)	58,404	58,104	300	-	-	-
		59,106	58,801	305	-	-	-
92 POF - Operations	PSWNF (32)	36,328	36,058	270	274	272	2
92 POF - Operations	PPMI (51)	2,129	2,113	16	16	16	0
		38,457	38,171	285	290	288	2
101 Arrival - Operations	PPMI (51)	7,361,919	7,226,895	135,025	36,810	36,134	675
201 PPMX - Ops	PPMI (51)	829	744	85	-	-	-
	Subtotal	**104,174,955**	**113,994,123**	**(9,819,445)**	**355,557**	**358,853**	**(3,300)**
	Loans portion (5)	19,840,853	32,036,476	(12,195,623)	-	9,100	(9,100)
	percentage	19%	28%	-9%	0%	3%	-3%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount JULY	S/T Loan Amount JUNE	S/T Loan Amount Diff.	Cost of Interest / Mo. JULY (3)	Cost of Interest / Mo. JUNE (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
62 PLP - Mix	PFF (52)	61	61	0	0	0	0
		503,084	503,083	0	0	0	0
71 PRD - Operations	PPMG (03)	21,876	21,712	164	165	164	1
71 PRD - Operations	PPMF (12)	7,651,238	7,610,080	41,158	41,380	41,158	223
71 PRD - Operations	PSWNF (32)	154,281	153,136	1,145	834	828	6
71 PRD - Operations	PMC (41)	4,849	4,849	-	-	-	-
71 PRD - Operations	PPMI (51)	2,285,979	2,268,869	17,110	17,230	17,110	119
71 PRD - Operations	PFF (52)	3,958,621	3,928,991	29,630	29,836	29,630	207
		14,076,843	13,987,637	89,206	89,446	88,890	556
81 HC - Mix	PPMF (12)	3,553,230	1,083,186	2,470,045	19,217	5,858	13,359
81 HC - Mix	PSWMG (31)	5,190	5,151	39	28	28	0
81 HC - Mix	PSWNF (32)	175,883	174,578	1,305	951	944	7
81 HC - Mix	PPMI (51)	483,143	479,527	3,616	3,641	3,616	25
81 HC - Mix	PFF (52)	16,178,234	16,057,141	121,092	121,937	121,092	844
81 HC - Mix	PLP (62)	520,000	520,000	-	-	-	-
81 HC - Mix	PRD (71)	1,788,816	1,757,732	31,083	13,482	13,256	227
		22,704,496	20,077,315	2,627,180	159,257	144,794	14,463
	SubTotal	**37,284,423**	**34,568,036**	**2,716,387**	**248,703**	**233,685**	**15,018**
	Total	**141,459,378**	**148,562,158**	**(7,103,058)**	**604,260**	**592,538**	**11,719**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 9.0445%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PPMD AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 8/31/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount AUG	S/T Loan Amount JULY	S/T Loan Amount Diff.	Cost of Interest / Mo. AUG (3)	Cost of Interest / Mo. JULY (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,702,894	1,683,485	19,410	12,828	12,689	140
11 PMMG - Operations	PPMF (12)	23,106	23,106	-	-	-	-
11 PMMG - Operations	PPMI (51)	314	311	2	2	2	-
		23,420	23,417	2	2	2	0
12 PPMF - Mix.	PPMG (03)	243,746	241,923	1,823	1,836	1,823	13
12 PPMF - Mix.	PSWNF (32)	1,673,738	1,626,579	47,159	12,511	12,159	353
12 PPMF - Mix.	PFF (52)	13,811,899	13,658,951	152,949	104,048	102,949	1,099
12 PPMF - Mix. (4)	PPMI (51)	18,188,325	18,052,264	136,061	137,017	136,061	955
12 PPMF - Mix.	POF (92)	107,487	106,728	759	764	759	5
		34,025,196	33,686,445	338,751	256,176	253,751	2,426
31 PSWMG - Operations	PSWNF (32)	761,091	759,991	1,100	-	-	-
31 PSWMG - Operations	PPMI (51)	333,938	331,440	2,498	2,516	2,498	18
		1,095,029	1,091,431	3,598	2,516	2,498	18
32 PSWNF - Operations	PPMI (51)	-	21,649	(21,649)	-	163	-
41 PMC - Loans (1)	PPMI (51)	101,054	110,531	(9,476)	-	-	-
41 PMC - Loans	PFF (52)	727,577	1,167,577	(440,000)	-	-	-
41 PMC - Operations	PPMI (51)	2,505,824	2,505,824	-	-	18,887	(18,887)
		3,334,456	3,783,932	(449,476)	-	18,887	(18,887)
51 PPMI - Mix	PSWNF (32)	770,000	877,500	(107,500)	-	-	-
51 PPMI - Mix (2)	PFF (52)	33,360,319	32,854,597	505,722	-	-	-
51 PPMI - Loans (2)	PFF (52)	6,694,521	6,713,080	(18,559)	-	-	-
51 PPMI - Loans (6)	AFI (102)	184,220	142,892	41,327	-	-	-
51 PPMI - Loans	Alpha Funds	914,000	905,000	9,000	-	-	-
51 PPMI - Loans	Setpoint	4,612,773	4,612,773	-	-	-	-
		46,535,833	46,105,842	429,991	-	-	-
52 PFF - Mix	PSWNF (32)	3,262,228	3,039,508	222,720	24,385	22,720	1,665
52 PFF - Mix	POF (92)	1,097,683	1,089,935	7,748	7,803	7,748	55
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		10,548,911	10,318,443	230,468	32,188	30,468	1,720
91 PPMP - Operations	PPMI (51)	708	703	5	5	5	0
91 PPMP - Operations	POF (92)	58,404	58,404	-	-	-	-
		59,111	59,106	5	-	-	-
92 POF - Operations	PSWNF (32)	-	36,328	(36,328)	-	274	(274)
92 POF - Operations	PPMI (51)	-	2,129	(2,129)	-	16	(16)
		-	38,457	(38,457)	-	290	(290)
101 Arrival - Operations	PPMI (51)	7,493,339	7,361,919	131,420	37,467	36,810	657
201 PPMX - Ops	PPMI (51)	828	829	(1)	-	-	-
	Subtotal	**104,819,016**	**104,174,750**	**680,586**	**341,177**	**355,557**	**(13,943)**
	Loans portion (5)	19,423,145	19,840,853	(417,708)	-	-	-
	percentage	19%	19%	-1%	0%	0%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount AUG	S/T Loan Amount JULY	S/T Loan Amount Diff.	Cost of Interest / Mo. AUG (3)	Cost of Interest / Mo. JULY (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
62 PLP - Mix	PFF (52)	-	61	(61)	-	0	(0)
		503,022	503,084	(61)	-	0	(0)
71 PRD - Operations	PPMG (03)	22,041	21,876	165	166	165	1
71 PRD - Operations	PPMF (12)	7,692,618	7,651,238	41,380	41,604	41,380	224
71 PRD - Operations	PSWNF (32)	155,434	154,281	1,153	1,162	834	327
71 PRD - Operations	PMC (41)	4,849	4,849	-	-	-	-
71 PRD - Operations	PPMI (51)	2,303,209	2,285,979	17,230	17,351	17,230	121
71 PRD - Operations	PFF (52)	3,988,457	3,958,621	29,836	30,046	29,836	209
		14,166,608	14,076,843	89,765	90,329	89,446	883
81 HC - Mix	PPMF (12)	3,577,447	3,553,230	24,217	19,348	19,217	131
81 HC - Mix	PSWMG (31)	5,229	5,190	39	39	28	11
81 HC - Mix	PSWNF (32)	177,198	175,883	1,315	1,325	951	373
81 HC - Mix	PPMI (51)	506,785	483,143	23,641	3,818	3,641	176
81 HC - Mix	PFF (52)	16,300,170	16,178,234	121,937	122,793	121,937	856
81 HC - Mix	PLP (62)	520,000	520,000	-	-	-	-
81 HC - Mix	PRD (71)	1,788,816	1,788,816	-	13,476	13,482	(7)
		22,875,645	22,704,496	171,149	160,798	159,257	1,541
	SubTotal	**37,545,275**	**37,284,423**	**260,852**	**251,126**	**248,703**	**2,423**
	Total	**142,364,290**	**141,459,173**	**941,438**	**592,304**	**604,260**	**(11,520)**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 9.0399%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PMD, AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 9/30/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount SEPT	S/T Loan Amount AUG	S/T Loan Amount Diff.	Cost of Interest / Mo. SEPT (3)	Cost of Interest / Mo. AUG (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,715,723	1,702,894	12,828	12,931	12,828	103
11 PMMG - Operations	PPMF (12)	23,106	23,106	-	-	-	-
11 PMMG - Operations	PPMI (51)	316	314	2	2	2	-
		23,422	23,420	2	2	2	0
12 PPMF - Mix.	PPMG (03)	245,582	243,746	1,836	1,851	1,836	15
12 PPMF - Mix.	PSWNF (32)	1,786,249	1,673,738	112,511	13,352	12,511	841
12 PPMF - Mix.	PFF (52)	13,920,948	13,811,899	109,048	104,920	104,048	871
12 PPMF - Mix. (4)	PPMI (51)	18,325,542	18,188,325	137,217	138,116	137,017	1,099
12 PPMF - Mix.	POF (92)	108,251	107,487	764	769	764	5
		34,386,572	34,025,196	361,376	259,008	256,176	2,832
31 PSWMG - Operations	PSWNF (32)	762,191	761,091	1,100	-	-	-
31 PSWMG - Operations	PPMI (51)	336,454	333,938	2,516	2,536	2,516	20
		1,098,645	1,095,029	3,616	2,536	2,516	20
32 PSWNF - Operations	PPMI (51)	200	-	200	1.51	-	-
41 PMC - Loans (1)	PPMI (51)	101,054	101,054	-	-	-	-
41 PMC - Loans	PFF (52)	727,577	727,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,505,824	2,505,824	-	-	-	-
		3,334,456	3,334,456	-	-	-	-
51 PPMI - Mix	PSWNF (32)	770,000	770,000	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	32,634,096	33,360,319	(726,223)	-	-	-
51 PPMI - Loans (2)	PFF (52)	8,159,009	6,694,521	1,464,488	-	-	-
51 PPMI - Loans (6)	AFI (102)	1,447,247	184,220	1,263,028	-	-	-
51 PPMI - Loans	Alpha Funds	825,000	914,000	(89,000)	-	-	-
51 PPMI - Loans	Setpoint	11,389,103	4,612,773	6,776,330	-	-	-
		55,224,455	46,535,833	8,688,622	-	-	-
52 PFF - Mix	PSWNF (32)	3,786,613	3,262,228	524,385	28,305	24,385	3,920
52 PFF - Mix	POF (92)	1,115,723	1,097,683	18,041	7,931	7,803	128
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		11,091,336	10,548,911	542,426	36,236	32,188	4,048
91 PPMP - Operations	PPMI (51)	713	708	5	5	5	0
91 PPMP - Operations	POF (92)	58,404	58,404	-	-	-	-
		59,117	59,111	5	-	-	-
101 Arrival - Operations	PPMI (51)	7,457,034	7,493,339	(36,306)	37,285	37,467	(182)
201 PPMX - Ops	PPMI (51)	843	828	15	-	-	-
	Subtotal	**114,391,801**	**104,818,812**	**9,572,982**	**348,000**	**341,177**	**6,821**
	Loans portion (5)	28,837,990	19,423,145	9,414,845	-	-	-
	percentage	25%	19%	7%	0%	0%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount SEPT	S/T Loan Amount AUG	S/T Loan Amount Diff.	Cost of Interest / Mo. SEPT (3)	Cost of Interest / Mo. AUG (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
		503,022	503,022	-	-	-	-
71 PRD - Operations	PPMG (03)	22,207	22,041	166	167	166	1
71 PRD - Operations	PPMF (12)	7,234,223	7,692,618	(458,396)	39,125	41,604	(2,479)
71 PRD - Operations	PSWNF (32)	131,596	155,434	(23,838)	984	1,162	(178)
71 PRD - Operations	PMC (41)	4,849	4,849	-	-	-	-
71 PRD - Operations	PPMI (51)	2,320,559	2,303,209	17,351	17,490	17,351	139
71 PRD - Operations	PFF (52)	3,625,031	3,988,457	(363,426)	27,321	30,046	(2,725)
		13,338,465	14,166,608	(828,143)	85,087	90,329	(5,242)
81 HC - Mix	PPMF (12)	3,596,795	3,577,447	19,348	19,453	19,348	105
81 HC - Mix	PSWMG (31)	5,268	5,229	39	39	39	0
81 HC - Mix	PSWNF (32)	178,522	177,198	1,325	1,334	1,325	10
81 HC - Mix	PPMI (51)	510,603	506,785	3,818	3,848	3,818	31
81 HC - Mix	PFF (52)	16,422,963	16,300,170	122,793	123,777	122,793	984
81 HC - Mix	PLP (62)	520,000	520,000	-	-	-	-
81 HC - Mix	PRD (71)	1,788,816	1,788,816	-	13,482	13,476	6
		23,022,967	22,875,645	147,322	161,934	160,798	1,136
	SubTotal	**36,864,454**	**37,545,275**	**(680,821)**	**247,020**	**251,126**	**(4,106)**
	Total	**151,256,255**	**142,364,086**	**8,892,161**	**595,021**	**592,304**	**2,715**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 9.0442%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PPMI - AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 10/31/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount OCT	S/T Loan Amount SEPT	S/T Loan Amount Diff.	Cost of Interest / Mo. OCT (3)	Cost of Interest / Mo. SEPT (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,731,943	1,715,723	16,220	13,058	12,931	127
11 PMMG - Operations	PPMF (12)	23,106	23,106	-	-	-	-
11 PMMG - Operations	PPMI (51)	318	316	2	2	2	-
		23,425	23,422	2	2	2	0
12 PPMF - Mix.	PPMG (03)	247,433	245,582	1,851	1,865	1,851	15
12 PPMF - Mix.	PSWNF (32)	1,767,601	1,786,249	(18,648)	13,213	13,352	(139)
12 PPMF - Mix.	PFF (52)	13,542,447	13,920,948	(378,500)	102,100	104,920	(2,819)
12 PPMF - Mix. (4)	PPMI (51)	18,471,066	18,325,542	145,524	139,259	138,116	1,142
12 PPMF - Mix.	POF (92)	109,020	108,251	769	775	769	5
		34,137,568	34,386,572	(249,004)	257,212	259,008	(1,796)
31 PSWMG - Operations	PSWNF (32)	763,154	762,191	964	-	-	-
31 PSWMG - Operations	PPMI (51)	338,990	336,454	2,536	2,556	2,536	20
		1,102,144	1,098,645	3,500	2,556	2,536	20
32 PSWNF - Operations	PPMI (51)	202	200	2	1.52	1.51	-
41 PMC - Loans (1)	PPMI (51)	101,054	101,054	-	-	-	-
41 PMC - Loans	PFF (52)	727,577	727,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,505,824	2,505,824	-	-	-	-
		3,334,456	3,334,456	-	-	-	-
51 PPMI - Mix	PSWNF (32)	770,000	770,000	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	28,884,516	32,634,096	(3,749,580)	-	-	-
51 PPMI - Loans (2)	PFF (52)	10,982,211	8,159,009	2,823,202	-	-	-
51 PPMI - Loans (6)	AFI (102)	2,058,530	1,447,247	611,283	-	-	-
51 PPMI - Loans	Alpha Funds	-	825,000	(825,000)	-	-	-
51 PPMI - Loans	Setpoint	12,303,647	11,389,103	914,544	-	-	-
		54,998,903	55,224,455	(225,552)	-	-	-
52 PFF - Mix	PSWNF (32)	3,804,918	3,786,613	18,305	28,442	28,305	137
52 PFF - Mix	POF (92)	1,134,321	1,115,723	18,598	8,063	7,931	132
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		11,128,239	11,091,336	36,903	36,505	36,236	269
91 PPMP - Operations	PPMI (51)	719	713	5	5	5	0
91 PPMP - Operations	POF (92)	58,404	58,404	-	-	-	-
		59,122	59,117	5	-	-	-
101 Arrival - Operations	PPMI (51)	7,418,271	7,457,034	(38,762)	37,091	37,285	(194)
201 PPMX - Ops	PPMI (51)	843	843	-	-	-	-
	Subtotal	**113,935,116**	**114,391,582**	**(456,475)**	**346,426**	**348,000**	**(1,574)**
	Loans portion (5)	32,362,019	28,837,990	3,524,029	-	-	-
	percentage	28%	25%	3%	0%	0%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount OCT	S/T Loan Amount SEPT	S/T Loan Amount Diff.	Cost of Interest / Mo. OCT (3)	Cost of Interest / Mo. SEPT (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
		503,022	503,022	-	-	-	-
71 PRD - Operations	PPMG (03)	22,375	22,207	167	169	167	1
71 PRD - Operations	PPMF (12)	7,273,348	7,234,223	39,125	39,337	39,125	212
71 PRD - Operations	PSWNF (32)	132,580	131,596	984	991	984	7
71 PRD - Operations	PMC (41)	4,849	4,849	-	-	-	-
71 PRD - Operations	PPMI (51)	2,338,049	2,320,559	17,490	17,627	17,490	138
71 PRD - Operations	PFF (52)	4,045,824	3,625,031	420,793	30,503	27,321	3,181
		13,817,024	13,338,465	478,559	88,626	85,087	3,539
81 HC - Mix	PPMF (12)	3,616,248	3,596,795	19,453	19,558	19,453	105
81 HC - Mix	PSWMG (31)	5,307	5,268	39	40	39	0
81 HC - Mix	PSWNF (32)	179,857	178,522	1,334	1,344	1,334	10
81 HC - Mix	PPMI (51)	514,451	510,603	3,848	3,879	3,848	30
81 HC - Mix	PFF (52)	17,153,268	16,422,963	730,305	129,323	123,777	5,547
81 HC - Mix	PLP (62)	570,000	520,000	50,000	-	-	-
81 HC - Mix	PRD (71)	1,788,816	1,788,816	-	13,486	13,482	4
		23,827,946	23,022,967	804,980	167,630	161,934	5,697
	SubTotal	**38,147,992**	**36,864,454**	**1,283,539**	**256,256**	**247,020**	**9,236**
	Total	**152,083,108**	**151,256,036**	**827,064**	**602,682**	**595,021**	**7,661**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 9.0471%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PPMI - AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 11/30/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount NOV	S/T Loan Amount OCT	S/T Loan Amount Diff.	Cost of Interest / Mo. NOV (3)	Cost of Interest / Mo. OCT (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,727,500	1,731,943	(4,442)	13,052	13,058	(6)
11 PMMG - Operations	PPMF (12)	23,106	23,106	-	-	-	-
11 PMMG - Operations	PPMI (51)	321	318	2	2	2	-
		23,427	23,425	2	2	2	0
12 PPMF - Mix.	PPMG (03)	249,299	247,433	1,865	1,884	1,865	18
12 PPMF - Mix.	PSWNF (32)	1,780,814	1,767,601	13,213	13,312	13,213	99
12 PPMF - Mix. (4)	PPMI (51)	18,610,324	18,471,066	139,259	140,609	139,259	1,350
12 PPMF - Mix.	PFF (52)	13,644,548	13,542,447	102,100	103,090	102,100	990
12 PPMF - Mix.	POF (92)	109,795	109,020	775	780	775	6
		34,394,780	34,137,568	257,212	259,675	257,212	2,462
31 PSWMG - Operations	PSWNF (32)	764,118	763,154	964	-	-	-
31 PSWMG - Operations	PPMI (51)	341,545	338,990	2,556	2,581	2,556	25
		1,105,664	1,102,144	3,519	2,581	2,556	25
32 PSWNF - Operations	PPMI (51)	260	202	59	1.97	1.52	-
41 PMC - Loans (1)	PPMI (51)	90,054	101,054	(11,000)	-	-	-
41 PMC - Loans	PFF (52)	727,577	727,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,505,824	2,505,824	-	-	-	-
		3,323,456	3,334,456	(11,000)	-	-	-
51 PPMI - Mix	PSWNF (32)	770,000	770,000	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	31,474,032	28,884,516	2,589,516	-	-	-
51 PPMI - Loans (2)	PFF (52)	7,760,949	10,982,211	(3,221,262)	-	-	-
51 PPMI - Loans (6)	AFI (102)	3,566,664	2,058,530	1,508,134	-	-	-
51 PPMI - Loans	Setpoint	9,218,432	12,303,647	(3,085,214)	-	-	-
		52,790,077	54,998,903	(2,208,826)	-	-	-
52 PFF - Mix	PSWNF (32)	3,833,360	3,804,918	28,442	28,654	28,442	213
52 PFF - Mix	POF (92)	1,153,026	1,134,321	18,705	8,196	8,063	133
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		11,175,386	11,128,239	47,147	36,850	36,505	346
91 PPMP - Operations	PPMI (51)	724	719	5	5	5	0
91 PPMP - Operations	POF (92)	58,744	58,404	340	-	-	-
		59,468	59,122	345	-	-	-
101 Arrival - Operations	PPMI (51)	7,410,236	7,418,271	(8,035)	37,051	37,091	(40)
201 PPMX - Ops	PPMI (51)	873	843	30	-	-	-
	Subtotal	**112,011,127**	**113,934,897**	**(1,923,777)**	**349,213**	**346,426**	**2,787**
	Loans portion (5)	27,552,677	32,362,019	(4,809,342)	-	-	-
	percentage	25%	28%	-4%	0%	0%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount NOV	S/T Loan Amount OCT	S/T Loan Amount Diff.	Cost of Interest / Mo. NOV (3)	Cost of Interest / Mo. OCT (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
		503,022	503,022	-	-	-	-
71 PRD - Operations	PPMG (03)	22,543	22,375	169	170	169	2
71 PRD - Operations	PPMF (12)	7,312,684	7,273,348	39,337	39,549	39,337	213
71 PRD - Operations	PSWNF (32)	133,571	132,580	991	998	991	7
71 PRD - Operations	PMC (41)	4,849	4,849	-	-	-	-
71 PRD - Operations	PPMI (51)	2,355,676	2,338,049	17,627	17,798	17,627	171
71 PRD - Operations	PFF (52)	4,076,327	4,045,824	30,503	30,798	30,503	296
		13,905,650	13,817,024	88,626	89,315	88,626	688
81 HC - Mix	PPMF (12)	3,635,806	3,616,248	19,558	19,664	19,558	106
81 HC - Mix	PSWMG (31)	5,347	5,307	40	40	40	0
81 HC - Mix	PSWNF (32)	181,201	179,857	1,344	1,354	1,344	10
81 HC - Mix	PPMI (51)	518,329	514,451	3,879	3,916	3,879	38
81 HC - Mix	PFF (52)	18,282,591	17,153,268	1,129,323	138,133	129,323	8,809
81 HC - Mix	PLP (62)	595,000	570,000	25,000	-	-	-
81 HC - Mix	PRD (71)	1,788,816	1,788,816	-	13,515	13,486	29
		25,007,090	23,827,946	1,179,144	176,622	167,630	8,992
	SubTotal	**39,415,762**	**38,147,992**	**1,267,770**	**265,937**	**256,256**	**9,680**
	Total	**151,426,889**	**152,082,889**	**(656,007)**	**615,150**	**602,682**	**12,467**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 9.0665%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PPMI - AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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Outstanding Internal Loan Balance and Cost of Interest

As of 12/31/25

PPM Group of Companies

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount DEC	S/T Loan Amount NOV	S/T Loan Amount Diff.	Cost of Interest / Mo. DEC (3)	Cost of Interest / Mo. NOV (3)	Cost of Interest / Mo. Diff.
03 PPMG - Operations	PPMI (51)	1,740,552	1,727,500	13,052	13,149	13,052	97
11 PMMG - Operations	PPMF (12)	23,106	23,106	-	-	-	-
11 PMMG - Operations	PPMI (51)	323	321	2	2	2	-
		23,429	23,427	2	2	2	0
12 PPMF - Mix.	PPMG (03)	251,182	249,299	1,884	1,898	1,884	14
12 PPMF - Mix.	PSWNF (32)	1,794,126	1,780,814	13,312	13,411	13,312	100
12 PPMF - Mix. (4)	PPMI (51)	18,753,766	18,610,324	143,441	141,677	140,609	1,068
12 PPMF - Mix.	PFF (52)	13,747,638	13,644,548	103,091	103,858	103,090	767
12 PPMF - Mix.	POF (92)	110,576	109,795	780	786	780	6
		34,657,288	34,394,780	262,507	261,629	259,675	1,955
31 PSWMG - Operations	PSWNF (32)	764,118	764,118	-	-	-	-
31 PSWMG - Operations	PPMI (51)	344,126	341,545	2,581	2,600	2,581	19
		1,108,244	1,105,664	2,581	2,600	2,581	19
32 PSWNF - Operations	PPMI (51)	3,264	260	3,003	24.66	1.97	-
41 PMC - Loans (1)	PPMI (51)	90,054	90,054	-	-	-	-
41 PMC - Loans	PFF (52)	727,577	727,577	-	-	-	-
41 PMC - Operations	PPMI (51)	2,505,824	2,505,824	-	-	-	-
		3,323,456	3,323,456	-	-	-	-
51 PPMI - Mix	PSWNF (32)	770,000	770,000	-	-	-	-
51 PPMI - Mix (2)	PFF (52)	32,798,195	31,474,032	1,324,163	-	-	-
51 PPMI - Loans (2)	PFF (52)	6,062,984	7,760,949	(1,697,965)	-	-	-
51 PPMI - Loans (6)	AFI (102)	1,612,419	3,566,664	(1,954,245)	-	-	-
51 PPMI - Loans	Setpoint	9,932,189	9,218,432	713,756	-	-	-
		51,175,787	52,790,077	(1,614,290)	-	-	-
52 PFF - Mix	PSWNF (32)	3,862,014	3,833,360	28,654	28,869	28,654	214
52 PFF - Mix	POF (92)	1,182,090	1,153,026	29,064	8,403	8,196	207
52 PFF - Loans	Alpha Funds	6,189,000	6,189,000	-	-	-	-
		11,233,105	11,175,386	57,718	37,271	36,850	421
91 PPMP - Operations	PPMI (51)	729	724	5	6	5	0
91 PPMP - Operations	POF (92)	58,744	58,744	-	-	-	-
		59,473	59,468	5	-	-	-
101 Arrival - Operations	PPMI (51)	7,503,303	7,410,236	93,067	37,517	37,051	465
201 PPMX - Ops	PPMI (51)	902	873	29	-	-	-
	Subtotal	**110,828,803**	**112,010,878**	**(1,182,083)**	**352,193**	**349,213**	**2,957**
	Loans portion (5)	24,614,224	27,552,677	(2,938,453)	-	-	-
	percentage	22%	25%	-2%	0%	0%	0%

Non-Related Entities

Ref. # / Entity / Type of Loan	S/T Loan owed to	S/T Loan Amount DEC	S/T Loan Amount NOV	S/T Loan Amount Diff.	Cost of Interest / Mo. DEC (3)	Cost of Interest / Mo. NOV (3)	Cost of Interest / Mo. Diff.
62 PLP - Mix	PPMI (51)	503,022	503,022	-	-	-	-
		503,022	503,022	-	-	-	-
71 PRD - Operations	PPMG (03)	22,714	22,543	170	172	170	1
71 PRD - Operations	PPMF (12)	7,352,234	7,312,684	39,549	39,763	39,549	214
71 PRD - Operations	PSWNF (32)	134,569	133,571	998	1,006	998	7
71 PRD - Operations	PMC (41)	4,849	4,849	-	-	-	-
71 PRD - Operations	PPMI (51)	2,373,474	2,355,676	17,798	17,931	17,798	132
71 PRD - Operations	PFF (52)	4,107,125	4,076,327	30,798	31,028	30,798	229
		13,994,965	13,905,650	89,315	89,899	89,315	584
81 HC - Mix	PPMF (12)	3,655,470	3,635,806	19,664	19,770	19,664	106
81 HC - Mix	PSWMG (31)	5,387	5,347	40	40	40	0
81 HC - Mix	PSWNF (32)	182,556	181,201	1,354	1,365	1,354	10
81 HC - Mix	PPMI (51)	522,581	518,329	4,251	3,948	3,916	32
81 HC - Mix	PFF (52)	18,420,724	18,282,591	138,133	139,161	138,133	1,028
81 HC - Mix	PLP (62)	595,000	595,000	-	-	-	-
81 HC - Mix	PRD (71)	1,788,816	1,788,816	-	13,514	13,515	(1)
		25,170,533	25,007,090	163,442	177,797	176,622	1,175
	SubTotal	**39,668,519**	**39,415,762**	**252,757**	**267,696**	**265,937**	**1,760**
	Total	**150,497,322**	**151,426,640**	**(929,326)**	**619,889**	**615,150**	**4,717**

Footnote(s):

1. Calculated from PMC Life of Loan Schedule
2. No cost for funds due to Operating Agreement
3. Cost of Capital
   - PFF Weighted Cost of Capital: 9.0655%
   - PPMF Fixed Rate: 6.4900%
   - PSWNF Fixed Rate: 8.9700%
   - PMCFO Fixed Rate: 9.0000%
   - POF Fixed Rate: 8.5300%
   - PPMI - AHL Fixed Rate: 6.0000%
4. Includes $1.9 mil UPB
5. Percentage of borrowed funds backed by mortgages
6. Haircut funds from AFI for Setpoint loans

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LIMITED LIABILITY COMPANY AGREEMENT

OF

PACIFIC PRIVATE MONEY GROUP LLC

This Limited Liability Company Agreement (this "Agreement") of Pacific Private Money Group LLC is entered into effective as of April 17, 2020 by Saluda Grade Alternative Lending & Fintech Growth Fund I LP, a Delaware limited partnership (the "Member," and together with any additional member subsequently admitted pursuant to Section 19, the "Members"), pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq.), as amended from time to time (the "Act").

1. Name. The name of the limited liability company governed hereby is "Pacific Private Money Group LLC" (the "Company").

2. Certificates. The Member caused the Certificate of Formation of the Company to be filed with the Secretary of State of the State of Delaware on April 14, 2020. The Member or an Officer (as defined below) shall execute, deliver and file any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

3. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in all lawful activities for which limited liability companies may be formed under the Act.

4. Powers. The Company shall have the power to do any and all acts reasonably necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purpose and business described herein and for the protection and benefit of the Company, and shall have, without limitation, any and all of the powers that may be exercised on behalf of the Company by the Member pursuant to this Agreement, including Section 15.

5. Principal Business Office. The principal place of business and office of the Company shall be located at, and the Company's business shall be conducted from, such place or places as may hereafter be determined by the Member.

6. Registered Office. The address of the registered office of the Company in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801.

7. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware are: Corporation Service Company, Corporation Trust Center, 251 Little Falls Drive, New Castle County, Delaware 19808.

8. Member; No Certificates. The name and percentage ownership interest in the Company of the Member is attached hereto as Schedule A. The ownership interests in the Company shall not be certificated.

9. Term. The term of the Company commenced on the date of filing of the Certificate of Formation in accordance with the Act and shall continue until dissolution of the Company in accordance with Section 22.

10. Limited Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and neither any Member, nor any officer, employee or agent of the Company (including a person having more than one such capacity) shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of acting in such capacity.

11. Admission. The undersigned is deemed admitted as a member of the Company.

12. Capital Contributions. The Member is not required to make any initial or additional capital contributions to the Company.

13. Capital Accounts. Separate capital accounts shall be maintained for each Member on the books of the Company. Each capital account shall be adjusted to reflect such Member's shares of allocations and distributions as provided in Section 14, and any additional capital contributions to the Company or withdrawals of capital from the Company. Such capital accounts shall further be adjusted to conform to the Treasury Regulations under Section 704(b) of the Internal Revenue Code of 1986, as amended (the "Code"), as interpreted in good faith by the Member.

14. Allocations and Distributions.

a. Allocations of Profit and Loss. All items of income, gain, loss, deduction and credit shall be allocated to the Member in accordance with its proportionate percentage ownership (as indicated on Schedule A attached hereto).

b. Distributions. Distributions, including dividends, shall be made to the Member at such times and in such amounts as may be determined in the sole discretion of the Member. In the event that there is more than one Member, distributions, including dividends, shall be shared among the Members in accordance with their proportionate percentage ownership. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution (including a dividend) to the Member on account of its interest in the Company if such distribution would violate Section 18-607 of the Act or other applicable law.

15. Management.

a. In accordance with Section 18-402 of the Act, management of the Company shall be vested in the Member. The Member shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including all things necessary to carry out the terms and provisions of this Agreement. The Member has the authority to bind the Company.

b. Subject to the rights and powers of the Member and the limitations thereon contained herein, the Member may delegate to any person any or all of its powers, rights and obligations under this Agreement and may appoint, contract or otherwise deal with any person to perform any acts or services for the Company as the Member may reasonably determine.

16. Officers. The Member may, from time to time, as it deems advisable, appoint officers of the Company (the "Officers") and assign in writing titles (including, without limitation, President, Vice President, Secretary and Treasurer) to any such person. Unless the Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the Delaware General Corporation Law, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office. Any delegation pursuant to this Section 16 may be revoked at any time by the Member.

17. Other Business. The Member may engage in or possess an interest in other business ventures of every kind and description, independently or with others. The Company shall not have any rights in or to such independent ventures or the income or profits therefrom by virtue of this Agreement.

18. Exculpation and Indemnification. Neither any Member nor any Officer (each an "Indemnified Party") shall be liable to the Company or any other person or entity who has an interest in the Company for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Party in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Indemnified Party by this Agreement. To the full extent permitted by applicable law, an Indemnified Party shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Indemnified Party by reason of any act or omission performed or omitted by such Indemnified Party in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Indemnified Party by this Agreement, except that no Indemnified Party shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Party by reason of gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 18 shall be provided out of and to the extent of Company assets only, and no Member shall have any personal liability on account thereof.

19. Admission of Additional Members. One (1) or more additional members of the Company may be admitted to the Company with the written consent of the Member.

20. Termination of Membership. Subject to Section 22, the termination, dissolution, death, bankruptcy or adjudicated incompetence of a Member shall not cause a dissolution of the Company, but the rights of such Member to share in the allocations and distributions, to assign its interest in the Company pursuant to Section 21 and to vote on any matter on which the Member have the right to vote shall, on the happening of such an event, devolve on its legal representative for the purpose of settling its estate or administering its property.

21. Assignments. A Member may not transfer, assign, pledge or hypothecate, in whole or in part, its limited liability company interest without the prior written consent of the other Members, if any.

22. Dissolution and Winding Up.

a. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of the Member, (ii) the death, disability, bankruptcy or withdrawal of the last remaining Member and (iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

b. Winding Up. In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner).

23. Partnership Representative. The Member shall be the "partnership representative" within the meaning of Section 6223 of the Code (as modified by the Bipartisan Budget Act of 2015). All expenses incurred by the partnership representative in connection with its respective duties as partnership representative shall be expenses of the Company.

24. Severability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

25. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement.

26. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Delaware (without regard to conflict of laws principles thereof), and all rights and remedies shall be governed by such laws.

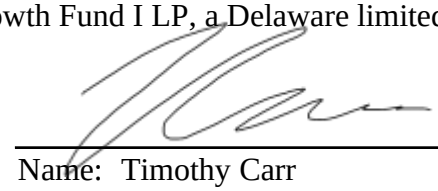
27. Amendments. This Agreement may not be modified, altered, supplemented or amended except pursuant to a written agreement executed and delivered by the Member.

[Signature page follows.]

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IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the date first written above.

Saluda Grade Alternative Lending & Fintech Growth Fund I LP, a Delaware limited partnership

By: 

Name: Timothy Carr
Title: CIO

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SCHEDULE A

NAME AND OWNERSHIP INTEREST
OF SOLE MEMBER
OF PACIFIC PRIVATE MONEY GROUP LLC, LLC

Name	Ownership Interest
Saluda Grade Alternative Lending & Fintech Growth Fund I LP, a Delaware limited partnership	100%

OPERATING AGREEMENT

PACIFIC SOUTHWEST MANAGEMENT GROUP LLC

A DELAWARE LIMITED LIABILITY COMPANY

THE SECURITIES CONTEMPLATED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE IN RELIANCE UPON ONE OR MORE SPECIFIC EXEMPTIONS FROM REGISTRATION AND QUALIFICATION REQUIREMENTS.

This Operating Agreement (the "Agreement") is made **effective July 1, 2020,** by and among Mark Brown, ("MB'), Pacific Private Money Group LLC, ("PPM"), and Edward Brown, ("EB"), being all the Members of **Pacific Southwest Management Group LLC**, a Delaware limited liability company, hereinafter referred to as the ("Company"). In consideration of the mutual covenants and conditions herein, the Members agree as follows:

ARTICLE I
ORGANIZATION

1.1 Formation and Qualification., **Pacific Southwest Management Group LLC,** a Delaware limited liability company was formed by the Members then owning an interest in the Company by filing Articles of Organization with the State of Delaware on May 26, 2020, and operating under the laws of the State of Delaware. The current Members of the Company, being the current owners of all membership unit interests, do hereby pledge and affirm to operate the Company under the laws of the State of Delaware.

1.2 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq.), as amended from time to time (the "Act") for all Company activities. To the extent that any provision of this Agreement is inconsistent with any applicable law, this Agreement shall govern if permissible by law.

1.3 Name. The name of the Company shall be "**Pacific Southwest Management Group LLC**". The business of the Company may be conducted under that name, or any other name that the Members deem appropriate or advisable as permitted by applicable law. The Members on behalf of the Company shall file any certificates, articles, fictitious business name statements and the like, and any amendments and supplements thereto, as the Members consider appropriate or advisable.

1.4 Term. The term of the Company commenced on the filing of the Articles of Organization and shall be perpetual unless dissolved as provided in this Agreement.

1.5 Office and Agent. The principal office of the Company shall be at such place or places of business within or without the State of Texas as the Members may determine. The address of the registered office of the Company in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801.

The Company shall continuously maintain a registered agent in the State of Delaware as required by the Act. The registered agent shall be as stated in the Certificate or as otherwise determined by the Members. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware are: Corporation Service Company, Corporation Trust Center, 251 Little Falls Drive, New Castle County, Delaware 19808.

1.6 Purpose of Company. The purpose of the Company is to engage in all lawful activities, including, but not limited to the following activities: fund management, seller carry-back and other note purchasing, lending, investment and development, and other such activities as may be decided by the Members.

1.7 Title to Company Assets. Title to the Company's assets, whether real, personal or mixed and whether tangible or intangible, shall be vested in the Company as an entity, and no Member, Director, Officer or employee, individually or collectively, shall have any ownership interest in the Company's assets or any portion thereof. Each Member hereby waives any right such Member may at any time have to cause the Company's assets to be partitioned among the Members or to file any complaint or to institute any proceeding at law or in equity seeking to have any one or all of the Company's assets partitioned.

ARTICLE II

MEMBERSHIP UNIT INTERESTS, MEMBERS' AUTHORITY & VOTING

2.1 Units.

a) Units; Class and Series. Interests in the Company shall be represented by Units, comprised of a single class of Common Units, also referred herein as "Membership Unit Interests" or "Unit Interests". The Members holding a majority of Membership Unit Interests may create one or more classes or series of Common Units or Preferred Units at their discretion.

b) Unit Certificates. Ownership of Units may, but need not, be evidenced by certificates similar to customary stock certificates. As of the date hereof, Units are uncertificated, but the Members may determine to certificate all or any Units at any time by resolution thereof.

c) Unit Ledger. The Company shall maintain a Unit ledger and transfer registry to record all issuances and permitted Transfers of Units.

d) Authorized Units. The Company is authorized to issue Units as are approved from time to time by the Board. Any Unit issued in accordance with this Agreement shall be deemed to have been duly authorized and validly issued.

e) Voting Rights. Each Voting Unit shall entitle the holder thereof to one vote.

2.2 Preemptive Rights. Except for preemptive rights approved by the Members pursuant to a resolution approved by a majority of Membership Unit Interests, no holder of Units, options, warrants or other rights to purchase Units of the Company shall have any preemptive right to purchase or subscribe for any unissued Units or other securities convertible into or exchangeable for Units of the Company.

2.3 No Withdrawal. Except as may be expressly provided in this Agreement, no Member has the right or power to withdraw from the Company as a Member.

2.4 Liability to Third Parties. No Member shall be liable for the debts, obligations or liabilities of the Company, nor shall any Member be obligated to guarantee any debt, obligation or liability of the Company.

2.5 Officers. The Members may appoint one or more individuals as officers of the Company (the "Officers") as the Members deem necessary or desirable to carry on the business of the Company and may delegate to such Officers such power and authority as the Members deem advisable. An Officer is not required to be a Member of the Company. Any individual may hold two or more offices of the Company. Each Officer shall hold office until his or her successor is designated by the Members or until his or her earlier death, resignation, or removal. Any Officer may resign at any time upon written notice to the Company. An Officer may be removed by the Members holding a majority of Membership Unit Interests at any time, with or without cause, subject to the terms of any applicable Employment Agreement, with the exception of Mark Brown, who can only be removed with cause (as defined in section 2.9(b)). The initial Officer of the Company shall be Mark Brown, who will hold the title of President.

2.6 Company Management. Unless expressly provided otherwise in this Agreement, the President shall have the power, right and authority on behalf of and in the name of the Company to carry out any and all of the objectives and purposes of the day-to-day operations of the Company.

2.7 Limitations on Authority. Notwithstanding anything to the contrary in this Agreement or the Act, without majority Membership Unit Interest approval, which must include the approval of Mark Brown, the individual Members or Officers may not do or bind the Company to do any of the following:

a) Confess any judgment against the Company;

b) Enter into or obligate the Company to any transactions, which over time or immediately results in liabilities to the Company in excess of $50,000;

c) Undertake any act that would cause a Member to incur personal liability for the Company's obligations;

d) Modify or amend this Agreement or any Employment Agreement;

e) To undertake any other act that by this Agreement requires a majority Membership Unit Interests approval;

f) Remove or elect Officers;

g) For the Company to sell or otherwise dispose of all or substantially all of the Company's business and/or assets, whether as part of a single transaction or plan or in multiple transactions, except in the orderly liquidation and winding up of the Company's business upon its duly authorized dissolution;

h) For the Company to merge, consolidate, or combine the Company with another entity, or acquire all or substantially all of another entity's business and/or assets, stock, or other ownership interests;

i) Approve, authorize, commence and oversee windup and dissolution of the Company as provided herein; or

j) Approve audit companies and execute audited financials.

2.9 Voting Rights.

a) Allocation of Voting Rights. All three initial Members of the Company have voting rights. New investors who acquire an Interest in the Company may receive Membership Unit Interests with voting rights or without voting rights depending upon the circumstances and approval by the existing Members. Voting Rights are allocated consistent with the Membership Unit Interests set forth on **Exhibit A**. Certain decisions affecting the Company must be approved by holders of more than 50% of Membership Unit Interests, ("Quorum"), as specified in this Agreement.

b) Suspension of Voting Rights and Management Authority. Upon a vote of the Members as set forth in Section 2.11, a Member's voting rights and management authority may be suspended upon notice to the Members that any of the following has occurred, which shall hereinafter collectively be referred to as a "Disassociation Events".

i. There has been a transfer of all or part of the Member's Unit Interests in the Company by a bankruptcy charging order or other court ruling or judgment;

ii. A Member is adjudged to be mentally or physically incapacitated rendering the Member incapable of managing his or her business affairs by a court of competent jurisdiction in the state and county of residence of Member.

iii. A Member has committed Gross Negligence against the Company, which as used herein shall mean when the Member has acted without even a minimal standard of care.

iv. A Member is charged/indicted with a felony for criminal conduct against the Company;

Upon a Disassociation Event resulting in suspension of the Member's voting rights and/or management authority, the Member shall have no role in the day-to-day operations of the Company.

If, within 360 days, the Member is reinstated in good standing with the Company (i.e. the Member exits bankruptcy protection without liquidation of their interest in the Company; or the Member is adjudged or deemed to have regained capacity; no gross negligence is found; the Member is acquitted of a criminal conviction for a felony against the Company); their voting rights and management authority shall be reinstated. At the discretion of the Members who have remained in good standing with the Company, this

period for reinstatement may be extended, upon approval by more than 50% of the Membership Unit Interests in the Company, which approval shall be made in writing.

c) Temporary Assignment of Voting Rights Due to Unavailability or Health-Related Matter. To plan for unforeseen unavailability, injury, illness or other health-related matter of the Members, a Member may execute in advance a written document authorizing another Member of the Company, or a professional advisor reasonably qualified to exercise such authority, to temporarily exercise their voting rights until such time as the Member is available or restored to health. Such authorization shall go into effect only if the Member has been deemed temporarily unable to exercise their rights, shall be for a term of no longer than six (6) months, and shall be subject to approval by at least 50% of the Membership Unit Interests in the Company. (This temporary assignment of voting rights shall not be permissible if a Member is deemed mentally or physically incapacitated as discussed elsewhere in this Agreement.) The document authorizing this temporary assignment shall be executed in the form of a Limited Springing Power of Attorney and maintained with the books and records of the Company.

2.10 Powers of Member(s). Notwithstanding the foregoing, any person who is not a Member shall not be deemed an agent of the Company and shall have no authority to act on behalf of the Company or bind the Company to any legal or financial obligation without the prior written consent of more than 50% of the Membership Unit Interests, which must include the consent of Mark Brown.

2.11 Approval of Company Business and Voting. The following categories of Company activities shall require a vote by the Members and must be approved by more than 50% of the Membership Unit Interests in the Company, which must include the approval of Mark Brown, after notice and consideration by all Members of the Company:

a) A change in compensation to a Member and/or distributions paid by the Company to one or more of the Members;

b) Any change in to Exhibit A Member interests and profit sharing.

c) Issuance of a capital call by the Company;

d) Valuation of Membership Interests in the Company;

e) Loan(s) made to any person or entity with Company funds, including, without limiting the generality of the foregoing, one or more of the Members or any affiliate of a Member or Members in excess of ten thousand dollars ($10,000.00) that are not considered part of normal business operations.

f) Loan(s) made to the Company by any Member or third-party person or entity that are not considered part of normal business operations;

g) The sale, hypothecation, pledge, disposal of, assignment of, lease, trade, or exchange or quitclaim, surrender, release or abandonment of Company property, including intellectual property, or interests therein on behalf of the Company to anyone, including the Members or their affiliates;

h) The Company becoming a surety or guarantor of payment of money or the performance of any contract or obligation for a Member or a third party that don't pertain to the purpose of the Company;

i) Authorization of any transaction by the Company, and executing or causing to be executed, any documents related to that transaction, including without limitation, agreements, contracts, guarantees, evidence of indebtedness, legal settlement agreements, or other documents that obligate the Company, and or its Members, where the value of the contract is in excess of $25,000.00 and does not pertain to the purpose of the Company.

j) Admission of new Member(s);

k) Approval of any change in ownership of a Member's interest in the Company, including but not limited to, the sale of a Member's interest, or involuntary disassociation of a Member, or use as collateral of a Member's Membership Interests in the Company;

l) Eliminating a Member's management authority as discussed in Section 2.9(b);

m) Approval of temporary assignment of voting rights due to unavailability or health-related matter (as set forth in Section 2.9(c) above); and

n) Modification of this Agreement.

Other actions on behalf of the Company that may require approval by more than 50% of the Membership Unit Interests may be set forth elsewhere in this Agreement.

The following categories of activities shall require the consent of both Mark Brown and Mark Hanf:

o) Merger with another ongoing business concern or entity;

p) The sale of more than 10% of the Company's assets, including intellectual property, in one year.

q) Modification of the Company Articles of Formation;

r) Filing a voluntary bankruptcy petition on behalf of the Company; and

s) The decision to wind up and/or dissolve the Company.

For each category identified in this Section, requiring more than 50% of the Membership Unit Interests in the Company, written notice of the action to be considered and voted upon must be sent to all Members in writing via US MAIL Certified Return Receipt Requested ("CMRRR") no less than fifteen (15) business days prior to any action being taken by the Company. For actions requiring unanimous votes there must be thirty (30) days prior notice as detailed above.

Voting may be done informally, meaning Members may communicate their approval or disapproval via E-Mail to the other Members, without the need for a formal written resolution or minutes, provided that receipt of said E-Mail is verified via return E-Mail, and then the final

voting decision is to be mailed to all Members by CMRRR which verification shall not be unreasonably withheld.

If the Members send at least three (3) CMRRR, five (5) days apart, to a Member's Mailing address on record and they receive no response from the Member, then it will be assumed that the Member did not want to participate in the required vote and the vote will proceed without counting the unresponsive Member's interest in obtaining the more than 50% of the Membership Unit Interests in the Company needed for approval. It is each Member's sole responsibility to ensure that they are in regular contact with the other Members and to let them know if they will be unable to vote by email for any period of time and give the Members a written proxy if they wish another Member or person to vote for them or ask that they be allowed to vote by another reasonable method to be approved by the Members holding more than 50% Membership Unit Interests, as further discussed in 2.9 (c).

2.12 Meetings of Members & Notice of Meetings. No regular, annual, special or other meetings of Members are required to be held. Any action that may be taken at a meeting of Members may be taken without a meeting, by written consent in accordance with the Act. Meetings of the Members for any purpose(s) may be called at any time by Members holding more than 50% Membership Unit Interests in the Company. The place of meeting shall be the principal place of business of the Company or an alternate location as agreed to by all the Members.

In the event that a meeting of the Members is called, written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than thirty (30), and no more than sixty (60) days before the date of the meeting unless otherwise provided, either personally or via CMRRR, by or at the direction of the Members calling the meeting, to each Member. Notice of a meeting need not be given to any Member who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Member.

2.13 Quorum. More than 50% of the Membership Unit Interests in the Company represented in person, by telephonic participation, or by proxy, shall constitute a quorum at any meeting of Members, as long as Mark Brown is one of the Members. In the absence of a quorum at any such meeting, a majority of the Members in attendance may adjourn the meeting. If a quorum is present, a unanimous vote of the Members in attendance shall be considered the act of all the Members, unless the vote of a lesser proportion or number is otherwise required by the Act or by this Agreement.

2.14 Signing Authority. The Members shall designate signatories to execute all documents that may be necessary to sign on behalf of the Company. If a Member is unavailable to sign then the other Members can be the sole signor upon CMRRR email approval from the unavailable Member. A Member can also designate one of his staff or another Member of the Company, preapproved by the other Members, to sign certain documents on his behalf or in his absence upon email approval. Notwithstanding the foregoing, a Member can authorize another Member or third party to sign documents on behalf of the Company or modify this signing authority provided that such authorization is in writing and approved by more than more than 50% of the Membership Unit Interests in the Company.

If the Company is acting as the manager of another entity, signing authority for that entity shall be determined by the permissions and authority set forth in that entity's operating documents and

this Section 2.12 shall have no effect to alter or impair the signing authorities for those third party entities.

2.15 Wire Transfer Authority. Any wire of funds in excess of $100,000 made on behalf of the Company shall be authorized by at least two Members, which may be satisfied by sending approval via E-Mail. Should one Member after repeated attempts to be contacted by phone, text message and email be unavailable for more than three (3) business days then the wire transfer can be authorized by the remaining two Members.

ARTICLE III

DUTIES OF MEMBERS, LIABILITY OF MEMBERS & ADMISSION OF NEW MEMBERS

3.1 Competition with the Company. Any Member and/or their officers, agents, trustees, beneficial interest holders and Affiliates may engage or invest in any outside business endeavor or activity, as long as the activity does not directly impact the business of the Company, which is the purchase of so-called seller carry-back notes. All Members of the Company shall make a good faith effort to first offer any note purchase opportunities to the Company first. Members shall be able to engage in other types of investing, lending and fund management opportunities whether or not such activities compete with the business of the Company; provided that, these outside activities do not harm the reputation and/or good will of the Company, impair the assets of the Company or violate the fiduciary duties that each of the Members owe to each of the other Members and the Company under the Act. When a Member engages or invests in such other activities, neither the Company nor the other Members shall have any right to the income or proceeds derived therefrom; and conversely, shall have no liability for any losses or liabilities created by those activities. No Member shall be obligated to present any investment opportunity to the Company unless the opportunity is in regard to purchasing a seller carry-back note. Each Member shall have the right to hold any investment opportunity for their own account or to recommend such opportunity to any person or entity other than the Company. The Members acknowledge that certain Members and their Affiliates own and/or manage other businesses, including businesses that may compete with the Company and for the Member's time. Each Member hereby waives any and all rights and claims, which they may otherwise have against other Members and their Affiliates as a result of any of such activities. In the event Company resources are used to manage or administer the outside activities of a Member, that Member shall pay the Company a reasonable fee for those services unless fees are waived pursuant to a vote under Section 2.11 above.

3.2 Business Opportunities. Except as provided to the Company in advance and approved by the Board, the Members acknowledges and agree that any business opportunity primarily involving the primary Purpose of the Company (a "Company Opportunity") shall belong to the Company. In the event the Members decide not to pursue a Company Opportunity, the respective Member shall be permitted to submit a request to the other Members stating that he or she desires to pursue such Company Opportunity, and the Members shall consider such request and determine whether to permit the Member to pursue, or to participate. The approval of the Members shall not be unreasonably withheld.

3.3 Time Devoted to the Company. By owning Membership Interests in the Company and executing this Agreement, the signatories hereto are warranting and representing that: a) they are

all active participants in the operations of the Company; and b) investment in the Company was for their personal account and not with a view to sell the Interest to another person or entity. While the Members shall not be required to manage the Company as their sole and exclusive function, a Lack of Active Involvement in Company operations may subject the non-participating Member to a suspension of their voting rights and management authority subject to approval by more than 50% of the Membership Unit Interests. "Lack of Active Involvement" shall mean a Member who fails to participate in any voting required by the Company for a period of greater than three (3) consecutive months and also fails to respond to CMRRR, telephone calls or other communications from the Company Members within five (5) days of receipt; failure to attend more than two Company meetings per year, when called; and/or failure to execute any of the tasks, as provided in writing to the Member from the other Members, if any, necessary to ensure the ongoing operations of the Company.

3.4 Performance of Duties. The Members shall perform their managerial duties in good faith and exercise the utmost care to ensure the Members comport with the fiduciary duties set forth in the Act. The Members shall act in a manner that a reasonably prudent person believes would be in the best interests of the Company and its Members, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

3.5 New Members. The Members may admit a new Member or Members to the Company with or without voting rights, only if such new Member (i) is approved by more than 50% of the Membership Unit Interests; as long as Mark Brown is one of the Members (ii) delivers to the Company their required capital contribution; (iii) agrees in writing to be bound by the terms of this Agreement by becoming a party hereto; and (iv) delivers such additional documentation as the Members shall reasonably require to admit a new Member to the Company. Upon the admission of a new Member or Members, as the case may be, to the Company, the capital accounts of Members, and the calculations that are based on the capital accounts, shall be adjusted appropriately, and the voting rights shall be established as to each Member. Additionally, **Exhibit A** hereto shall be updated to reflect the admission of a new Member or Members.

3.6 Liability of Members. All debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member.

A Member who performs their duties reasonably and in good faith shall not have any liability solely by reason of their being or having been a Member of the Company. In performing their duties, the Member shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, of the following persons or groups unless they have actual knowledge concerning the matter in question that would cause such reliance to be unwarranted and provided that the Member acts in good faith and after reasonable inquiry when the need therefor is indicated by the circumstances: (a) one or more officers, employees or other agents of the Company whom the Member reasonably believes to be reliable and competent in the matters presented; or (b) any attorney, consultant, realtor, broker, licensed contractor, engineer, accountant, or other Person as to matters which the Member reasonably believes to be within such Person's professional or expert competence.

ARTICLE IV

CAPITAL ACCOUNTS
AND MEMBER CONTRIBUTIONS

4.1 Capital Accounts. A separate capital account shall be maintained for each Member's ownership interest. The capital account of each Member shall be increased by (i) the amount of any cash and the fair market value of any property contributed to the Company by such Member (net of any liability secured by such contributed property that the Company is considered to assume or take subject to), (ii) all capital invested into the company, including initial capital contributed as listed in Exhibit A, which shall accrue simple interest at the rate of 6% per annum, (iii) the amount of income or profits allocated to such Member.

The capital account or accounts of each Member shall be reduced by (i) the amount of any cash and the fair market value of any property distributed to the Member by the Company (net of liabilities secured by such distributed property that the Member is considered to assume or take subject to on account of their ownership interest), (ii) the amount of expenses or loss allocated to the Member. If any property other than cash is distributed to a Member, the Capital Accounts of the Members shall be adjusted as if the property had instead been sold by the Company for a price equal to its fair market value and the proceeds distributed.

Guaranteed Payments ("Guaranteed Payments") for salary, wages, fees, payments on loans, rents, etc., may be made to the Members. Guaranteed Payments shall not be deemed to be distributions to the Members on account of their Membership Unit Interests and shall not be charged to the Members' capital accounts.

No Member shall be obligated to restore any negative balance in their Capital Account. No Member shall be compensated for any positive balance in their Capital Account except as otherwise expressly provided herein. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with the provisions of Regulations Section 1.704-1(b)(2) and shall be interpreted and applied in a manner consistent with such Regulations.

The Members agree that the beginning Capital Account balances of the Members on the date hereof are as set forth in **Exhibit A**.

4.2 Initial Contributions.

1) Start-Up Costs, Capital and Services Contributed by PPM. PPM shall provide the following services and contributions to the Company:

   a) Start-up costs, including entity formation costs;

   b) The cost to have this Operating Agreement as well as the proposed fund syndication documents drafted;

   c) Initial start-up costs and establishment of a capital reserve for the Company;

   d) Corporate and personal guarantees of Mark Hanf, at the discretion of the guaranteeing party;

e) Creation of marketing collateral, website and content;

f) Participation in the accounting needs of the Company, including preparation of financial reports, cash management, obtaining professional tax assistance, filing of required reports and taxes;

g) Pursuit of new capital and investor resources, including the possible engagement of Saluda Grade and Ryan Craft to assist in procuring capital, lines and credit, and creating strategic introductions for the benefit of the Company;

h) Ongoing capital needs, including payroll, member draws, marketing, promotion, and other overhead, until the Company is financially independent, where all contributions are at the sole and absolute discretion of PPM;

i) Provide human resources support, including, but not limited to marketing, administrative support, accounting support, and compliance;

j) Other related services as needed by the Company.

2) Assets and Services Contributed by EMC. EMC shall in the form of a contribution to its capital account make available to the company all of its existing and on-going seller carry back note business, including but limited to the following:

a) Make available all software presently used in the operation of the business;

b) Make available the business plan;

c) Make available all databases or lists of contacts, leads, vendors, associates, investors, borrowers, and note holders related to the ongoing business and pursuits of EMC.

d) The office lease and all of the FF&E contained therein.

e) For the avoidance of doubt, it is intended by the parties that Mark Brown shall make available the business model and intellectual properties of EMC to the Company.

f) Nothing in this agreement sells, conveys or transfers any ownership interest of any nature what so ever for any EMC IP or EMC business model or property

4.5 Withdrawal of Capital. No Member will be entitled to withdraw any part of their Capital Account, have any of their Capital Contribution returned, or receive any distributions from the Company, except as expressly provided for in this Agreement.

ARTICLE V

COMPANY EXPENSES, ALLOCATIONS AND DISTRIBUTIONS

5.1 Company Operating Costs. Any Company operating expenses such as post-formation legal and accounting services, insurance premiums for any liability policy carried by the Company, "key person" policies, and general overhead (i.e. office space and fixtures, utilities, computers, postage, letterhead, printing costs, etc.) shall be paid by the Company. Any expenses paid by a Member after March 1, 2020 that were for Company business expenses or the development of the Company Property shall be added to that Member's Capital Account.

5.2 Allocations of Profits and Losses. Profits and Losses, after deducting Guaranteed Payments and other operational expenses of the Company, shall be allocated among the Members in proportion to their Membership Unit Interests, in Exhibit A.

5.3 Distributions. Subject to the provisions herein, distributions shall be made to the Members pro rate and to the extent of any Available Cash and solely at such times and in such amounts as the Members shall declare and approve from time to time.

All such distributions shall be made only to the Members who, according to the books and records of the Company, are the holders of record on the actual date of distribution. The Members may base a determination to authorize a distribution of cash based upon a Company balance sheet, profit and loss statement, projected cash flow statement or other relevant information. Neither the Company nor the Members shall incur any liability for making distributions provided that the distributions are not unlawful under the Act.

Moreover, no distribution shall be made to the Members if after the distribution the Company would not be able to pay its debts as they become due in the ordinary course of business or the assets of the Company would be less than the sum of the total liabilities then owed by the Company, plus the amount that would be needed to wind up and dissolve the Company. The Members may base this determination on financial statements prepared on the basis of accounting practices that are reasonable under the circumstances.

5.4 Repayment of Capital Account Balances. Beginning in January 2022, Fifty Percent (50%) of all Distributions of Available Cash of the Company shall be paid to Pacific Private Money Group LLC ("PPM") until all its Capital Account contributions provided to the Company by PPM have been repaid in full, unless otherwise agreed in writing by PPM and the Company. A monthly accounting of expenses and/or funds provided by PPM to the Company shall be provided to the Company on a monthly basis by the fifteenth day of the month following any month when funds are advanced and/or expenses are paid on behalf of the Company.

5.5 Compensation from Company to Member(s). Notwithstanding Corporations Code § 17704.07(e) regarding payment of a Member for services rendered to the Company in a member-managed limited liability company, the Company shall have the authority to pay a salary or other compensation to a Member that does not constitute a distribution; provided that, such compensation arrangement shall be made in writing and specify with particularity the amount and timing of such payments to be approved by more than 50% of the Membership Unit Interests in the Company, which must include the approval of Mark Brown.

ARTICLE VI

TRANSFER OF MEMBERSHIP INTERESTS

6.1 Resignation of Membership. A Member may voluntarily resign their Member Percentage Ownership in the Company by providing thirty (30) days written notice to the other Members. Notice via CMRRR is acceptable, provided that the other Members confirm receipt via a return CMRRR.

a) Termination of Membership Rights. Even though a Member may voluntarily disassociate with the Company, this does not automatically entitle the Member to a return of capital or the purchase of their interest in the Company except as set forth in this Article VI. Upon the effective date of the Member's resignation, the Member shall relinquish all rights associated with their Membership Unit Interests in the Company, including but not limited to, voting rights and all right to the allocation of profits and losses from the Company, except as set forth in this Agreement.

b) Abandonment of Interest. A Member has the right to abandon their Membership Unit Interests in the Company, meaning they will receive no payment for their interest, and their Units shall be returned to the Company and redistributed pro rata to the remaining Members. The remaining Members shall receive the entire bundle of rights associated with the resigning Member's Membership Unit Interests, including without limitation, all economic rights and voting rights. In such event, the Members hereby understand and acknowledge there may be tax consequences associated with this event.

c) Continuing Liability. Regardless of the above, any debts or liens of the Company that a Member has personally signed for or any legal actions that "pierce the corporate vail" of the Company, causing the Members personal liability, the resigning, abandoning or exiting for any reason Member, will still be liable for.

d) Right of First Refusal. The Company and/or the other Members shall have the right of first refusal to purchase a resigning Member's Membership Unit Interest in the Company. Any Member interested in purchasing the resigning Member's Unit Interests in the Company must send written notice of their intent via CMRRR within thirty (30) calendar days of receiving notice from the resigning Member. If more than one of the remaining Members desires to purchase the resigning Member's Unit Interests, the resigning Member's share in the Company will be purchased by blind auction between the Members interested in purchasing the resigning Members Unit Interest. If two or more of the Members bid the same amount at the blind auction then the resigning Member's Unit Interests shall be divided among the Members based upon their pro rata Membership Unit Interests in the Company, not including the resigning Member's Unit Interest. All transaction documents required to facilitate this transfer shall be prepared and executed within thirty days (30) from the date that one or more of the Members provide notice of their intent to purchase the resigning Member's Unit Interests. If a Member or Member(s) fail to complete the purchase of the resigning Member's Unit Interest by the aforementioned deadline, these remaining Member or Members lose the right to acquire the resigning Member's Unit Interests in the Company. Regardless of the above, the resigning Member can withdraw their sale of their Member Unit Interests at any time and does not have to sell their Member Unit Interests to the Company if the amount to be paid

for the resigning Member's Unit Interests is not deemed high enough by the resigning Member.

e) Purchase of Interest by Non-Member. Should no Member of the Company wish to purchase the resigning Member's Unit Interests in the Company, or fails to complete the purchase within the time-line set forth in this Agreement or no Member of the Company will pay an amount high enough for the resigning Member to sell their Unit Interests to another Member, then the resigning Member may sell their Unit Interests to a third-party (hereinafter referred to as "Third Party Purchaser"). All transaction documents required to facilitate this transfer shall be prepared and executed within thirty days (30) of the Company approving the purchase and sale of the resigning Members' Unit Interests to the Third-Party Purchaser. If a Third Party Purchaser fails to buy the resigning Member's Unit Interests within the time-frame set forth in this Agreement, the resigning Member shall either find a new buyer, retain their Unit Interests in the Company or agree to have a third party valuation done of the resigning Member's Unit Interests.

f) Valuation of Resigning Member's Interest. If requested by a Member and agreed to by the remaining Members, the resigning Member's Unit Interests will be valued by an independent third party, which valuation all Members must agree to accept in writing prior to the valuation being made "(Valuation" or "Purchase Price"). The Valuation shall be completed within sixty (60) days of the Company's receipt of the notice of request for an independent third-party Valuation from the resigning Member. Once the resigning Member's Unit Interests Valuation is completed in accordance with this criteria, the resigning Member must sell their interest at the independent third party Valuation amount and the Company or purchasing Member must buy the resigning Member's Unit Interests as set forth in 6(g) below. Failure to sell or buy the resigning Member's Unit Interests shall result in damages equal to double the amount of the resigning Members' Unit Interests Valuation, as determined by the independent third party, being awarded and paid by the party failing to act. The Members may alter this formula from time to time in their discretion subject to the approval of holders of more than 50% of Membership Unit Interests.

g) Timing of Payment to Resigning Member. The Purchase Price must be paid out to the resigning Member over a one (1) year period, starting from the first day of the next quarter after the Purchase Price is determined. Four equal installment payments shall be made on the first day of each quarter beginning on the first quarter after the Purchase Price has been determined. With the resigning Members approval, this payment plan may be altered.

6.2 Incapacity or Death of a Member. Upon the death of a Member, the Member's estate, trust or beneficiary(ies) (hereinafter referred to as "Heir"), shall be entitled to keep or redeem the Member's Unit Interests in the Company, sell the Unit Interests to another Member or Members, or to the Company, or to an approved Third Party Purchaser under the terms and conditions set forth in this Article VI. All deadlines shall flow from the Company's receipt of notice of the Member's death.

If the Member's Heir elects to keep the Member's Unit Interests in the Company as an investment, the Heir shall become a **non-voting Member only**, subject to all the terms and conditions of the operating agreement. This would entitle the Heir to an allocation of their pro rata share of profits and losses, as well as distributions and calls for capital. However, the Heir

shall have no voting rights except for votes that require unanimous consent. Otherwise, the Heir shall have no involvement with, or exercise any authority over, the business operations of the Company. Moreover, the Heir must agree to follow the terms and conditions set forth in this Agreement and execute a copy for Company records.

6.3 Restrictions on Transfer. Except as provided for in this Agreement, no Member shall sell, hypothecate, pledge, assign or otherwise transfer, with or without consideration, any part or all of their Membership Unit Interests in the Company to any other person or entity without the prior written consent of holders of a majority of the remaining Membership Unit Interests as long as Mark Brown is one of the Members.

6.4 Involuntary Transfer of Membership Unit Interests. A creditor's charging order or lien on a Member's Membership Unit Interests, bankruptcy of a Member, or other involuntary transfer of Member's Unit Interests, shall constitute a material breach of this Agreement by such Member. The creditor, transferee or other claimant, shall only have the rights of an Assignee, and shall have no right to become a Member, or to participate in the management of the business and affairs of the Company as a Member or Manager under any circumstances, and shall be considered only an economic interest holder ("EIH"), entitled only to receive the share of profits and losses, and the return of capital, or obligation to contribute additional capital, to which the Member would otherwise have been entitled. The EIH shall have zero voting rights, this includes votes where unanimous consent is required. Notwithstanding the foregoing, the transferee shall be bound by all other terms and conditions set forth in this Agreement (i.e. meeting attendance, capital call obligations, etc.).

The Members, including the Member whose Interest is the subject of the charging order, lien, bankruptcy, or involuntary transfer, may unanimously elect, by written notice provided to the creditor, transferee or other claimant, at any time, to purchase all or any part of the Membership Unit Interests that was the subject of the creditor's charging order, lien, bankruptcy, or other involuntary transfer, at a price that is equal to one-half (1/2) of the book value of such Interest, adjusted for profits and losses to the date of purchase. The Members agree that such valuation is a good-faith attempt at fixing the value of the interest, after taking into account that the interest does not include all of the rights of a Member or Manager, and after deducting damages that are due to the material breach of this Agreement.

ARTICLE VII

ACCOUNTING, RECORDS AND REPORTING

7.1 Books and Records. The Company shall keep and maintain proper and complete books and records of accounts, taxes, financial information and all matters pertaining to the Company and its Subsidiaries.

7.2 Inspection of Books and Records. Each Member has the right, upon request, for purposes reasonably related to the interest of the person as a Member of the Company, to make an appointment to inspect during normal business hours any of the Company's records described in Section 7.1.

7.3 Fiscal Year. The Company's "Fiscal Year" shall be the calendar year (i.e. January 1 through December 31.)

7.4 Tax Returns. The Company shall prepare and timely file all U.S. federal, state, local and foreign tax and information returns required to be filed by the Company. Unless otherwise determined by the Board, any income tax return of the Company shall be prepared by an independent public accounting firm selected by the Board. Each Member shall furnish to the Company all pertinent information in its possession relating to the Company's operations that is reasonably necessary to enable the Company's tax returns to be timely prepared and filed. The Company shall use its best efforts to deliver to each Member before March 15 of the subsequent year, or as soon as practicable thereafter, such information as may be required by the Members (or their owners) in order to file their individual returns reflecting the Company's operations. The Company shall bear the costs of the preparation and filing of such Company tax returns and forms.

7.5 Confidentiality. Each Member will keep confidential and will not disclose, divulge or use any Confidential Information except for disclosures compelled by law or approved by 100% of the Members. Breach of the provisions may cause irreparable injury to the Company or the other Members for which monetary damages are inadequate and the Members agree that the provisions of this Section 7.5 may be enforced by specific performance.

7.6 Bank Accounts; Limits on Payments. The Company shall maintain its funds in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be comingled in any fashion with the funds of any other person or entity.

ARTICLE VIII

DISSOLUTION AND WINDING UP

8.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of: the entry of a decree of judicial dissolution pursuant to the Act; or upon approval of the holders of more than 50% of the Membership Unit Interests, which must include the approvals of both Mark Brown and Mark Hanf, or within a reasonable time frame after the sale or transfer of the Company.

8.2 Winding Up. On the occurrence of an event specified in Section 8.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors. The Members shall be responsible for overseeing the winding up and liquidation of Company, shall take full account of the assets and liabilities of Company, shall cause such assets to be sold or distributed, and shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in this Agreement. The Members shall be entitled to reasonable compensation for such services.

8.3 Distributions in Kind. Any noncash assets distributed to the Members shall first be valued at their fair market value to determine the profit or loss that would have resulted if such assets were sold for such value. Such profit or loss shall then be allocated pursuant to this Agreement, and the Members' Capital Accounts shall be adjusted to reflect such allocations. The amount distributed and charged against the Capital Account of each Member receiving an interest in a distributed asset shall be the fair market value of such interest (net of any liability secured by

such asset that such Member assumes or takes subject to). The fair market value of such asset shall be determined by the Members, or if any Member objects, by an independent appraiser (and any such appraiser must be recognized as an expert in valuing the type of asset involved) selected by more than c

8.4 Order of Payment of Liabilities on Dissolution. After a determination that all known debts and liabilities of the Company in the process of winding up, including, without limitation, debts and liabilities to Members who are creditors of the Company, have been paid or adequately provided for, the remaining assets shall be distributed to the Members in proportion to their positive Capital Account balances, after taking into account profit and loss allocations for the Company's taxable year during which liquidation occurs. Being that there are different situations which may cause the dissolution and winding up of the Company, if there is any conflict between the Members as to which is the order of payments for debts, liabilities, capital, interest and profits or losses, than the order shall be determined by the decision of holders of more than 50% of the Members Unit Interests.

8.5 Adequacy of Payment. The payment of a debt or liability, whether the whereabouts of the creditor is known or unknown, shall have been adequately provided for if payment thereof shall have been assumed or guaranteed in good faith by one or more financially responsible Persons or by the United States government or any agency thereof, and the provision, including the financial responsibility of the Person, was determined in good faith and with reasonable care by the Members to be adequate at the time of any distribution of the assets pursuant to this Section. This Section shall not prescribe the exclusive means of making adequate provision for debts and liabilities.

8.6 Compliance with Regulations. All payments to the Members on the winding up and dissolution of Company shall be strictly in accordance with the positive capital account balance limitation and other requirements of Regulations Section 1.704-1(b)(2)(ii)(d), or as the Members deem appropriate.

8.7 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely to the assets of the Company for the return of such Member's positive Capital Account balance and shall have no recourse for such Member's Capital Contribution or share of profits (on dissolution or otherwise) against any other Member.

8.8 Certificate of Cancellation. The Members conducting the winding up of the affairs of the Company shall cause to be filed in the office of, and on a form prescribed by, the Delaware Secretary of State, a certificate of cancellation of the Certificate on the completion of the winding up of the affairs of the Company.

ARTICLE IX

EXCULPATION AND INDEMNIFICATION

9.1 Exculpation of Members. No Member shall be liable to the Company or to the other Members for damages or otherwise with respect to any actions taken or not taken in good faith and reasonably believed by such Member to be in or not opposed to the best interests of the

Company, except to the extent any related loss results from fraud, gross negligence or the fiduciary duties owed to the Company by such Member.

9.2 Indemnification by Company.

(a) To the fullest extent permitted under the Act (after waiving all Act restrictions on indemnification, other than those which cannot be eliminate), the Company shall indemnify, hold harmless, defend, pay, and reimburse any Member against any and all losses, claims, damages, judgments, fines, or liabilities, including reasonable legal fees or other expenses, and any amounts expended in settlement of any claims (collectively, "Losses") to which such Member may become subject by reasons below.

(b) Additionally, EMC and/or TMC shall also be indemnified in its normal course of business activities while making available its proprietary intellectual properties available to the Company;

(i) any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company or any Member in connection with the business of the Company; or

(ii) such Member being or acting in connection with the business of the Company as a member, director, officer, employee, agent, or representative of the Company, any Member serving or having served at the request of the Company as a member, director, officer, employee, agent, or representative of any Person including the Company; *provided*, that such Loss did not arise from the Member's conduct involving bad faith, willful or intentional misconduct, or a knowing violation of law or a transaction from which such Member derived an improper personal benefit.

(c) The Company shall promptly reimburse (or advance to the extent reasonably required) each Member for reasonable legal or other expenses (as incurred) of such Member in connection with investigating, preparing to defend, or defending any claim, lawsuit, or other proceeding relating to any Losses for which such Member may be indemnified pursuant to this Section 9.2; provided, that if it is finally judicially determined that such Member is not entitled to the indemnification provided under this Section, then such Member shall promptly reimburse the Company for any reimbursed or advanced expenses.

(d) The provisions of this Section shall survive the dissolution, liquidation, winding up, and termination of the Company.

(e) It is acknowledged by the Members that due to the nature of the intended investments, the Company and/or EMC or TMC is likely to get sued. Additionally, the Company's activities may come to the attention of state and local authorities and regulators based on complaints made by note sellers or property owners. While these claims may in fact be baseless and defendable, nevertheless these actions may become public and may result in adverse reputation. The Members acknowledge this risk and agree to defend the integrity of its Members and affiliates.

9.3 Insurance. The Company shall have the power to purchase and maintain insurance on behalf of any Person who is or was a Member or an agent of the Company.

ARTICLE X

AUTHORITY

10.1 Authority. This Agreement constitutes a legal, valid and binding agreement of the Members, enforceable against the Members in accordance with its terms. By signing this Agreement, each Member warrants and represents that they are empowered and duly authorized to enter into this Agreement (including the power of attorney herein) under every applicable governing document, partnership agreement, trust instrument, pension plan, charter, certificate of incorporation, bylaw provision or the like. The Person, if any, signing this Agreement on behalf of the Member is empowered and duly authorized to do so by the governing document or trust instrument, pension plan, charter, certificate of incorporation, bylaw provision, board of directors or stockholder resolution or the like.

10.2 Affirmative defense of the Company by the Members. Each Member hereby agrees to provide an affirmative defense for the Company, Members and each of their respective employees, agents, partners, members, shareholders, officers and directors, ("Associate") from outside claims, disputes liabilities, damages, costs and expenses that are not the result of gross negligence, malfeasance or fraud by the Member or Associate. NO actions on the part of Mark Brown or EMC will be considered gross negligence, malfeasance or fraud when they are in the normal course of underwriting mortgage loans for acquisition purposes, mistakes can and do happen.

ARTICLE XI

DISPUTE RESOLUTION

11.1 Disputes Among Members. The Members agree that in the event of any dispute or disagreement solely between or among any of them, arising out of, relating to or in connection with this Agreement or the Company or its organization, formation, business or management ("Member Dispute"), the Members prior to any litigation or lawsuits being filed must first use their best efforts to resolve any Member Dispute arising out of or in connection with this Agreement by IN PERSON good-faith negotiation of at least eight (8) hours held at a mutually agreed time and place.

If the Members are unable to resolve any Member Dispute through this meeting, they shall then have to attempt to settle such dispute through a non-binding mediation proceeding of at least eight (8) hours in which all Members are hereby obligated to attend in person and to participate in good faith and share equally in the cost of the mediation. In the event any party to such mediation proceeding is not satisfied with the results thereof, only then may they commence suit within the jurisdiction of this Agreement. In no event shall the results of any mediation proceeding be admissible in any judicial proceeding.

ARTICLE XII

MISCELLANEOUS

12.0 Experience. The parties acknowledge and agree that Pacific Private Money Group LLC, ("PPM"), and Mark Hanf and Edward Brown, ("EB"), are not now and they have not ever

competed in the seller finance note business and have not in the past nor prior had existing plans or business models to enter the seller finance note business, they have had no past experiences in the seller finance mortgage industry.

12.1 Notices. Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered CMRRR if receipt is acknowledged by the addressee one business day after the CMRRR is received or via next-day delivery with a nationally recognized overnight delivery service, or five (5) business days after being mailed by CMRRR and certified first class mail, properly addressed to the party to receive such notice, at the address set forth in the Company's records.

12.2 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held to be invalid or unenforceable, shall not be affected thereby.

12.3 Binding Effect. Subject to Article VII, this Agreement shall bind and inure to the benefit of the Members and their respective Successors and Assigns.

12.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.5 Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior or contemporaneous written or oral negotiations, correspondence, understandings and agreements between or among the parties, regarding the subject matter hereof.

12.6 Further Assurances. Each Member shall provide such further information with respect to the Member as the Company may reasonably request, and shall execute such other and further certificates, instruments and other documents, as may be necessary and proper to implement, complete and perfect the transactions contemplated by this Agreement.

12.7 Headings; Gender; Number; References. The headings of the Sections hereof are solely for convenience of reference and are not part of this Agreement. As used herein, each gender includes each other gender, the singular includes the plural and vice versa, as the context may require. All references to Sections and subsections are intended to refer to Sections and subsections of this Agreement, except as otherwise indicated.

12.8 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and their respective Successors and Assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third Person to any party to this Agreement, nor shall any provision give any third Person any right of subrogation or action over or against any party to this Agreement.

12.9 Amendments. Upon approval of any such changes under Section 2.11 above, all amendments to this Agreement shall be in writing and signed by all of the Members to the

Agreement at the time of the amendment, even if a Member did not cast a vote in favor of approving the amendment, the Member must sign the amendment or the Member will be in breach of this agreement.

12.10 Attorneys' Fees. In any dispute that goes to mediation or Superior Court between any Members or among the Company and one or more of the Members, including, but not limited to, any Member Dispute, the prevailing party or parties in such dispute shall be entitled to recover from the non-prevailing party or parties all reasonable fees, costs and expenses including, attorneys' fees, costs and expenses. No attorney's fees to be awarded to the prevailing party in a settlement involving mediation.

12.11 Remedies Cumulative. Subject to Article XI, remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Member may be lawfully entitled.

12.12 Jurisdiction and Venue/Equitable Remedies. The Company and each Member hereby expressly agrees that if, under any circumstances, any dispute or controversy arising out of or relating to or in any way connected with this Agreement shall file any legal action exclusively in the courts of Texas. Each Member agrees not to commence any action, suit or other proceeding arising from, relating to, or in connection with this Agreement except in such a court and each Member irrevocably and unconditionally consents and submits to the personal and exclusive jurisdiction of such courts for the purposes of litigating any such action, and hereby grants jurisdiction to such courts and to any appellate courts having jurisdiction over appeals from such courts or review of such proceedings.

IN WITNESS WHEREOF, this Limited Liability Company Operating Agreement has been duly executed by or on behalf of the parties hereto as of the date first above written.

MEMBERS:

MARK BROWN

EDWARD BROWN

PACIFIC PRIVATE MONEY GROUP, LLC

By: _____
Mark Hanf, President of Managing Member

EXHIBIT A

MEMBERS, CAPITAL CONTRIBUTIONS AND UNITS

as of June 1, 2020

Member	Initial Capital Contribution	Common Membership Units
Mark Brown		450
Pacific Private Money Group LLC		350
Edward Brown		200
Totals		**1,000**

OPERATING AGREEMENT

OF

PACIFIC NOTE FUND MANAGEMENT GROUP, LLC

Dated as of November 20, 2024

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OPERATING AGREEMENT
OF PACIFIC NOTE FUND MANAGEMENT GROUP, LLC

This OPERATING AGREEMENT (this "Agreement") of PACIFIC NOTE FUND MANAGEMENT GROUP, LLC, a Delaware limited liability company (the "Company"), dated as of November 20, 2024 (the "Effective Date"), is executed by MARK D. HANF, an individual, as the sole member of the Company (the "Member"), and MARK D. HANF, an individual, as manager (the "Manager") with reference to the following facts.

A. On November 20, 2024, a Certificate of Formation for the Company was filed with the Secretary of State of Delaware (the "Certificate"), pursuant to the provisions of the Delaware Limited Liability Company Act, Delaware Corporations Code Section 18-101 et seq. (the "Act").

B. The Member wishes to execute this Agreement to provide for (i) the purposes for which the Company is formed, (ii) the allocation and distribution of profits and losses from the operations of the Company, (iii) the management of the Company, and (iv) other matters related to the operations, management, affairs and conduct of the business of the Company.

NOW, THEREFORE, the Member sets forth this operating agreement for the Company under the laws of the State of Delaware, upon the terms and subject to the conditions set forth below.

SECTION 1. PURPOSE; POWERS; DURATION

1.1 Name of the Company. The name of the Company shall be PACIFIC NOTE FUND MANAGEMENT GROUP, LLC. The Manager may change the name of the Company or adopt any one or more trade names of the Company under which to conduct business.

1.2 Purpose. The Company has been, is, and will be organized for the purpose of acting as a fund manager and for any other legally permitted purpose.

1.3 Registration. The Manager will cause the Company to be registered to do business in the State of Texas.

1.4 Principal Place of Business. The Company's principal place of business shall be 1555 Grant Avenue, Novato, CA 94945. The Manager may change the Company's principal place of business from time to time in the Manager's sole and absolute discretion.

1.5 Duration of the Company. The duration of the Company shall be from the date of the Certificate to the earlier of the date (the "Termination Date") (a) on which the Company ceases to exist under the Act; (b) on which the Company ceases to exist under this Agreement: and (c) on which the Member dissolves the Company pursuant to Section 8.

1.6 Powers of the Company. Except as expressly otherwise provided in this Agreement, the Company shall have all powers provided to limited liability companies under the Act.

1.7 **Registered Agent**. The Company shall have a registered agent in each of the State of Delaware and the State of Texas. The Company's initial registered agent in the State of Delaware shall be as set forth in the Certificate. The Company's initial registered agent in the State of Texas shall be as set forth on the Texas foreign registration. The Manager may change such registered agents from time to time in the Manager's sole and absolute discretion.

1.8 **Identity of the Member**. The Member shall be the only initial member of the Company. A replacement or substitute member may only be admitted to the Company in accordance with Section 5 of this Agreement.

1.9 **Limited Liability of the Member**. The Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company, except to the extent otherwise expressly provided in the Act.

1.10 **Reservation of the Company's Management to the Manager**. The Company shall be managed exclusively and solely by the Manager. All decisions required or permitted to be made by the Manager under this Agreement, and all decisions required or permitted to be made by the Company shall be made by, and all actions proposed to be taken by or on behalf of the Company shall be taken by, the Manager.

1.11 **Effect of the Act**. Except as otherwise provided in this Agreement or by applicable law, the business and internal affairs of the Company shall be governed by (a) this Agreement, and (b) the Act as in effect on the Effective Date. In the event of any inconsistency between the Act and this Agreement, to the extent permitted by the Act, this Agreement shall control.

1.12 **Amendment of Agreement and Certificate**. No amendment of this Agreement or of the Certificate shall be valid except as set forth in a writing signed by the Member.

SECTION 2. CAPITAL CONTRIBUTIONS

2.1 **Contributions of Cash and Non-Cash Property**. As of the Effective Date, the Member will be deemed to have contributed to the capital of the Company the amount set forth on **Exhibit A** (the "Contribution").

2.2 **No Duty to Make Additional Contributions**. Except for the Contribution or to the extent required by the Act, the Member shall have no obligation to make any advances or contributions to the capital of the Company or to endorse any obligations of the Company.

SECTION 3. PROFITS AND LOSSES

3.1 **Profits, Losses and Distributions**. Except as otherwise determined by the Manager:

(a) The Member shall have the sole right and entitlement to receive allocations of Company profits and losses and to distributions of profits and other Company assets; and

(b) No other Person shall have any right to any allocations or distributions of Company profits, losses or other assets.

3.2 Allocations. It shall be within the sole and absolute discretion of the Manager to decide:

(a) Whether or not to make allocations of Company profits and losses to the Member;

(b) Whether or not to make distributions of profits and other Company assets to the Member; and

(c) When and in what amounts to make any such allocation or distribution.

Notwithstanding the foregoing, the Manager shall not cause the Company to make any distributions that, immediately after the distribution, would cause the Company's liabilities to exceed its assets.

SECTION 4. MANAGEMENT

4.1 Authority of the Manager. The Manager shall have the sole right, authority and power, to the fullest extent permitted by applicable law, to (a) make decisions concerning the business and affairs of the Company, and (b) act as the Company's agent.

4.2 No Fiduciary Duties. The Manager shall have no fiduciary duties to the Company. In particular (but without limitation), the Manager shall have no duty:

(a) Not to compete with the Company; or

(b) To disclose business opportunities to the Company.

The Manager shall have no liability to the Company or to any successor member of the Company.

4.3 Indemnification of the Manager. The Company shall indemnify and hold harmless the Manager and each of the Manager's employees, agents, attorneys, affiliates, subsidiaries and assigns from and against any claims, demands, losses, costs (including reasonable attorneys' fees), liabilities, damages, actions and rights of action incurred by any such Person or by the Company by reason of any act or omission in connection with the business of the Company, and any amounts expended in the settlement of any claims of liability, loss or damage; provided that the Person whose act or omission caused the liability, loss or damage must have determined, in good faith, that such course of conduct was in the best interests of the Company, and such conduct did not constitute fraud, gross negligence or willful misconduct. Any indemnification under this Section shall be recoverable only from the assets of the Company and not from the assets of the Manager. All judgments against the Company and the Manager, wherein the Manager is entitled to indemnification, must first be satisfied from Company assets before the Manager is responsible for such obligations.

4.4 Reliance by Third Parties. Any Person dealing with the Company or with the Manager in the Manager's capacity as a Manager of the Company may rely on a certificate signed by the Manager as to:

(a) The identity of the Manager as the manager of the Company;

(b) The right, power and authority of the Manager or other Persons to execute and deliver any instrument or document of or on behalf of the Company or otherwise to act as the Company's agent; and

(c) The existence or non-existence of any fact that constitutes a condition precedent to acts by the Manager or are in any other manner relevant to the business or affairs of the Company.

4.5 Compensation. The Company may compensate the Manager in exchange for the Manager's services to the Company pursuant to a written compensation agreement, as approved by the Manager in his sole and absolute discretion. No compensation made pursuant to said written compensation agreement, if any, shall be deemed to be a distribution to the Manager for purposes of any applicable law relating to unlawful distributions or to creditors' remedies against the Company or the Manager.

4.6 Failure to Observe Formalities. The Manager shall not be liable for the liabilities of the Company.

SECTION 5. TRANSFERS AND PLEDGES OF MEMBERSHIP INTERESTS

5.1 Transfers of Interests. The Member, in the Member's sole and absolute discretion, may transfer (whether by sale, gift or otherwise) all or any part of the Member's membership rights and interests, including both economic and non-economic rights and interests, in and to the Company (collectively, "LLC Interests") to any Person at any time. The Member may make any such transfer under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion.

5.2 Pledge of Interests. The Member shall have sole and absolute discretion to pledge all or any part of the Member's LLC Interests to any Person at any time as collateral for any debt of the Member. The Member may make any such pledge under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion.

SECTION 6. CESSATION OF MEMBERSHIP.

Except as provided in Section 5 or elsewhere in this Agreement, the Member shall cease to be a member of the Company only upon the Member's dissolution and shall not cease to be a member for any other reason, including the Member's bankruptcy.

SECTION 7. BOOKS AND RECORDS

The Company shall maintain on a current basis accurate books of account in accordance with financial standards normally applied to business organizations generally similar to the

Company in size and business activities. The books and records shall be kept at the principal place of business of the Company.

SECTION 8. DISSOLUTION

8.1 Definitions.

(a) "Dissolution" shall mean the cessation of the Company's normal business activities and the beginning of the process of winding it up and liquidating it.

(b) "Winding Up" shall mean the process of concluding the Company's external business activities and internal affairs and preparing for its liquidation.

(c) "Liquidation" shall mean the sale, distribution or other disposition of all of the Company's assets, including the distribution of the proceeds of such sale or other disposition.

8.2 Dissolution. The Manager shall have the right, in his sole and absolute discretion, to elect whether and when to cause the Dissolution of the Company. On the Termination Date, the Manager shall file a Certificate of Dissolution with the Secretary of State of Delaware.

8.3 Winding Up and Liquidation; Distribution of Assets. Promptly after the Termination Date, the Manager shall commence and diligently pursue to completion all activities required, necessary and appropriate under applicable law and this Agreement to complete the Winding Up and Liquidation of the Company.

8.4 Satisfaction of Debts. In connection with the Winding Up of the Company, the Manager shall take all appropriate measures:

(a) To comply with applicable federal and state tax laws and other laws relating to the Dissolution of the Company; and

(b) To the extent possible under the laws of the State of Delaware, to bar known and unknown claims against the Company.

SECTION 9. MISCELLANEOUS PROVISIONS

9.1 Entire Agreement. This Agreement constitutes the entire operating agreement of the Company and supersedes any and all prior agreements and representations, either oral or in writing, with respect to the subject matter contained herein.

9.2 Incorporation of Exhibits. All exhibits expressly identified in this Agreement as exhibits to this Agreement are hereby incorporated herein and made integral parts hereof.

9.3 Governing Law. This Agreement shall be governed exclusively by the laws of the State of Delaware.

9.4 Assignments and Delegations. This Agreement shall benefit and bind the Member and its successors and permitted assigns.

9.5 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement.

9.6 Number and Gender; Interpretation. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, as the masculine, feminine and neuter genders shall each include the others. Any term defined in this Agreement by reference to any other agreement or instrument has such meaning whether or not such other agreement or instrument is in effect. The words "including" and "includes" and terms of similar import shall be deemed to mean "including, without limitation". References to a Person are also to its successors and permitted assigns.

9.7 Waivers. No waiver by any party of any breach of, or default under, this Agreement by any other party shall be construed or deemed a waiver of any other breach of or default under this Agreement, and shall not preclude any party from exercising or asserting any rights under this Agreement with respect to any other breach or default.

9.8 Imaged Documents. This Agreement may be imaged and stored electronically and (a) such imaged Agreement may be introduced as evidence in any proceeding as if it was an original, and (b) no party shall contest the admissibility of such imaged document as evidence in any proceeding.

9.9 Severability of Provisions. If any term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

[signature page follows]

This Operating Agreement of PACIFIC NOTE FUND MANAGEMENT COMPANY, LLC, is entered into as of the Effective Date.

MEMBER:



Mark Hanf

MANAGER:



Mark Hanf

EXHIBIT A

CONTRIBUTION

Mark D. Hanf	$100.00

PCFG_0000000038_Pacific Note Fund Management Group - Operating Agreement 11.20.24.pdf
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California Secretary of State
Electronic Filing

FILED
Secretary of State
State of California

LLC Registration – Articles of Organization

Entity Name:	PACIFIC MORTGAGE CAPITAL, LLC
Entity (File) Number:	201927010076
File Date:	09/09/2019
Entity Type:	Domestic LLC
Jurisdiction:	California

Detailed Filing Information

1. Entity Name: PACIFIC MORTGAGE CAPITAL, LLC

2. Business Addresses:
   a. Initial Street Address of Designated Office in California: 1555 Grant Avenue
   Novato, California 94945
   United States

   b. Initial Mailing Address: 1555 Grant Avenue
   Novato, California 94945
   United States

3. Agent for Service of Process: MARK D. HANF
   1555 Grant Avenue
   Novato California 94945
   United States

4. Management Structure: All LLC Member(s)

5. Purpose Statement: The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

Electronic Signature:

The organizer affirms the information contained herein is true and correct.

Organizer: Richard A. Koehn

3344505

ARTICLES OF INCORPORATION
OF
Pacific Private Money Inc.

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

DEC 28 2010

Article I

The name of this corporation is Pacific Private Money Inc.

Article II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Article III

The name and address of this corporation's initial agent for service of process in the State of California is:

Mark Hanf
1604 Grant Avenue
Novato, California 94945

Article IV

The corporation is authorized to issue only one class of shares of stock; and the total number of shares of stock which this corporation is authorized to issue is 1500.

Article V

The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

The Corporation is authorized to indemnify the "Agents" (as defined in Section 317 of the California Corporations Code) of the Corporation to the fullest extent permissible under California law.

Any repeal or amendment of this Article shall not adversely affect any right of or protection afforded any agent of the Corporation in effect at the time of the repeal or amendment.

Meghan Record, Incorporator

MyCorporation Business Services, Inc.
Los Angeles County LDA # LDA-281 ex. 02/04/2012

UNANIMOUS WRITTEN CONSENT
OF THE SOLE SHAREHOLDER
OF
PACIFIC PRIVATE MONEY INC.,
a California corporation

IN LIEU OF SPECIAL MEETING

The undersigned sole shareholder (the "Shareholder") of Pacific Private Money Inc., a California corporation (the "Company"), acting pursuant to the authority granted by Section 603 of the California Corporations Code and the Bylaws of this Company, and with the understanding that the execution of this consent is in lieu of holding a special meeting, does hereby consent to adopt the following resolutions:

AUTHORIZATION OF AMENDMENT TO ARTICLES OF INCORPORATION

WHEREAS, the Company is currently authorized to issue 1,500 shares of common stock;

WHEREAS, in order to facilitate the Company's operations, the Shareholder deems it to be in the best interest of the Company to file a Certificate of Amendment to amend the Company's Articles of Incorporation to increase the number of authorized shares of common stock from 1,500 to 15,000; and

WHEREAS, the Shareholder has reviewed and approved the required Certificate of Amendment.

NOW, THEREFORE, BE IT RESOLVED, that the officers and directors of the Company are authorized to execute the Certificate of Amendment and to perform any actions and execute any and all other documents required to carry out these resolutions.

RATIFICATION OF ACTIONS

RESOLVED, that all actions taken by the officers and directors of the Company since the last meeting of Shareholder be, and they are hereby, ratified, approved, and confirmed in all respects; except those acts which are in violation of law, public policy, or the fiduciary duty existing between said persons and the Company.

IN WITNESS WHEREOF, the undersigned sole Shareholder of the Company, has executed this Unanimous Written Consent of the sole Shareholder as of December 27, 2023.

SOLE SHAREHOLDER:

Pacific Private Money Group LLC,
a Delaware limited liability company

By: Mark Hanf
Its: Manager

By: Nam Phan
Its: Manager

OPERATING AGREEMENT

OF

PACIFIC PRIVATE MONEY PARTNERS, LLC

Dated as of November 29, 2022

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OPERATING AGREEMENT
OF PACIFIC PRIVATE MONEY PARTNERS, LLC

This OPERATING AGREEMENT (this "Agreement") of Pacific Private Money Partners, LLC, a Delaware limited liability company (the "Company"), dated as of November 29, 2022 (the "Effective Date"), is executed by Pacific Private Money Group, LLC a Delaware limited liability company, as the sole member of the Company (the "Member"), and Mark Hanf, an individual, as manager (the "Manager") with reference to the following facts.

A. On November 29, 2022, a Certificate of Formation for the Company was filed with the Secretary of State of Delaware (the "Certificate"), pursuant to the provisions of the Delaware Limited Liability Company Act, Delaware Corporations Code Section 18-101 et seq. (the "Act").

B. The Member wishes to execute this Agreement to provide for (i) the purposes for which the Company is formed, (ii) the allocation and distribution of profits and losses from the operations of the Company, (iii) the management of the Company, and (iv) other matters related to the operations, management, affairs and conduct of the business of the Company.

NOW, THEREFORE, the Member sets forth this operating agreement for the Company under the laws of the State of Delaware, upon the terms and subject to the conditions set forth below.

SECTION 1. PURPOSE; POWERS; DURATION

1.1 Name of the Company. The name of the Company shall be Pacific Private Money Partners, LLC. The Manager may change the name of the Company or adopt any one or more trade names of the Company under which to conduct business.

1.2 Purpose. The Company has been, is, and will be organized for the purpose of Fund management, originating, holding and managing mortgage loans to third parties and for any other legally permitted purpose.

1.3 Registration. The Manager will cause the Company to be registered to do business in the State of California.

1.4 Principal Place of Business. The Company's principal place of business shall be 1555 Grant Avenue, Novato, CA 94945. The Manager may change the Company's principal place of business from time to time in the Manager's sole and absolute discretion.

1.5 Duration of the Company. The duration of the Company shall be from the date of the Certificate to the earlier of the date (the "Termination Date") (a) on which the Company ceases to exist under the Act; (b) on which the Company ceases to exist under this Agreement; and (c) on which the Member dissolves the Company pursuant to Section 8.

1.6 Powers of the Company. Except as expressly otherwise provided in this Agreement, the Company shall have all powers provided to limited liability companies under the Act.

1.7 Registered Agent. The Company shall have a registered agent in each of the State of Delaware and the State of California. The Company's initial registered agent in the State of Delaware shall be as set forth in the Certificate. The Company's initial registered agent in the State of California shall be the Manager at 1555 Grant Avenue, Novato, CA 94945. The Member may change such registered agents from time to time in the Member's sole and absolute discretion.

1.8 Identity of the Member. The Member shall be the only initial member of the Company. A replacement or substitute member may only be admitted to the Company in accordance with Section 5 of this Agreement.

1.9 Limited Liability of the Member. The Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company, except to the extent otherwise expressly provided in the Act.

1.10 Reservation of the Company's Management to the Manager. The Company shall be managed exclusively and solely by the Manager. All decisions required or permitted to be made by the Manager under this Agreement, and all decisions required or permitted to be made by the Company shall be made by, and all actions proposed to be taken by or on behalf of the Company shall be taken by, the Manager.

1.11 Effect of the Act. Except as otherwise provided in this Agreement or by applicable law, the business and internal affairs of the Company shall be governed by (a) this Agreement, and (b) the Act as in effect on the Effective Date. In the event of any inconsistency between the Act and this Agreement, to the extent permitted by the Act, this Agreement shall control.

1.12 Amendment of Agreement and Certificate. No amendment of this Agreement or of the Certificate shall be valid except as set forth in a writing signed by the Member.

SECTION 2. CAPITAL CONTRIBUTIONS

2.1 Contributions of Cash and Non-Cash Property. As of the Effective Date, the Member will be deemed to have contributed to the capital of the Company the amount set forth on **Exhibit A** (the "Contribution").

2.2 No Duty to Make Additional Contributions. Except for the Contribution or to the extent required by the Act, the Member shall have no obligation to make any advances or contributions to the capital of the Company or to endorse any obligations of the Company.

SECTION 3. PROFITS AND LOSSES

3.1 Profits, Losses and Distributions. Except as otherwise determined by the Manager:

(a) The Member shall have the sole right and entitlement to receive allocations of Company profits and losses and to distributions of profits and other Company assets; and

(b) No other Person shall have any right to any allocations or distributions of Company profits, losses or other assets.

3.2 Allocations. It shall be within the sole and absolute discretion of the Manager to decide:

(a) Whether or not to make allocations of Company profits and losses to the Member;

(b) Whether or not to make distributions of profits and other Company assets to the Member; and

(c) When and in what amounts to make any such allocation or distribution.

Notwithstanding the foregoing, the Manager shall not cause the Company to make any distributions that, immediately after the distribution, would cause the Company's liabilities to exceed its assets.

SECTION 4. MANAGEMENT

4.1 Authority of the Manager. The Manager shall have the sole right, authority and power, to the fullest extent permitted by applicable law, to (a) make decisions concerning the business and affairs of the Company, and (b) act as the Company's agent.

4.2 No Fiduciary Duties. The Manager shall have no fiduciary duties to the Company. In particular (but without limitation), the Manager shall have no duty:

(a) Not to compete with the Company; or

(b) To disclose business opportunities to the Company.

The Manager shall have no liability to the Company or to any successor member of the Company.

4.3 Indemnification of the Manager. The Company shall indemnify and hold harmless the Manager and each of the Manager's employees, agents, attorneys, affiliates, subsidiaries and assigns from and against any claims, demands, losses, costs (including reasonable attorneys' fees), liabilities, damages, actions and rights of action incurred by any such Person or by the Company by reason of any act or omission in connection with the business of the Company, and any amounts expended in the settlement of any claims of liability, loss or damage; provided that the Person whose act or omission caused the liability, loss or damage must have determined, in good faith, that such course of conduct was in the best interests of the Company, and such conduct did not constitute fraud, gross negligence or willful misconduct. Any indemnification under this Section shall be recoverable only from the assets of the Company and not from the assets of the Manager. All judgments against the Company and the Manager, wherein the Manager is entitled to indemnification, must first be satisfied from Company assets before the Manager is responsible for such obligations.

4.4 Reliance by Third Parties. Any Person dealing with the Company or with the Manager in the Manager's capacity as a Manager of the Company may rely on a certificate signed by the Manager as to:

(a) The identity of the Manager as the manager of the Company;

(b) The right, power and authority of the Manager or other Persons to execute and deliver any instrument or document of or on behalf of the Company or otherwise to act as the Company's agent; and

(c) The existence or non-existence of any fact that constitutes a condition precedent to acts by the Manager or are in any other manner relevant to the business or affairs of the Company.

4.5 Compensation. The Company may compensate the Manager in exchange for the Manager's services to the Company pursuant to a written compensation agreement, as approved by the Manager in his sole and absolute discretion. No compensation made pursuant to said written compensation agreement, if any, shall be deemed to be a distribution to the Manager for purposes of any applicable law relating to unlawful distributions or to creditors' remedies against the Company or the Manager.

4.6 Failure to Observe Formalities. The Manager shall not be liable for the liabilities of the Company.

SECTION 5. TRANSFERS AND PLEDGES OF MEMBERSHIP INTERESTS

5.1 Transfers of Interests. The Member, in the Member's sole and absolute discretion, may transfer (whether by sale, gift or otherwise) all or any part of the Member's membership rights and interests, including both economic and non-economic rights and interests, in and to the Company (collectively, "LLC Interests") to any Person at any time. The Member may make any such transfer under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion.

5.2 Pledge of Interests. The Member shall have sole and absolute discretion to pledge all or any part of the Member's LLC Interests to any Person at any time as collateral for any debt of the Member. The Member may make any such pledge under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion.

SECTION 6. CESSATION OF MEMBERSHIP.

Except as provided in Section 5 or elsewhere in this Agreement, the Member shall cease to be a member of the Company only upon the Member's dissolution and shall not cease to be a member for any other reason, including the Member's bankruptcy.

SECTION 7. BOOKS AND RECORDS

The Company shall maintain on a current basis accurate books of account in accordance with financial standards normally applied to business organizations generally similar to the

Company in size and business activities. The books and records shall be kept at the principal place of business of the Company.

SECTION 8. DISSOLUTION

8.1 Definitions.

(a) "Dissolution" shall mean the cessation of the Company's normal business activities and the beginning of the process of winding it up and liquidating it.

(b) "Winding Up" shall mean the process of concluding the Company's external business activities and internal affairs and preparing for its liquidation.

(c) "Liquidation" shall mean the sale, distribution or other disposition of all of the Company's assets, including the distribution of the proceeds of such sale or other disposition.

8.2 Dissolution. The Manager shall have the right, in his sole and absolute discretion, to elect whether and when to cause the Dissolution of the Company. On the Termination Date, the Manager shall file a Certificate of Dissolution with the Secretary of State of Delaware.

8.3 Winding Up and Liquidation; **Distribution of Assets**. Promptly after the Termination Date, the Manager shall commence and diligently pursue to completion all activities required, necessary and appropriate under applicable law and this Agreement to complete the Winding Up and Liquidation of the Company.

8.4 Satisfaction of Debts. In connection with the Winding Up of the Company, the Manager shall take all appropriate measures:

(a) To comply with applicable federal and state tax laws and other laws relating to the Dissolution of the Company; and

(b) To the extent possible under the laws of the State of Delaware, to bar known and unknown claims against the Company.

SECTION 9. MISCELLANEOUS PROVISIONS

9.1 Entire Agreement. This Agreement constitutes the entire operating agreement of the Company and supersedes any and all prior agreements and representations, either oral or in writing, with respect to the subject matter contained herein.

9.2 Incorporation of Exhibits. All exhibits expressly identified in this Agreement as exhibits to this Agreement are hereby incorporated herein and made integral parts hereof.

9.3 Governing Law. This Agreement shall be governed exclusively by the laws of the State of Delaware.

9.4 Assignments and Delegations. This Agreement shall benefit and bind the Member and its successors and permitted assigns.

9.5 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement.

9.6 Number and Gender; Interpretation. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, as the masculine, feminine and neuter genders shall each include the others. Any term defined in this Agreement by reference to any other agreement or instrument has such meaning whether or not such other agreement or instrument is in effect. The words "including" and "includes" and terms of similar import shall be deemed to mean "including, without limitation". References to a Person are also to its successors and permitted assigns.

9.7 Waivers. No waiver by any party of any breach of, or default under, this Agreement by any other party shall be construed or deemed a waiver of any other breach of or default under this Agreement, and shall not preclude any party from exercising or asserting any rights under this Agreement with respect to any other breach or default.

9.8 Imaged Documents. This Agreement may be imaged and stored electronically and (a) such imaged Agreement may be introduced as evidence in any proceeding as if it was an original, and (b) no party shall contest the admissibility of such imaged document as evidence in any proceeding.

9.9 Severability of Provisions. If any term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

[signature page follows]

EXHIBIT A

CONTRIBUTION

Pacific Private Money Group, LLC	$0.00

FIRST AMENDMENT TO MASTER INTERFUND LENDING AGREEMENT

This FIRST AMENDMENT TO MASTER INTERFUND LENDING AGREEMENT (this "First Amendment") is entered into as of November 28, 2023 ("Effective Date") by and among Pacific Private Money Fund LLC, a Delaware limited liability company ("Fund 12"), North Star Capital Fund LLC, a California limited liability company ("Fund 22"), Pacific SW Note Fund LLC, a Delaware limited liability company ("Fund 32"), Pacific Freedom Fund LLC, a California limited liability company ("Fund 52"), PMC Fund One, LLC, a California limited liability company ("Fund 42"), and Pacific Lending Partners, LLC, a California limited liability company ("Fund 62", and together with Fund 22, Fund 32, and Fund 52, the "Funds" or individually, a "Fund").

RECITALS

A. The aforementioned Funds entered into that certain Master Inter-fund Lending Agreement dated January 1, 2023 (the "MILA") by and among the Funds.

B. The Funds desire to amend the MILA in order to correct the entity jurisdiction or several of the names of the Funds, subject to the terms and conditions described below.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Funds agree as follows:

AGREEMENTS

1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein by reference.

2. Capitalized Terms. All capitalized terms not otherwise defined herein shall have the meanings set forth in the MILA.

3. Correction to Fund names and Entity Jurisdictions. The following name corrections and entity jurisdiction are made to the name and jurisdiction, as the case may be, of each Fund as provided herein. All references made in the MILA, including without limitation, Exhibit A, Exhibit B and Exhibit C, are hereby corrected to reflect the following:

a. Pacific Private Money Fund LLC, shall be "Pacific Private Money Fund I LLC";
b. North Star Capital Fund LLC, shall be "The North Star Capital Fund LLC";
c. Pacific SW Note Fund LLC, a Delaware limited liability company, shall be "Pacific SW Note Fund LLC, a Texas limited liability company";
d. PMC Fund One, LLC, shall be "PMC Fund One LLC"; and
e. Pacific Lending Partners LLC, shall be "Pacific Lending Partners, LLC".

4. Counterparts. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together

shall constitute one and the same instrument. Each counterpart may be delivered by electronic or facsimile transmission.

5. Ratification. Except as amended by this First Amendment, the MILA is not amended, modified, or altered in any way and remains in full force and effect.

IN WITNESS WHEREOF, the Funds have entered into this First Amendment as of the Effective Date.

FUNDS:

Pacific Private Money Fund I LLC

By:_____
Name: Mark Hanf
Title: President

The North Star Capital Fund LLC

By:_____
Name: Mark Hanf
Title: President

Pacific SW Note Fund LLC

By:_____
Name: Mark Hanf
Title: President

Pacific Freedom Fund LLC

By:_____
Name: Mark Hanf
Title: President

Pacific Lending Partners, LLC

By:_____
Name: Mark Hanf
Title: President

PMC Fund One LLC

By:_____
Name: Mark Hanf
Title President

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OPERATING AGREEMENT
OF
PACIFIC REALTY DEVELIPMENT I , LLC

a California limited liability company

This Operating Agreement is entered into on February 25 , 2020 by and between Mark Hanf (the "Manager") and the Non -Managing Members (if any) listed on Exhibit A .

A. The Members intend to form a Manager-managed California limited liability company under the California Revised Uniform Limited Liability Company Act , as amended.

B. The Members enter into this Operating Agreement in order to form and provide for the governance of the Company and the conduct of its business and to specify their relative rights and obligations.

NOW THEREFORE, the Members and Manager hereby agree as follows:

ARTICLE 1: DEFINITIONS

The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement and when not so defined shall have the meanings set forth in California Corporations Code section 17701.02.

1.1 "Act" means the California Revised Uniform Limited Liability Company Act (California Corporations Code sections 17701.01 -17713.13), as amended.

1.2 "Agreement" means this Operating Agreement, as originally executed and as amended from time to time.

1.3 "Articles of Organization" is defined in California Corporations Code Section 17701.02 (b) as applied to this Company.

1.4 "Capital Account" means, as to any Member, a separate account maintained and adjusted in accordance with Section 3.3.

1.5 "Capital Contribution" means, with respect to any Member, the amount of the money and the Fair Market Value of any property (other than money) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take "subject to" under IRC Section 752) in consideration of a Percentage Interest held by such Member. A Capital Contribution shall not be deemed a loan.

1.6 "Company" means the company named in Section 2.2.

1.7 "Economic Interest" means a person's right to share in the income, gains, losses, deductions, credits or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote or to participate in management.

1.8 "Encumbrance" means, with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.9 "Fair Market Value" means the cash price that a willing buyer would pay a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the purchase date.

1.10 "IRC" means the Internal Revenue Code of 1986, as amended, and any successor provision.

1.11 "Majority of Members" means a Member or Members whose Percentage Interests represent more than 50 percent of the Percentage Interests of all the Members.

1.12 "Manager" shall be Mark Hanf, who shall operate and manage the Company. The Manager and any successor Manager may, but need not be, a Member of the Company. Except to the extent that a Member may also serve as a Manager, the Members shall not participate in the management of the Company. A "Non-Managing Member" is a Member who is not serving as a Manager.

1.13 "Member" means an initial Member or a person who otherwise acquires a Membership Interest, as permitted under this Agreement, and who agrees in writing to assume all of the obligations and undertakings of a Member under this Agreement.

1.14 "Membership Interest" means a Member's rights in the Company, collectively, including the Member's Economic Interest, Voting Interest and right to participate in management, and any right to information concerning the business and affairs of the Company.

1.15 The "Percentage Interest" means a Member's share of the Company's profits and losses as stated in Exhibit A, which may be amended from time to time to reflect the admission of any new Members.

1.16 "Profits and Losses" means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with IRC section 703(a).

1.17 "Transfer" means, with respect to a Membership Interest, or any element of a Membership Interest, any sale, assignment, gift, involuntary transfer, or other

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disposition of a Membership Interest or any element of such a Membership Interest, directly or indirectly.

1.18 "Voting Interest" means, with respect to a Member, the right to vote and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. A Member's Voting Interest shall be directly proportional to that Member's Percentage Interest. A Member who is also a Manager shall participate in any vote by the Members.

ARTICLE 2: ORGANIZATION

2.1 Formation. The Members shall cause Articles of Organization to be filed with the California Secretary of State. The Articles may not be amended without the written consent of the Members holding Sixty Percent (60%) or more of the Membership Interests in the Company.

2.2 Name. The name of the Company shall be Pacific Realty Development I, LLC (the "Company").

2.3 Place of Business. The principal executive office of the Company shall be at 1555 Grant Avenue, Novato CA 94945 or such other place or places as may be determined by the Manager from time to time.

2.4 Agent for Service. The initial agent for service of process on the Company shall be Mark Hanf, whose address is 1555 Grant Avenue, Novato CA 94945. The Manager may from time to time change the Company's agent for service of process.

2.5 Purpose. Except as otherwise provided in the Company's Certificate of Formation, the purpose of the Company is to engage in any activity for which limited liability companies may be organized in the State of California.

2.6 Term. The term of existence of the Company shall commence on the effective date of filing of Articles of Organization with the California Secretary of State, and shall continue until terminated by the provisions of this Agreement or as provided by law.

ARTICLE 3: CAPITALIZATION

3.1 Contributions. Each Member shall contribute to the capital of the Company as the Member's Capital Contribution the money, or property or services as specified in Exhibit B to this Agreement.

3.2 Additional Capital and Loans.

a. Unless otherwise agreed in writing by all the Members, no Member shall make or be required to make any additional Capital Contribution to the Company.

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Additional Capital Contributions shall be made in proportion to each Member's Percentage Interest.

b. If the Manager determines that the Company requires additional funds, but all Members do not agree to make additional Capital Contributions, those Members willing to do so may loan the required funds to the Company. Each Member may participate in the loan in proportion to his or her Percentage Interest in the Company. If any Member elects not to participate in the loan, the other Members may loan the additional amount required in proportion to their Percentage Interests in the Company. If even after the forgoing loans, there is still a shortfall in the amount of money being lent to the Company because not enough Members are willing to participate in the loan to the Company, then any willing Member may lend as much money as is needed to meet the stated funding goal, without any limitation as to the Member's proportion of Percentage Interests in the Company. Any loan by a Member to the Company shall be made on commercially reasonable terms as agreed to by the Manager in his or her sole discretion.

3.3 Capital Accounts. An individual Capital Account shall be maintained for each Member consisting of that Member's Capital Contribution, (1) increased by that Member's share of Profits, (2) decreased by that Member's share of Losses, and (3) adjusted as required in accordance with applicable provisions of the IRC and Regulations.

3.4 No Withdrawals. A Member shall not be entitled to withdraw any part of the Member's Capital Contribution or to receive any distributions, whether of money or property from the Company except as provided in Sections 4.4 and 4.6 of this Agreement.

3.5 Interest. No interest shall be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account. However, interest shall be paid on any loans made to the Company by a Member.

3.6 Liabilities. A Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company.

3.7 Priority Returns. No Member shall have priority over any other Member, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

ARTICLE 4: ALLOCATIONS AND DISTRIBUTIONS

4.1 Profits and Losses. The Profits and Losses of the Company and all items of Company income, gain, loss, deduction, or credit shall be allocated, for Company book purposes and for tax purposes, to the Members in accordance with their Percentage Interests.

4.2 Qualified Income Offset. If any Member unexpectedly receives any adjustment, allocation, or distribution as described in Treasury Regulation §1.704 –1(b)(2)(ii)(d)(4) –(6), items of Company gross income and gain shall be specially

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allocated to that Member as quickly as possible in an amount and manner sufficient to eliminate any deficit balance in the Member's Capital Account created by the adjustment, allocation, or distribution. Any special allocation under this Section 4.2 shall be taken into account in computing subsequent allocations of Profits and Losses, so th at the net amount of allocations of income and loss and all other items shall, to the extent possible, be equal to the net amount that would have been allocated if the unexpected adjustment, allocation, or distribution had not occurred. The provisions of t his Section 4.2 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations §§1.704 –1(b) and 1.704 –2 and shall be interpreted and applied in a manner consistent with those Regu lations.

4.3 Allocations Respecting Asset Distributions . Any unrealized appreciation or unrealized depreciation in the values of Company property distributed in kind to all the Members shall be treated in accordance with applicable law .

4.4 Distributi ons. Cash available for distribution resulting from the operations of the Company shall be distributed among the Members in proportion to their Percentage Interests at such times as the Manager determines . "Cash available for distribution" means the Comp any's taxable income, increased by: (1) any depreciation or depletion deductions taken into account for computing taxable income; and (2) any non -taxable income or receipts (other than Capital Contributions) and reduced by: (3) any principal payments on an y Company debt; (4) expenditures to acquire or improve Company assets; and (5) reasonable reserves as determined by the Manager for future Company expenses and improvements. Any distributions are subject to the terms and conditions stated in Section 10.3 below, and as described in the Company's Confidential Offering Circular.

4.5 Non-Cash Proceeds . If the proceeds from a sale or other disposition of a Company asset consist of property other than cash, the value of such property shall be as determin ed by the Manager. Such non -cash proceeds shall then be allocated among all the Members in proportion to their Percentage Interests. If such non -cash proceeds are subsequently reduced to cash, such cash shall be distributed to each Member in accordance w ith Section 4.4.

4.6 Liquidation . Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Company, or when any Member's interest is liquidated, all items of income and loss first shall b e allocated to the Members' Capital Accounts under this Article 4, and other credits and deductions to the Members' Capital Accounts shall be made before the final distribution is made. The final distribution to the Members shall be made to the Members to the extent of and in proportion to their positive Capital Account balances. Any distributions upon dissolution are subject to the terms and conditions stated in Section 10.3 below, and as described in the Company's Confidential Offering Circular.

4.7 Compliance with IRC Section 704 . The tax allocations and distributions under the Agreement are intended to comply with Section 704 and other related provisions of the IRC and corresponding Treasury Regulations and are to be interpreted accordingly.

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If the Manager determines that it is necessary to amend this Agreement in order to so comply, the Manager is authorized to make the minimum modification necessary to achieve such purpose provided that such modification does not materially affect the economic distributions provided in this Article 4. The Manager shall give Notice of such modification to all of the Members describing its contents and purpose.

4.8 Tax Elections. No election shall be made to exclude the Company from the application of the provisions of Subchapter K of the IRC or from any similar provisions of state tax laws. If a Membership Interest is transferred, a Member dies, or Company assets are distributed to a Member, the Manager may, in his or her discretion, cause the Company to elect to cause the basis of the Company's assets to be adjusted for federal income tax purposes under IRC Sections 734 and 743 by taking the Section 754 election. The Members and the Company acknowledge that the Company is currently qualified under IRC §6221(b) to elect out of Subchapter C of Chapter 63 of the IRC. The Members and the Company agree not to take any action that would cause the Company to lose its eligibility to elect out of Subchapter C of Chapter 63 of the IRC.

ARTICLE 5: MANAGEMENT

5.1 Manager.

a. The Manager of the Company shall be Mark Hanf.

b. Notwithstanding any provision of this Agreement to the contrary, on the withdrawal or bankruptcy of the Manager named in Section 5.1(a), the Company shall dissolve and wind up, unless a Majority of Members elect to continue the Company pursuant to Section 10.1.

5.2 General Powers. The Manager shall have full, exclusive and complete discretion, power and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer and operate the business and affairs of the Company for the purposes herein stated, and to make all decisions affecting such business and affairs, including, without limitation, the power to:

a. Acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

b. Construct, operate, maintain, finance, and improve, and to own, convey, assign, mortgage, or lease any real estate and any personal property;

c. Enter into agreements and contracts and to give receipts, releases and discharges;

d. Purchase liability and other insurance to protect the Company's properties and business;

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e. Borrow money for and on behalf of the Company and pledge assets of the Company as security for any loan ;

f. Execute or modify leases with respect to any part or all the assets of the Company;

g. Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such mortgages or deeds of trust;

h. Execute any and all other instruments and documents which may be necessary, or in the opinion of the Manager, desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

i. Make any and all expenditures which the Manager, i n his or her sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, expenditures for legal, accounting, and other related expenses incurred in connection with the organization, financing, and operation of the Company;

j. Enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purpose s of the Company; and

k. Invest and reinvest Company reserves in short -term instruments or money market funds.

5.3 Actions Requiring Consent of Members . The Manager, without the prior written consent or ratification of the Majority of Members, may not take any of the following actions on behalf of the Company :

a. Any act that would make it impossible to carry on the ordinary business of the Company;

b. Any confession of a judgment against the Company;

c. The incurring of any debt not in the ordinary course of business;

e. A change in the nature of the principal business of the Company;

f. The filing of a petition in bankruptcy or entering into an arrangement among the Company's creditors; and

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g. The entering into, on behalf of the Company, of any transaction constituting a "reorganization" within the meaning of California Corporations Code §17711.01.

5.4 Reserved.

5.5 Limitation on Authority of Members. No Member is an agent of the Company solely by virtue of being a Member, and no Member has authority to act for the Company solely by virtue of being a Member. Any Member who takes any action or binds the Company in violation of this Section 5.5 shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify, defend and hold the Company harmless with respect to the loss or expense.

5.6 Duties of Manager. The Manager sha ll devote such time to the conduct of the Company's business as is reasonably necessary for its operation.

5.7 Bank Accounts. One or more Company bank accounts shall be established and checks from the accounts shall be signed by the Manager or such pe rsons as the Manager may designate.

5.8 Compensation of Manager. The Manager shall be reimbursed all reasonable expenses incurred on behalf of the Company and shall be entitled to reasonable compensation in an amount to be determined from time to time by the Member s.

5.9 Meetings. The Company is not required to hold regular meetings of the Members, and the Company shall not be required to maintain minutes or other records of any meetings.

ARTICLE 6: ACCOUNTS AND RECORDS

6.1 Books and Records. Complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office and shall be open to inspection and copying by each Member or the Member's authorized representatives on reasonable N otice during normal business hours. The costs of such inspection and copying shall be borne by the Member.

6.2 Accounting. Financial books and records of the Company shall be kept on the accrual or cash method of accounting, as determined by the Company's accountant. A balance sheet and income statement of the Company shall be prepared promptly following the close of each fiscal year in a manner appropriate to and adequate for the Company's busines s and for carrying out the provisions of this Agreement. The fiscal year of the Company shall be January 1 through December 31.

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6.3 Records. At all times during the term of existence of the Company, and beyond that term if a Majority of Members deem it necessary, the Manager shall keep or cause to be kept the books of account referred to in Section 6.2, and the following:

a. A current list of the full name and last known business or residence address of each Member, together with the Capital Contribution and the share in Profits and Losses of each Member;

b. A copy of the Articles of Organization, as amended;

c. Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

d. Executed counterparts of this Agreement, as amended;

e. Any powers of attorney under which the Articles of Organization or any amendments thereto were executed;

f. Financial statements of the Company for the six most recent fiscal years; and

g. The Books and Records of the Company as they relate to the Company's internal affairs for the current and past six fiscal years.

6.4 Tax Returns. Within 90 days after the end of each taxable year of the Company the Company shall send to each of the Members all information necessary for the Members to complete their federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for such year.

ARTICLE 7: FIDUCIARY DUTIES

7.1 Fiduciary Duties of Manager. The fiduciary duties that the Manager owes to the Company and the Members are the duties of loyalty and care.

a. The Manager's duty of loyalty to the Company and the Members is limited to the following:

i) To account to the Company and hold as trustee for it any property, profit, or benefit derived by the Manager in the conduct of the Company or the winding up of the activities of the Company, or derived from a use by the Manager of Company property, including the appropriation of a Company opportunity.

ii) To refrain from dealing with the Company in the conduct or winding up of the activities of the Company as or on behalf of a party having an interest adverse to the Company.

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iii) To refrain from competing with the C ompany in the conduct or winding up of the activities of the Company.

b. The Manager's duty of care to the Company and the Members in the conduct and winding up of the activities of the Company is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

c. The Manager shall discharge the duties under this Section 7.1 and exercise any rights under this Operating Agreement consistent with the obligation of good faith and fair dealing.

d. The Manager does not violate a duty or obligation under this Section 7.1 or under the Operating Agreement merely because the Manager's conduct furthers his or her own interest.

e. The Members expressly agree that a Manager does not violate its duty of loyalty to the Company, or the Members, merely because it, or its Affiliate, participates in ot her real estate investment opportunities. Furthermore, a Manager does not violate its duty of loyalty to the Company merely because the Manager, or an Affiliate of the Manager, does business with the Company, so long as any fees charged by the Manager or Affiliate to the Company are fair and reasonable. The term "Affiliate " shall mean any of the following: (1) a person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Manager, (2) a person who, directly or indirectly, owns or controls at least ten percent (10%) of the outstanding voting interests of the Manager, (3) a person who is an officer, director, manager or member of the Manager, or (4) a person who is an officer, direct or, manager, member, general partner, trustee or owns at least ten percent (10%) of the outstanding voting interests of a person described in clauses (1) through (3) of this sentence.

7.2 Fiduciary Duties of Members. Each of the Members shall discharge their duties and exercise any rights under this Operating Agreement consistent with the obligation of good faith and fair dealing . Except as otherwise provi ded, a Member does not have any fiduciary duty to the Company or to any other Member solely by reas on of being a Member.

ARTICLE 8 : TRANSFERS OF INTERESTS

8.1 Condition Precedent to Admission of Transferee . No person to whom a Membership Interest is properly transferred shall be substituted as a new Member in place of the transferring Member unless the Manager consents to the Transfer, a Majority of Members agree , and the transferee agrees to become a part y to this Agreement. If the foregoing does not happen, then the transferee of the Ec onomic Interest shall only be a "Transferee " (as that term is defined in Section 17701.02(ab) of the Act) and shall have no right to: (i) become a Member; (ii) exercise an y Membership rights other than those specifically pertaining to the ownership of an Economic Interest; or (iii) act as an agent of the Company.

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8.2 Transfer Restrictions. Except as expressly provided in this Agreement, a Member will not Transfer any part of the Member's Membership Interest in the Company, whether now owned or later acquired, unless the Membership Interest to be Transferred, when added to the total of all other Membership Interests Transferred in the preceding 12 months, will not cause the termination of the Company under the IRC. No Member may Transfer or Encumber or permit or suffer any Encumbrance of all or any part of the Member's Membership Interest in the Company unless the Transfer or Encumbrance has been approved in writing by the Manager. Approval may be granted or withheld in the Manager's sole discretion. Any Transfer or Encumbrance of a Membership Interest without that approval will be void.

a. Permitted Transfer. Notwithstanding any other provision of this Agreement to the contrary, a Member who is a natural person may Transfer all or any portion of his or her Membership Interest to any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse, and the Member's issue, provided that the Member retains a beneficial interest in the trust and all of the Voting Interest included in the Membership Interest. Such a permitted Transfer may be done without needing the approval of a Majority of Members, but the Manager's review and consent will still be needed to ensure compliance with other provisions contained herein, such as securities law and tax law compliance. A Transfer of a Member's beneficial interest in the trust, or failure to retain the Voting Interest, will not be deemed a permitted Transfer of a Membership Interest under this Section 8.2(a).

8.3 Securities Laws Compliance. The initial sale of Membership Interests in the Company to the initial Members has not been qualified or registered under the securities laws of any state, including California, or registered under the Securities Act of 1933, in reliance on exemptions from the registration provisions of those laws. Notwithstanding any other provision of this Agreement, Membership Interests may not be Transferred unless registered or qualified under applicable state and federal securities laws unless, in the opinion of legal counsel satisfactory to the Company, qualification or registration is not required. A Member who desires to transfer a Membership Interest will be responsible for all legal fees incurred in connection with that opinion.

8.4 No Transfer of Management Authority. No Transfer of all or any portion of a Membership Interest shall include any right or authority to act as a Manager of the Company.

8.5 Dissociation Prohibited. No Member shall have the right or power to voluntarily dissociate from the Company other than as otherwise provided by this Article 8 such as by a Transfer.

ARTICLE 9: INDEMNIFICATION

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9.1 Indemnification of Manager. The Company shall indemnify the Manager to the fullest extent permissible under California law for any act performed by him or her with respect to Company matters, subject to the limitations set forth in this Article 9.

9.2 Indemnification. The Company will have the power to indemnify any person who was or is a party, or who is threatened to be made a party, to any Proceeding by reason of the fact that the person was or is a Member, Manager, officer, empl oyee, or other agent of the Company, or was or is serving at the request of the Company as a director, officer, employee, or other Agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise, against expe nses, judgments, fines, settlements, and other amounts actually and reasonably incurred by that person in connection with the proceeding, if that person acted in good faith and in a manner that the person reasonably believed to be in the best interests of the Company, and, in the case of a criminal proceeding, the person had no reasonable cause to believe that the person's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or i ts equivalent, will not, of itself, create a presumption that the person did not act in good faith and in a manner that the person reasonably believed to be in the best interests of the Company, or that the person had reasonable cause to believe that the p erson's conduct was unlawful.

To the extent that an agent of the Company has been successful on the merits in defense of any Proceeding, or in defense of any claim, issue, or matter in any Proceeding, the agent will be indemnified against expenses actuall y and reasonably incurred in connection with the Proceeding. In all other cases, indemnification will be provided by the Company only if authorized in the specific case by a Majority of disinterested Members.

9.3 Expenses. Expenses of each person indemnified under this Agreement actually and reasonably incurred in connection with the defense or settlement of a proceeding may be paid by the Company in advance of the final disposition of the proceeding, as authorized by the Manager who is not seeking indemnification or, if there are none, by a Majority of Members, on receipt of an undertaking by that person to repay that amount unless it will ultimately be determined that the person is entitled to be indemnified by the Compa ny.

9.4 Definitions. "Agent," as used in this Article 9, will include a trustee or other fiduciary of a plan, trust, or other entity or arrangement described in Corp C §207(f). "Expenses," as used in this Article 9, includes, without limitation, attorney fees and expenses of establishing a right to indemnification, if any, under this Article 9. "Proceeding," as used in this Article 9, means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative.

ARTICLE 10: DISSOLUTION AND WINDING UP

10.1 Events of Dissolution. The Company shall be dissolved on the first to occur of the following events:

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a. The withdrawal or bankruptcy of the Manager named in Se ction 5.1; provided, however, that the Members may, by the vote of the Majority of Members within ninety (90) days of the happening of that event, vote to appoint a new Manager and continue the Company.

b. The written agreement of Members holding at lea st 80% of the Percentage Interests.

c. The sale or other disposition of substantially all of the Company assets.

d. Entry of a decree of judicial dissolution.

10.2 Death, Disability or Bankruptcy of Member . The death, disability or bankruptcy of a Member will not dissolve the Company. Rather, the Member or his or her legal representatives shall have the same rights, subject to the same limitations, as the deceased, disabled or bankrupt Member, and shall be subject to the provisions of Article 8 regarding transferring the interest of the deceased, disabled or bankrupt Member.

10.3 Winding Up . On the dissolution of the Company, the Company shall engage in no further business other than that necessary to wind up the business and affairs of the Company. The persons winding up the affairs of the Company shall give written N otice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to Members) the remaining assets of the Company shall be distributed or applied in the following order of priority:

a. To pay the expenses of liquidation.

b. To the establishment of reasonable reserves for contingent liabilities or obligations of the Company. On the determination that reserves are no longer necessary, they shall be distributed as provided in this Section 10.3.

c. To repay outstanding loans to Members. If there are insufficient funds to pay such loans in full, each Member shall be repaid in the ratio that the Member's respective loan, together with interest accrued and unpaid thereon, bears to the total of all such loans from Members, includin g all interest accrued and unpaid on those loans. Such repayment shall first be credited to unpaid principal due and the remainder shall be credited to accrued and unpaid interest.

d. To the Members in accordance with Section 4.6.

10.4 Assets Sole Recourse . Each Member shall look solely to the assets of the Company for the return of the Member's investment, and if the Company property

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remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the investment of any Member, such Member shall have no recourse against any other Members for indemnification, contribution, or reimbursement.

ARTICLE 11: GENERAL PROVISIONS

11.1 Assurances. Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the Manager deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

11.2 Notices.

a. All notices, requests, demands, consents, offers, approvals and any other communications permitted or required under this Agreement ("Notices") must be in writing and will be effective (i) immediately upon delivery in person, (ii) on the first business day after deposit with a commercial courier or delivery service providing receipted overnight delivery service, or (iii) three (3) days after deposit with the United States Postal Service, certified mail, return receipt requested, postage prepaid.

b. In the alternative, Notices may be delivered by facsimile or electronic transmission (e-mail) and such Notices shall be deemed given as of the date of transmission provided that the sending party shall maintain a transmission record showing the date and time of delivery.

c. The address for purpose of giving Notice to any Member is the Member's last known address in the records of the Company. The address for purpose of giving Notice to the Company is the address of the Company's principal office.

11.3 Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by California law.

11.4 Attorneys' Fees. If any legal action, arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not suit proceeds to final judgment.

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11.7 Arbitration. Any action to enforce or interpret this Agreement or to resolve disputes between the Manager and/or Members, or by or against any Manager or Member, shall be first submitted to mediation. If the parties fail to come to an agreement out of mediation, the matter shall be settled by arbitration in accordance with California Code of Civil Procedure Section 1280, et seq. Any party may commence an arbitration by sending a written demand for arbitration to the other parties. Such demand shall set forth the nature of the matter to be resolved by arbitration. The substantive law of the State of California shall be applied by the arbitrator to resolve the dispute. The parties shall share equally all initial costs of arbitration. If the arbitrator determines that there is a "prevailing party," the prevailing party shall be entitled to reimbursement of attorneys' fees, costs and expenses incurred in connection with the arbitration. All decisions of the arbitrator shall be final, binding, and conclusive on all parties. Judgment may be entered upon any such decision in accordance with applicable law in any court having jurisdiction.

11.8 Binding Provisions. This Agreement is binding upon and inures to the benefit of the parties hereto, and to the limited extent specifically provided herein, the parties' respective heirs, executors, administrators, personal and legal representatives, successors, and assigns.

11.9 Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

11.10 Severability of Provisions. Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

11.11 Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of the Members holding Sixty Percent (60%) or more of the Membership Interests in the Company.

11.12 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

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IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth beside the signature of each.

MANAGER:

Mark Hanf

Date: 2/25/2020

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EXHIBIT A

LIST OF NON-MANAGING MEMBERS
AND THEIR RESPECTIVE PERCENTAGE INTERESTS

1. None 0 %

2. _____ %

3. _____ %

4. _____ %

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EXHIBIT B

LIST OF MEMBERS

Member Name	Ownership Percentage
Mark Hanf	100%

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THE NORTH STAR CAPITAL FUND LLC

A CALIFORNIA LIMITED LIABILITY COMPANY

OPERATING AGREEMENT

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THE NORTH STAR CAPITAL FUND LLC

A CALIFORNIA LIMITED LIABILITY COMPANY

OPERATING AGREEMENT

THIS OPERATING AGREEMENT (the "***Agreement"***) of THE NORTH STAR CAPITAL FUND LLC, a California limited liability company, (the "***LLC***" or "***Fund***") is entered into as of January 1, 2020 (the "***Effective Date***"), by and among (i) North Star Capital Group LLC, a California limited liability company (in its capacity as Manager of the LLC, the "***Manager***"); (ii) the Initial Members, and (iii) each additional Person who becomes a Member in accordance with the provisions of this Agreement. who shall collectively be referred to as the "***Members***". Any capitalized terms used herein but not defined shall have the meaning ascribed to them in the Private Placement Memorandum of the LLC dated January 1, 2020 ("***Memorandum***").

RECITALS

WHEREAS, on or about August 16, 2019, The North Star Capital Fund LLC, a California limited liability company (the "***Company***"), was formed as a limited liability company under the California Limited Liability Company Act, as amended from time to time, (the "***Act***");

WHEREAS, the Company will be managed by the Manager, North Star Capital Group, LLC, a California limited liability company;

WHEREAS, this Operating Agreement and the terms of the Memorandum, will define the rights of the Manager and the Members and their obligations with respect to the Company's governance and financial affairs, and necessary regulations and procedures for the conduct of the Company's activities.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties agree as follows:

SECTION 1. NAME, PURPOSE AND OFFICES OF COMPANY.

1.1 Name. The name of the Company is THE NORTH STAR CAPITAL FUND LLC. The affairs of the Company shall be conducted under the Company name. The Manager may change the name of the Company at any time without the consent of the Members (but shall not use any name that would cause the Company to lose its status as a Limited Liability Company or that would cause any Member to lose its limited liability as a Member) and shall promptly notify the Members of any such change in name.

1.2 Purpose; Powers. The principal objective of the Company is to preserve principal and achieve consistent current income primarily (but not exclusively) through investments in secured first-lien deeds of trust or mortgages, with a smaller percentage of secured junior-lien deeds of trust or mortgages, on residential and commercial real-estate. The Company intends primarily to make business loans directly, and occasionally indirectly, to individuals and businesses engaged in development, construction, and renovation activities, primarily in the state of California, using a range of different transaction structures as determined by the Manager in its sole and absolute discretion. Subject to the terms of this Agreement, the Company is authorized to lend across the United States without restriction at the discretion of the Manager. The Company's general purposes are (i) to primarily originate, acquire, make, fund, purchase, sell, hold and/or otherwise invest primarily in secured first-lien deeds of trust or mortgages, with a smaller percentage of junior-lien deeds of trust or mortgages, on residential and

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commercial real estate; (ii) invest in other Securities of every kind and nature and to exercise all rights, powers, privileges and other incidents of ownership or possession with respect to Securities held or owned by the Company; (iii) to enter into, make and perform all contracts and other undertakings; and to engage in all activities and transactions as may be necessary, advisable or desirable to carry out the foregoing, including, but not limited to, making, originating, holding, acquiring, funding, maintaining, processing, servicing, encumbering, selling, exchanging, leasing, renting, hypothecating, collecting, managing, and otherwise dealing with such investments, including the Securities, and (iv) to carry on any other activities determined by the Manager as permissible under the applicable laws of the State of California. In making investments in Portfolio Companies, the Company may set up and utilize special purpose vehicles ("***SPVs***") for this purpose, investing in such SPVs either alone or alongside other providers of capital, as determined by the Manager in its sole and absolute discretion and on such terms and conditions determined by the Manager in its sole and absolute discretion. Notwithstanding the foregoing, the Company reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loan it originates, acquires, and/or otherwise invests in.

1.3 Principal Office; Registered Office. The principal administration office of the Company shall be at 1355 Willow Way Suite 261, Concord Ca. 94520, or such other place or places as the Manager may from time to time designate. The Company's registered office in California, and the name of the registered agent for service of process in California is Sophie Horkheimer, 1355 Willow Way Suite 261, Concord Ca. 94520, County of Contra Costa, or such other place or persons as the Manager may from time to time designate.

SECTION 2. TERM OF LIMITED LIABILITY COMPANY.

2.1 Formation. The parties hereto execute this Agreement for the purpose of establishing their legal relationships under the California Limited Liability Company Act (currently Chapter 18 of Title 6 of the California Code) as amended from time to time and this Agreement. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California, including the Revised Uniform California Limited Liability Company Act, (the "***Act***") as amended from time to time, without regard to California's conflicts of laws principles. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that any provision of this Agreement is inconsistent with any provision of the Act, this Agreement shall govern to the extent permitted by the Act.

2.2 Term. The term of the Company commenced on August 21, 2019 and shall continue until dissolved upon the occurrence of an Event of Dissolution (as defined in Section 14.16) or as otherwise determined by the Manager.

2.3 Events Affecting a Member of the Manager. Except to the extent that such an event causes the occurrence of an Event of Dissolution, the death, bankruptcy, withdrawal, insanity, incompetency, temporary or permanent incapacity, expulsion or removal of a member of the Manager shall not dissolve the Company.

2.4 Events Affecting a Member of the Company. The death, temporary or permanent incapacity, insanity, incompetency, bankruptcy, liquidation, dissolution, reorganization, merger, sale of all or substantially all the stock or assets of, or other change in the ownership or nature of a Member shall not, in and of itself, dissolve the Company. In the event of the bankruptcy or incapacity of a Member, the Company shall not be dissolved, and the Member's trustee in bankruptcy or other legal representative shall have only the rights of an Economic Interest Holder ("EIH") to receive Membership distributions applicable to the interest and/or Interests of such bankrupt or incapacitated Member as provided herein.

Any transfer to or from such trustee in bankruptcy or legal representative shall be subject to the provisions of this Agreement.

SECTION 3. NAME AND ADMISSION OF MEMBERS.

3.1 Name and Address. Each Person listed as a Member on Schedule A is hereby admitted to the Company as a Member of the Company upon execution and delivery by or on behalf of such Person and the Manager of a counterpart of this Agreement and the reflection of such Person as a Member on Schedule A. North Star Capital Group LLC, a California limited liability company, the Manager hereby continues as the Manager of the Company upon execution and delivery of a counterpart of this Agreement. Subject to the provisions of Section 8.6(e), the name and address of each Member, the amount of such Member's Capital Commitment to the Company, each Member's Percentage, and the date of such Member's admission to the Company are set forth on Schedule A hereto. The Manager shall cause Schedule A to be amended from time to time to reflect the admission of any new Member, the withdrawal or substitution of any Member, the transfer of interests among Members, receipt by the Company of notice of any change of address of a Member, any change in any Member's Capital Commitment or any other change required to be noted on Schedule A. An amended Schedule A shall supersede any prior Schedule A and become a part of this Agreement. A copy of the most recent amended Schedule A shall be kept on file at the principal office of the Company.

3.2 Admission of Additional Members.

(a) An additional Person may be admitted as a Member with the consent of the Manager or as otherwise set forth in this Agreement.

(b) Other than pursuant to Sections 9.3 or 9.4, at any time, an additional Person may be admitted as a Member with the consent solely of the Manager effective as of such time determined by the Manager in its sole and absolute discretion.

(c) Each additional Person shall be admitted as a Member upon the execution and delivery to the Company of a counterpart of this Agreement or upon otherwise becoming bound by the terms of this Agreement.

(d) Upon the admission of an additional Member under (a) or (b) above, the Company shall restate all Capital Accounts (as defined in Section 14 below) to reflect the then-current values of all Membership assets.

SECTION 4. CAPITAL ACCOUNTS AND CAPITAL CONTRIBUTIONS.

4.1 Capital Accounts. A Member's capital account (a "***Capital Account***") shall be established and maintained for each Member in accordance with the following:

(a) There shall be credited to each Member's Capital Account: (i) the amount of any money paid by such Member for the purchase of Membership Interests in the Company, whether through the initial purchase of Interests or through the purchase of additional Interests via the Reinvestment Option or Rollover of distributions and (ii) such Member's share of the income and gain (and all items thereof) of the Company (including income or gain exempt from federal income tax and income and gain described in Treasury Regulation §1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treasury Regulation §1.704-1(b)(4)(i)).

(b) There shall be charged against each Member's Capital Account: (i) the amount of capital distributed to such Member by the Company; (ii) such Member's share of expenditures of the Company described in IRC §705(a)(2)(B); and (iii) such Member's share of the losses and deductions of the Company (including losses and deductions described in Treasury Regulation §1.704-1(b)(2)(iv)(g), but excluding such Member's share of expenditures of the Company described in IRC §705(a)(2)(B) and losses and deductions described in Treasury Regulation §1.704-1(b)(4)(i)).

(c) It is the intent of the Members of the Company that the provisions of this Agreement relating to the establishment and maintenance of Capital Accounts comply with the requirements of Treasury Regulation §1.704-1(b)(2)(iv) or any successor provision, and that such provisions are interpreted and applied in a manner consistent with such Treasury Regulation or successor provision.

4.2 Capital Contributions of the Members.

(a) Subject to Section 4.2(d), each Member who is admitted to the Company (or who increases their Capital Commitment after initial admission of such Member) shall contribute to the capital of the Company cash (or subject to the agreement of the Manager, other In Kind assets or collateral) equal to One Hundred Percent (100%) of such Member's Capital Commitment as set forth on Schedule A, except as otherwise determined by the Manager in its sole and absolute discretion. Each Member shall be required to make a minimum Capital Commitment of at least One Hundred Thousand Dollars ($100,000), which minimum may be waived by the Manager in its sole and absolute discretion. Any current Member may increase its Capital Commitment in an amount not less than Fifty Thousand Dollars ($50,000) at one or more times as determined by the Manager in accordance with this Agreement.

Investors who wish to purchase Interests can do so at any time throughout the calendar month. Investors must complete and sign the Subscription Agreement, a signature page to the Operating Agreement and other such documentation as is deemed appropriate by the Manager, and send them together with a check or wire for the purchase price of the Interests to the Manager. Upon receipt of appropriate executed documents, the Fund will immediately deposit Investor funds or capital ("Capital") into its holding account (the "Subscription Account"), the date of which shall be the ("Deposit Date"). Investor Capital held in the Subscription Account shall pay no interest to the Investor. An Investor's obligation to purchase Interests with their full deposited amount shall be irrevocable for the thirty (30) days following the Deposit Date.

The Fund may utilize a new Investor's Capital for its operations by transferring all or a portion of Investor Capital, as determined by the Manager, from the Subscription Account to the Operating Account. The date the Capital is transferred to the Fund's Operating Account is (the "Transfer Date"). Initially, the Capital transferred shall be treated as a loan to the Fund, for which the Investor shall receive interest at Seven Percent (7.00%) (annualized), on the amount of Capital transferred and for which the Investor will receive a 1099 Statement for passive interest income

The Investor's Capital would only become an equity investment in the Fund's Interests as of the first day of the calendar quarter immediately following the Transfer Date, which is (the "Effective Date"). The Fund will pay the Investor a check for accrued interest for Capital that was treated as a loan to the Fund (between the Transfer Date and the Effective Date) within 10 business days.

(b) Capital contributions in cash by the Members shall be made in United States dollars by check or wire transfer of immediately available funds to an account or accounts of the Company specified by the Manager or the Fund Administrator or as otherwise indicated by the Manager.

(c) Notwithstanding any other provision of this Section 4.2, the Managing Member, in its sole and absolute discretion, may delay receipt of capital contributions from ERISA Members to the extent necessary to satisfy any requirement that may prevent the Company's assets from being deemed "plan assets" (as determined under ERISA).

(d) Notwithstanding the provisions of Section 3.2, in no event shall the aggregate Capital Commitments of the Members exceed One Hundred and Fifty Million Dollars ($150,000,000) (the "***Maximum Cap***"); *provided, however*, that the Manager may cause the Company to raise aggregate Capital Commitments in excess of the Maximum Cap.

4.3 Acquisition of an Interest by the Manager. The Manager (and/or its Affiliates) may contribute capital to the Company or may acquire one or more interests in the Company ("***Membership Interests***" or "***Interests***") from another Member or otherwise. To the extent that the Manager makes such contribution or acquires such interest(s), the Manager shall have only one Capital Account. Members of the Manager may contribute capital and acquire Interests in the name of different entities or companies that they own or manage, each of which shall have the same rights and duties as any other Member.

4.4 Adoption of this Agreement. Each Person acquiring Interests from the Company shall be admitted as a Member and shall, by written instrument in form and substance acceptable to the Manager, accept and adopt the terms and provisions of this Agreement, and such person shall each execute and deliver such other instruments as the Manager reasonably deems necessary or appropriate to effect, and as a condition to, such acquisition of Interests.

SECTION 5. COMPANY ALLOCATIONS AND DISTRIBUTIONS.

5.1 Allocation of Profit and Loss. Each item of Membership income, gain, loss, deduction, or credit for each year will be allocated among the Members in proportion to their Membership Interest.

5.2 Distributions.

(a) Preferred Return. When distributions are made, Members will receive One Hundred Percent (100%) of any Excess Distributable Cash (***"EDC"***) from the previous quarter (as determined by the Manager) until they have received their Preferred Return.

(b) After payment of the Preferred Return, any additional EDC from the previous quarter, as determined by the Manager, will be distributed with Fifty Percent (50%) of EDC going to the Members pro-rata to their Membership Interest and Fifty Percent (50%) to the Manager (such 50% referred to herein as the "***Incentive Allocation***").

(c) The Preferred Return shall be tracked and calculated separately for each Member by the Manager.

5.3 Use of Cash Flow: Distributive Shares. Distributions will be made quarterly beginning with the initial quarterly period following the Minimum Offering Date. Distributions will be calculated as of the last day of a quarter. Any reinvestment or rollover of distributions will be made as of the first day following the last day of the quarter. Final calculations and review of the Fund accounting are generally

finished during the last week of the month following the end of the quarter at which time distribution checks shall be mailed to the Members who are not rolling over their distribution. The Manager has the right, in its sole discretion, to withhold or freeze Distributions if distributing cash would not be in the best interests of the Company.

5.4 Reinvestment. Members may choose to apply their Distributions to an additional purchase of Membership Interests (a "***Rollover*** or ***"Reinvestment"***), by indicating their desire to do so on their completed Subscription Agreement. Any Membership Interests purchased by Members via the Reinvestment option shall be considered, for purposes of any Redemption requests, to "tag-along" with the original date of purchase of the Company Membership Interests for which the Reinvestment Membership Interests are associated. Members may change their election not more frequently than once per year by giving a ninety (90) days' written notice to the Manager. The change in Reinvestment can only occur at the beginning of a new quarter. The Manager has the right to suspend or terminate the Reinvestment program, at any time, without notice, at the Manager's sole discretion. A Member's Reinvestment shall be used by the Company to fund Investments, as needed, and cannot subsequently be withdrawn by a Member without the sole permission of the Manager.

SECTION 6. FEES; COMPANY EXPENSES.

6.1 Management Fees; Fund Administrator

(a) The Manager will receive a quarterly management fee from the Fund, calculated by the Fund Administrator, of Three Quarters of One Percent (.75%) of the Company's total Assets Under Management ("***Management Fee***"), for the services and facilities it will provide to the Company.

The Management Fee will be deemed earned and accrued daily; however, it will be due to be paid to the Manager on the last day of each calendar quarter. The Management Fee shall be an expense of the Fund and shall be paid prior to any distribution to the Members. The Manager may also receive additional compensation from EDC, as previously described in Section 5.2 above.

(b) The Company may enter into agreements with one or more administrators (collectively, the "***Fund Administrator***") to provide certain administrative, accounting, servicing, registrar and transfer agency services for the Company and such other responsibilities as the Manager may request the Fund Administrator to perform from time to time. The Company may also hire consultants or attorneys from time to time and enter into agreements with one or more affiliates of the Manager or the Members of the Manager (collectively, ***Advisor***") pursuant to which the Advisor may, on behalf of the Company, (i) originate, recommend, structure, and identify sources of capital for investment opportunity to the Company; (ii) monitor, evaluate and make recommendations regarding the timing and amount or manner of investment and disposition of Fund Portfolio Securities and (iii) provide such other services related thereto as the Manager in its sole judgment determines is in the best interest of the Fund. The Fund Administrator shall initially be LHJS Investments LLC.

(c) **Compensation payable to the Fund Administrator, and Advisor.** The Fund Administrators, and Advisors may have done work previously for or be affiliated with the Manager and or the Members of the Manager. Regardless, any and all fees paid to attorneys' consultants, Fund administrators, and Advisors shall be paid as if negotiated at an "arm's length" transaction and will be normal and commensurate for the typical fee paid for the service rendered and be solely for the Fund's benefit. The Members will not share or benefit from any such fees.

(d) The Company may enter into agreements with one or more Affiliates of the Manager or the Members of the Manager to act as a selling agent on behalf of the Company in connection with the offer and sale of Membership Interests in the Company.

(e) In the event that the Company, the Manager, the Fund Administrator, the Advisor, any Affiliate of the Manager or the Advisor or any Member of the Manager or Advisor, receives any servicing and origination fees, collateral or construction monitoring fees, acquisition or disposition fees, financing fees, directors' fees, expense fees, consulting fees, break-up fees, investment banking fees, warrants, or equivalent compensation or transaction fees, and whether in cash or securities, in connection with investments made by the Company (collectively, the "***Additional Fees***"), such fees shall accrue solely to the Manager (or the Advisor or Affiliate and no Member (or the Company) shall be entitled to all or any part of such Additional Fees.

(f) Notwithstanding Section 6.1(e), all fees received by the Managing Member that are not directly related to interest earned on Portfolio Investments (whether through the Company or any other investment vehicle) shall be for the account of the Manager.

6.2 Expenses.

(a) Subject to Section 6.2(b) below, the Company shall bear the following costs and expenses associated with the formation, operation, portfolio investment activity, dissolution, winding down or up and termination of the Company together with the costs and expenses described in Section 6.2(d) below, the "***Membership Expenses***": (i) all costs and expenses incurred in the holding, purchase, sale, transfer or exchange of loans, REO assets, and Securities (whether or not ultimately consummated), including, without limitation, out-of-pocket expenses and all legal expenses which may arise from any legal or administrative proceedings or actions in connection with the Fund's activities; (ii) interest on borrowed money; (iii) personal property taxes on investments; (iv) brokerage fees, legal fees, custodial fees of Securities owned by the Company, administrative, audit and accounting fees and other professional fees for services rendered to the Company, including without limitation, consulting and software subscription and/or licensing fees; (v) all transfer, capital and other taxes, duties and costs applicable to the Company on account of its operations and disposition or transfer of Membership assets; (vi) fees incurred in connection with the maintenance of bank or custodian accounts; (vii) fees and expenses of the Fund Administrator and the Advisor; (viii) all reasonable costs associated with Membership meetings (meetings of the Members or Manager) or meetings of executives of Portfolio Companies, and all other meetings concerning the Company which are attended by a representative of the Managing Member; (ix) fees incurred in connection with the preparation of any tax reports (including K-1's) on behalf of the Members; (x) the Management Fee pursuant to Section 6.1(a); (xi) all costs, fees and expenses incurred by the Manager in the operation of the Company or for the formation of other entities for the benefit of the Company (xii) all expenses incurred in connection with the registration of the Company's Securities under applicable securities laws or regulations. The Company shall also bear (w) expenses incurred by the Manager in serving as the tax matters Member, (x) the cost of liability, property and casualty, E & O, and other insurance premiums, (y) all expenses of all governmental returns, reports or other filings required for regulatory compliance, and (z) all reasonable expenses that are not borne by the Manager pursuant to Section 6.2(b) or Section 6.2(c).

(b) The Manager shall bear its own overhead expenses, including its own employees' salaries, and applicable rents, utilities, marketing, and promotional expenses.

(c) The Manager shall bear all organizational and syndication costs, fees and expenses incurred by or on behalf of the Manager in connection with the formation and organization of the Manager, the Advisor, and any of their respective Affiliates, including, but not limited to, legal and

accounting fees and expenses incident thereto; provided, however, one or more Members may agree to reimburse the Managing Member for expenses incurred in formation of any Parallel Vehicle formed at the request of such Member(s).

(d) The Company shall bear all winding up and/ or winding down costs, fees, and expenses incurred by the Managing Member (or its designee) in connection with the winding up and /or winding down of the Company following the Company's dissolution specifically including, but not limited to, legal and accounting fees and expenses.

SECTION 7. WITHDRAWALS BY AND DISTRIBUTIONS TO THE MEMBERS.

7.1 Interest and Distributions. No interest and/or distribution shall accrue or be paid to any Member solely on account of its interest in the capital of, or on account of its investment in, the Company.

7.2 Withdrawals by the Members.

(a) Except as set forth in this Agreement, no Member may withdraw any amount from the Member's Capital Account or withdraw from the Company without the prior written consent of the Manager, which the Manager may grant or withhold, condition or delay, in its sole and absolute discretion.

(b) After expiration of the applicable Lock-Up Period (as defined in Section 14 below), a Member may, once per year, make an election to receive or withdraw distributions made pursuant to Section 5.1 to such Member to the extent, and only to the extent, such Member has elected, by written notice to the Managing Member and received at least thirty (30) days prior to the beginning of the fiscal quarter in which such election is intended to be effective, to receive cash distributions. Member distributions shall be Rolled over or Reinvested, unless a Member makes a written request to the Manager to have their distribution paid out at the end of each quarter.

(c) During the applicable Lock-Up Period, a Member may not withdraw from the Company, unless as otherwise determined by the Managing Member, in its sole and absolute discretion. Redemption Requests for reasons of financial hardship or emergency during the Lock-up Period may be considered on a case by case basis subject to a penalty, (the "***Redemption Fee***") of Ten Percent (10%), of the then current price of Membership Interests. The Manager shall have no obligation to consider any hardship Redemption requests during the Lock-up Period. All Redemption Fees charged and collected will be considered income to the Fund.

(d) After the expiration of the applicable Lock-Up Period, a Member may withdraw from the Company by providing a written notice to the Manager in a form provided by the Manager to such Member (a "***Redemption Request***"). This written request must be received at least Thirty (30) Business Days prior to the end of the fiscal quarter. In such event, funds in the Operating Account attributable to that Member will be paid out to that Member within Ten (10) days following the end of the fiscal quarter in which the request was received. The amount paid to the Member, shall be based on the availability of cash in the Fund Operating Account, except to the extent necessary to: (i) fund Portfolio Investments with respect to which the Company has entered into a term sheet engagement or written commitment on or prior to receipt of the Redemption Request; (ii) effect follow-on investments in existing Portfolio Investments with respect to which the Fund has entered into a term sheet engagement or written commitment on or prior to receipt of the Redemption Request; (iii) repay any advances made by a creditor of the Fund to fund existing Portfolio Investments and secured by any Capital Commitments or (iv) to pay any expenses, liabilities or obligations of the Fund. In other words, such Member will be paid

out as investments by the Company amortize out. If there is liquidity in the Company, a Member making a Redemption Request may be paid out earlier, at the discretion of the Manager.

(e) After the Lock-up Period, Member Redemption Requests will be considered on a first come, first served basis for payment. The Manager may also choose to redeem all Members pari passu, even if there is a queue of requested Redemptions, or may redeem Membership Interests pari passu at any time at the then current price for Membership Interests, in its sole discretion without penalty to the Manager or the Fund.

(f) A Redemption Request, once received by the Manager, cannot be withdrawn by the Member without the permission of the Manager at the Manager's sole and absolute discretion.

(g) All redemptions and distributions made pursuant to this Section 7.2 will be paid out on a trailing quarterly basis and no more than ten percent (10%) of the Fund Capital accounts can be withdrawn in any fiscal quarter. The Fund will not be required to sell loans or borrow money to fulfill any Member withdrawal request.

(h) The Manager may, in its sole and absolute discretion, suspend any distribution of income and/or withdrawal rights of Members, in whole or in part, when there exists, in the opinion of the Manager, in its sole and absolute discretion, a state of affairs where withdrawals of Member's Capital accounts or the disposal of the Fund's assets, or the inability of the Fund to make investments and income, would not be reasonably practicable or would impair the operations of the Fund or be prejudicial to the Fund or the remaining Members.

(i) The Manager may establish reserves for contingencies (even if such reserves are not otherwise required by GAAP) that could reduce the amount of a distribution such Member would otherwise be entitled to receive pursuant to this Section 7.2. In addition, amounts payable pursuant to this Section 7.2 shall be subject to reduction for all legal, accounting, administrative or other costs and expenses associated with such withdrawal as determined by the Manager in its sole and absolute discretion.

(j) The Manager may require the complete or partial withdrawal of a Member as determined by the Manager, in its sole and absolute discretion, upon not less than Thirty (30) days prior written notice to such Member. Such withdrawal shall be treated in the same manner as a withdrawal pursuant to Section 7.2(d). Such withdrawal will be effected as soon as practicable in the Manager's sole and absolute discretion, at which time the withdrawing Member shall be entitled to receive an amount equal to the fair market value of such Member's interest in the Company, as determined by the Manager in accordance with Section 12 as of the effective date of such withdrawal. The withdrawing Member shall be entitled to receive such amount within One Hundred Twenty (120) days after the date of such withdrawal. Any distribution or payment to a withdrawing Member pursuant to this paragraph may, in the sole and absolute discretion of the Manager, be made in cash, in Securities, in interests in loan obligations, in the form of a promissory note or fractionalized note, the terms of which shall be mutually agreed upon by the Manager and the withdrawing Member, or any combination thereof.

7.3 Amounts Held in Reserve. A loan loss reserve may be maintained by the Fund. The loan loss reserve will be evaluated and established on a case-by-case basis at the sole and absolute discretion of the Manager. This loss reserve is intended to protect Members from potential unrecoverable losses from the Fund's business and operating activities. Although the loan loss reserve may help reduce the impact of defaults, ultimately the repayment and resale of the Company's loans and /or other assets will provide the capital to repay Member's investment in the Company. The Member's investment in the Company, regardless of the loan loss reserve, will be jeopardized to the extent that any loans are in

default and are not eventually repaid or resold, whether by the applicable borrower or by the Fund. Depending on the weighted risk levels of the portfolio, loan loss reserve amounts may be reduced, eliminated or increased accordingly in the sole and absolute discretion of the Manager. The loan loss reserve may initially be funded from the proceeds of the Offering, and thereafter may be funded from additional Offering proceeds or cash flow and/or profits of the Fund (as is determined by the Manager in its sole discretion. Withdrawing Members shall not be entitled to receive or have any loan loss reserves distributed to them. Any loan loss reserves allocated to withdrawing Members shall be reallocated back to the Fund and the remaining Members.

SECTION 8. MANAGEMENT DUTIES AND RESTRICTIONS; CONFIDENTIALITY OF MEMBERS.

8.1 Management. The Manager shall have the sole and exclusive right to manage, control and conduct the business of the Company and to do any and all acts on behalf of the Company, including exercise of rights to elect to adjust the tax basis of Membership assets and to revoke such elections and to make such other tax elections as the Manager shall deem appropriate. The Manager of the Company is North Star Capital Group, LLC.

Without any limitation of the first paragraph of this Section 8.1, the Manager, on behalf of the Company, may enter into and perform each subscription agreement, side letter, advisory agreement and any documents contemplated thereby or related thereto and any amendments thereto, without any further act, vote or approval of any Person, including any Member, notwithstanding any other provision of this Agreement. The Manager is hereby authorized to enter into the documents described in the preceding sentence on behalf of the Company, but such authorization shall not be deemed a restriction on the power of the Manager to enter into other documents on behalf of the Company.

Notwithstanding any other provision of this Agreement to the contrary, the Manager, in its own name and on behalf of the Company, shall be authorized without the consent of any Person, including any Member, to take such action as it determines in its sole discretion to be necessary or advisable to comply with any anti-money laundering or anti-terrorist laws, rules, regulations, directives or special measures, including the actions contemplated by any Subscription Agreement of any Member.

8.2 No Control by the Members. The Members shall take no part in the conduct, control or management of the business or affairs of the Company, nor shall the Members have any authority to act for or on behalf of the Company, except as is specifically permitted by this Agreement. The exercise by any Member of any right conferred herein shall not be construed to constitute participation by such Member in the conduct or control of the business of the Company.

8.3 Commitment of the Members of the Manager. The Manager hereby agrees that its Members, so long as any of them remains a Member of the Manager, shall devote a sufficient amount of time and attention to the affairs of the Company as shall be deemed, in its sole and absolute discretion, by the Manager appropriate to fulfill the Company's purpose.

8.4 Compliance with Membership Agreement; Detrimental Acts; Investment Opportunities.

(a) The Manager shall not knowingly take, and shall cause its Members not to knowingly take, any action in contravention of this Agreement, or that constitutes a Detrimental Act, or that would make it impossible to carry on the business of the Company.

(b) The Manager may, in its sole and absolute discretion, also offer the right to participate in investment opportunities of the Company to itself, its Members, its employees, its Affiliates, Advisors, Fund Administrator, other private investors, groups, Memberships, corporations or Members of the Company. In addition, the Manager, or its Members, Fund Administrator, Advisors, directors, officers, employees, agents, advisors, committees or Affiliates of any thereof may (i) organize, manage, serve as a Manager of, or serve as the primary source of transactions for, other investment funds (other than the Company), or (ii) pursue other business activities not involving the Company.

8.5 Indebtedness; Nature of Investments.

(a) The Manager may, on behalf of the Company, guarantee indebtedness of companies which are, or will become, Portfolio Companies of the Company.

(b) The Company may otherwise borrow money or incur indebtedness on behalf of the Company in the sole and absolute discretion of the Manager for any purpose.

Without any limitation of the foregoing, the Manager, on its own behalf and on behalf of the Company, may borrow money up to thirty-three (33%) of the Company assets for investment purposes, or such other purposes as determined by the Manager in its sole discretion. Borrowings may be obtained through margin credit, credit facilities, swaps, options or other derivative arrangements entered into with securities brokers, financial institutions or other third parties. Such borrowings may be secured by securities, the Capital Commitments in the Operating Account, or other capital of the Company pledged to such brokers, financial institutions or other third parties. The use and terms of such borrowings shall be determined by the Manager in its sole and absolute discretion. In connection with any borrowing described in this Section 8.5, the Manager, on its own behalf and on behalf of the Company, is hereby authorized to pledge, hypothecate, mortgage, assign, transfer or grant security interests in or other liens on (i) the Members' obligations to make capital contributions subject to the terms hereof, and (ii) any other assets, rights or remedies of the Company or of the Manager hereunder or under the Subscription Agreements, including without limitation, the right to exercise remedies upon a default by a Member in the payment of its capital contributions and the right to receive capital contributions and other payments. All rights granted to a lender pursuant to this Section 8.5 shall apply to its agents and its successors and assigns.

(c) The Company will generally not invest more than Fifteen Percent (15%) of aggregate Capital Commitments in any single portfolio company or group of affiliated companies (including guarantees by the Company with respect to such portfolio company or group); provided, however, that the Manager may waive this guideline in its sole and absolute discretion.

8.6 Confidentiality.

(a) The Members hereby acknowledge that the Company creates and will be in possession of confidential and trade secret information, the improper use or disclosure of which could have a material adverse effect upon the Company or upon one or more Members or Portfolio Companies in which the Company has invested. The Members hereby acknowledge that pursuant to Section 17-305(f) of the California Act, the rights of a Member to obtain information from the Company shall be limited to only those rights provided for in this Agreement and any side letter to this Agreement to which such Member and the Company are parties, and that any other rights provided under Section 17-305(a) of the California Act shall not be available to the Members or applicable to the Company. Notwithstanding anything in this Agreement to the contrary, including any requirement to deliver audited or unaudited financial statements or to allow the inspection of the Company's books, any information provided or disclosed to a Member may be adjusted, at the Manager's discretion, such that the actual names and other

identifying data that relate to the Company's current, past or prospective portfolio companies need not be disclosed to the Members.

(b) The Members acknowledge and agree that all information provided to them by or on behalf of the Company, the Manager, the Administrator or any of their respective Affiliates concerning the business or assets of the Company, a Member, any of their respective Affiliates or a Portfolio Company shall be deemed strictly confidential and shall not, without the prior consent of the Manager be (i) disclosed to any Person (other than a Member) or (ii) used by a Member other than for a Membership purpose or a purpose reasonably related to protecting such Member's interest in the Company. A Member may disclose confidential Membership information to its officers, directors, employees, representatives and agents (including without limitation attorneys, consultants, accountants and bankers) so long as such persons are bound by comparable confidentiality obligations to such Member, and a Member that is a fund of funds (i) may provide confidential information to its Members and other equity holders so long as such persons are bound by comparable confidentiality obligations to such Member and (ii) may provide aggregate fund-level information about the Company to prospective investors of it and its affiliates, provided that no identifying information with respect to individual portfolio companies is provided to such prospective investors. In addition, a Member may make any disclosure that is required by law, regulation or legal, regulatory or self-regulatory process. There is no limitation on disclosure of the tax treatment or tax structure of the Company or any transaction that is the subject of this Agreement.

(c) To the extent permitted by applicable law, and notwithstanding the provisions of Sections 11.2, 11.3 and 11.4, the Manager may, in its sole and absolute discretion, keep confidential from any Member information to the extent the Manager reasonably determines that: (i) disclosure of such information to such Member could reasonably be anticipated to have a material adverse effect upon the Company, a Member or a Portfolio Company due to an actual or likely conflict of business interests between such Member and one or more other parties or an actual or likely imposition of additional statutory or regulatory constraints upon the Company, a Member or a Portfolio Company; or (ii) the Member cannot or will not adequately protect against the improper disclosure of confidential information and the disclosure of such information to a non-Member could reasonably be anticipated to have a material adverse effect upon the Company, a Member or a Portfolio Company. The foregoing provisions of this Section 8.6(c) shall not apply to permit the Manager to keep confidential from a Member: (x) any information that such Member requires to comply with applicable law or a domestic national securities exchange rule; (y) such Member's Capital Account balance; or (z) for a period exceeding twelve (12) months, any specific item of summary balance sheet-type information with regard to the Company or a Portfolio Company.

(d) The Members: (i) acknowledge that the Manager is expected to acquire confidential third-party information (e.g., through Portfolio Company directorships held by members of the Manager) that, pursuant to related fiduciary, contractual, legal or similar obligations, cannot be disclosed to the Company or the Members; and (ii) agree that neither the Manager nor its Members shall be in breach of any duty under this Agreement or the California Act in consequence of acquiring, holding or failing to disclose such information to the Company or the Members so long as such obligations were undertaken in good faith.

(e) The Members acknowledge that each of Schedule A to this Agreement exists in two forms: (i) a Schedule A, on which each Member's name and contact information is represented by an assigned number; and (ii) a complete Schedule A listing information relating to all Members. Except as otherwise determined by the Manager, to the fullest extent permitted by law, the complete Schedule A referred to in the preceding clause (ii) shall be viewed solely by the Manager. The Members specifically acknowledge and agree that the purpose of this approach is to maximize the confidential treatment of the name and contact information of the Members vis-a-vis each other and third parties. To the maximum

extent permitted by applicable law, each Member hereby irrevocably waives any rights such Member, as the case may be, might otherwise have to view the name and contact information of any other Member. In the event that any issue arising under this Agreement turns upon information set forth on Schedule A any Member, as the case may be, may request that, at the Member's expense, the Company's attorneys or accountants confirm that such issue was properly addressed or resolved in accordance with the terms of this Agreement, but to the fullest extent permitted by law, shall not thereby be entitled to view or otherwise gain access to the name or contact information of any other Member. At the request of a Member, as the case may be, the Manager shall notify such Member of the assigned number representing such Member's name and contact information on the Schedule A or B, as applicable, referred to in clause (i) of this paragraph.

(f) Notwithstanding any provision of this Agreement to the contrary, in order to preserve the confidentiality of information disseminated by the Manager or the Company under this Agreement, including quarterly and annual reports (other than the IRS Forms 1065, Schedule K-1s), information provided at the Company's informational meetings, and assuming that a Member is entitled to receive such information pursuant to this Agreement, the Manager may (i) provide to such Member access to such information only on the website of North Star Capital Group, LLC in password protected, non-downloadable, nonprintable format for a reasonably limited period of time (e.g., until such information is no longer current), and (ii) require such Member to return any copies of information provided to it by the Manager or the Company, and such Member hereby agrees that, upon reasonable request by the Manager, it shall (and shall cause its Affiliates and representatives to) promptly return (or certify in writing to the Company the destruction thereof) all copies (whether paper or electronic) of all materials containing such requested information. Each Member agrees to cooperate with such procedures and restrictions as may be developed by the Manager from time to time in connection with the disclosure of non-public information concerning the Manager and the Company, including information concerning the Company's portfolio companies, as determined by the Manager to be reasonably necessary and advisable to maintain and promote compliance with legal and other regulatory matters applicable to the Manager, the Company, the Members and the Portfolio Companies, including securities laws and regulations. The obligations and undertakings of each Member under this Section 8.6 shall be continuing and shall survive termination of the Company.

(g) The Company shall be entitled to enforce the obligations of each Member under this Section 8.6 to maintain the confidentiality of the financial statements of the Company, Portfolio Company reports, and other information provided by the Company or the Manager to such Member. The remedies provided for in this Section 8.6 are in addition to and not in limitation of any other right or remedy of the Company provided by law or equity, this Agreement, or any other agreement entered into by or among any one or more of the Members and the Company. In the event of any legal proceedings relating to a breach of this Section 8.6 by a Member, such Member shall pay all costs and expenses incurred by the Company, including attorneys' fees, in the event that there is a court determination or a determination in connection with an arbitration or other proceeding pursuant to Section 15.5 to the effect that such Member has breached this Section 8.6. Each Member hereby (i) agrees that the remedy at law for damages resulting from its default under this Section 8.6 is inadequate because the substantial value that the Company derives from information concerning the Company and its Portfolio Company investments requires that such information be kept confidential, and (ii) consents to the institution of an action for specific performance of its obligations to keep confidential the Company information in the event of such a breach of this Section 8.6. Each Member further agrees that any actions taken by the Managing Member under this Section 8.6 shall expressly supersede any duties the Managing Member may otherwise have to such breaching Member under this Agreement, the Act or otherwise.

8.7 Disclosures. Consistent with each Member's representations and covenants set forth in Section 9.1, such Member shall furnish to the Company upon request any information with respect to

such Member or the direct and indirect beneficial owners thereof as determined by the Manager to be necessary or convenient for the formation, operation, dissolution, winding-up or termination of the Company or in order for the Company or the Manager to comply with applicable laws or regulations or to minimize or eliminate any material adverse on the Company, its Members or direct or indirect beneficial owners. Each Member further agrees that if it is unable to provide such information and such inability causes a material adverse effect on the Company or any of its Members or direct or indirect beneficial owners, the Manager may take such steps as it deems necessary in its reasonable judgment, including transferring such Member's interest in the Company to a separate Membership having substantially identical terms to this Agreement, to minimize or eliminate any such adverse effects on the Company and its Members or direct or indirect beneficial owners. The Company and the Manager shall refrain from disclosing any confidential information furnished by a Member except as may be necessary or required for the Company to comply with applicable law, including, but not limited to, those statutes and laws set forth in Section 9.1(h), or to minimize or eliminate any material adverse effect on the Company, its Members or direct or indirect beneficial owners.

8.8 Key Man. The Managing Members of the Manager are John Simonse and Mark Hanf. Mr. Simonse and Mr. Hanf are considered integral parts of the Company's investments and operations (each a "Key Man"). Upon the death or permanent disability of either Mr. Simonse or Mr. Hanf, the other Key Man can fulfill the duties as required for the Manager. The Manager will then also within ninety (90) days appoint a new second key man. The Managers would like at this time to appoint Mathias Coordes as the replacement Key Man upon the death or permanent disability of either Mr. Simonse or Mr. Hanf. The Members shall have the right to approve the new second Key Man chosen by the Manager by majority yes or no vote. If no new second Key Man is approved by the Members within One (1) year, then the Fund will proceed with an orderly wind down of the Company.

SECTION 9. MEMBER MEETINGS, REPRESENTATIONS AND COVENANTS; TRANSFER OF COMPANY MEMBERSHIP INTERESTS.

9.1 Member Meetings.

(a) **Meetings**. A meeting of Members shall be held: (a) if it is called by the Managing Member; or (b) if Members holding at least Eighty Percent (80%) of the issued Membership Interests on the Record Date and at least Eighty Percent (80%) of all individual Member Capital accounts (as defined below) sign, date, and deliver to the Fund Administrators office a written request for the meeting, describing the purpose or purposes for which it is to be held. In either case, the Manager shall call a meeting by providing written notice to the Members (in the case of a Member requested meeting, within Thirty (30) days after receipt of the request from the Members) stating the purpose of the meeting, and the date, time and place of the meeting. Such meeting shall be held at a convenient time and place designated by the Manager not less than Fifteen (15) days or more than Sixty (60) days after the Manager's written notice to the Members. All meetings of Members shall be held at the principal office of the Company or any other place specified in the Notice of Meeting.

(b) **Quorum**. The presence, in person or by proxy, of Members holding at least Fifty Percent (50%) of the then issued Membership Interests shall constitute a quorum. A quorum is not required to be present at any meeting of the Members in order for the Managing Member to hold a meeting.

(c) **Proxies**. A Member may be represented at a meeting in person or by written proxy. A proxy shall be in writing executed by the Member and filed with the Managing Member before the commencement of the meeting. The Managing Member may specify the persons who can be appointed as a proxy.

(d) **Voting**. On each matter requiring action by the Members, each Member may vote the Member's Membership Percentage. Except as otherwise stated in the Articles of Organization or this Agreement, a matter submitted to a vote of the Members shall be deemed approved if it receives the affirmative vote of Sixty Percent (60%) of the total of the Company's Capital accounts at the time of the vote.

(e) **Action By Ballot Without Meeting**. Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting by ballot in writing, describing the action taken, signed by the number of Members owning at least Sixty Percent (60%) of the Company's Capital accounts at the time of the vote. The Manager may call for an action by ballot without meeting by delivering to the Members the ballot together with a description of the proposed action and by requiring that the ballot be returned within a specified number of days, which shall not be less than Fifteen (15) nor more than thirty (30) days, after the date the ballots are mailed. If a Member does not return the Member's ballot within the required period of time, the Member shall be deemed to have voted "yes" and consented to the proposed action.

(f) **Record Date**. The persons entitled to notice of and to vote at a meeting of the Members or by ballot, and their respective Membership Percentage, shall be determined as of the Record Date for the meeting or the ballot. The Record Date for a meeting shall be a date selected by the Manager not earlier than Sixty (60) days or less than Fifteen (15) days before the meeting or the date the ballots are mailed, as the case may be (the "Record Date"). If the Manager does not specify a Record Date for a meeting or ballot, the Record Date shall be the date on which notice of the meeting or ballot was first mailed or otherwise transmitted to the Members.

9.2 Representations and Covenants of the Members.

This Agreement is made with each of the Members in reliance upon each Member's representation to the Company, which by executing this Agreement each Member hereby confirms, the following:

(a) Member has the full power and authority to execute and deliver this Agreement via power of attorney given to the Manager and to act as a Member hereunder; this Agreement has been authorized by all necessary actions by it; and this Agreement is a legal, valid and binding obligation of it, enforceable against it according to its terms;

(b) Member's interest in the Company is to be acquired for investment, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of selling, granting participation in, or otherwise distributing the same, and each Member understands that its interest in the Company has not been registered under the Securities Act and that any transfer or other disposition of the interest may not be made without registration under the Securities Act or pursuant to an applicable exemption therefrom. Member further represents that it does not have any contract, undertaking, agreement, or arrangement with any Person to sell, transfer, or grant participation to such Person, or to any third person, with respect to its interest in the Company. Member is an "accredited investor" as such term is defined in the Securities Act and a "qualified client" as such term is defined in the Investment Advisers Act of 1940;

(c) Member acknowledges and agrees that its investment in the Company is a speculative investment and involves a high degree of risk of loss of such entire investment;

(d) Member has reviewed and understands the import of Section 15.13 of this Agreement in its entirety, and agrees that, except as specifically required by law, Member shall have no

actionable claim or claims against the Manager, any of its members, the Advisor, the Fund Administrator, or any respective Affiliate or attorney or accountant of any of the foregoing, with respect to or arising out of any information, statement or projection respecting the Company, whether written or oral, and including, but not limited to, any such information, statement or projection made or provided in the Memorandum, which is not fully expressed in this Agreement (or in any Subscription Agreement or side letter, as applicable, to which Member is a party);

(e) Member acknowledges that the Company is relying on Section 3(c)(5) of the 1940 Act as the basis for its exemption from regulation as an "Investment Company" under said statute, and, consequently, Member shall promptly notify the Manager of any change in the structure of, or other event relating to, such Member that affects how the Interests are held or any change in the status of a Member as a "qualified client" as such term is used in the Investment Advisers Act of 1940 (as applicable), as amended.

(f) Member represents that such Member has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Company and is able to bear the economic risk of that investment. Member represents that such Member has had an opportunity to ask questions of and receive answers from the Manager in order to obtain such additional information as such Member has deemed necessary to make an informed investment decision with respect to a purchase of an interest in the Company and, unless otherwise disclosed in writing to the Manager (which such writing shall constitute a representation by such Member hereunder), that such Member is an accredited investor, as that term is defined in Regulation D promulgated by the Securities and Exchange Commission. Member represents that such Member is not subject to a "Bad Actor" disqualification, as such term is used in Rule 506(d) of Regulation D promulgated by the Securities and Exchange Commission. Member covenants to immediately provide written notice to the Manager in the event such Member is charged with, or convicted of, any felony or misdemeanor or is the potential target of, or becomes subject to, any order, judgment, decree or other condition set forth in Rule 506(d) of Regulation D promulgated by the SEC. Member covenants to provide such information to the Manager as the Manager may request in order to comply with the disclosure obligations set forth in Rule 506(e) of Regulation D promulgated by the Securities and Exchange Commission;

(g) Member acknowledges and understands that the Company will seek to comply with all applicable laws concerning money laundering and similar activities to which the Company may be or become subject as a credit fund. In furtherance of such efforts, Member hereby represents and agrees that, to the best of such Member's knowledge based upon appropriate diligence and investigation: (i) none of the cash or property that is paid or contributed to the Company by such Member shall be derived from, or related to, any activity that is deemed criminal under United States law; and (ii) no contribution or payment to the Company by such Member shall (to the extent that such matters are within the control of such Member) cause the Company or the Manager to be in violation of the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001. Member shall promptly notify the Manager if any of the foregoing shall cease to be true and accurate with respect to such Member;

(h) Member hereby agrees to provide to the Manager any additional information regarding such Member deemed necessary or convenient by the Manager to ensure compliance with all applicable laws concerning money laundering and similar illicit activities. Member understands and agrees that the Company or the Manager may release confidential information about such Member and, if applicable, any underlying beneficial owners, to proper authorities if the Manager determines that it is in the best interests of the Company or its Affiliates in light of relevant rules and regulations under the laws set forth above;

(i) Member understands and agrees that, if at any time it is discovered that any of the foregoing representations are incorrect, or if otherwise required by applicable law or regulation related to money laundering and similar activities, the Manager may undertake appropriate actions to ensure compliance with applicable law or regulation, including segregation or redemption of such Member's investment in the Company, cessation of further distributions to such Member, refusal of future capital contributions by such Member, and other similar acts. In the event that the Manager takes any of the foregoing acts, Member agrees that the Manager may manage the remaining portion of such Member's investment in the Company separate and apart from the Company's assets, including selling or otherwise disposing of such assets and reinvesting the proceeds therefrom. The rights and obligations of the Manager under this Section 9.1(i) shall expressly supersede any duties that the Manager may have to such Member under the Act or otherwise; and

(j) In addition to any remedies at law or in equity, Member severally agrees to indemnify and hold harmless the Company, the Advisor, the Fund Administrator, the Manager and their respective Affiliates and each other Member from and against any and all losses, liabilities, damages, penalties, costs, fees and expenses (including legal fees and disbursements) that may result, directly or indirectly, from any acts taken by the Manager in accordance with the preceding paragraph and in any other transaction related to the Company.

9.3 Transfer by Member.

(a) No Member shall sell, assign, pledge, mortgage or otherwise dispose of or transfer ("***Transfer***") its Interest (whether voluntarily, involuntarily, by operation of law or otherwise) in the Company or the Company's capital assets or property without the prior written consent of the Manager, which consent may be withheld or granted in its sole and absolute discretion, and without compliance with Section 9.3(b) below. The Company may redeem any Interest of any Member acquired by any Person, or in any transaction, in violation of applicable law, as determined by the Manager in its sole and absolute discretion. The Manager may condition such consent on receipt of an opinion of counsel reasonably acceptable to it and its counsel that such transfer or disposition would not result in any adverse legal or regulatory consequences to the Company or any Member under the Investment Company Act of 1940, the Investment Advisers Act of 1940, or otherwise, including, but not limited to, that such Transfer would not:

(i) result in a violation of the Securities Act of 1933, the Securities Exchange Act of 1934, or any securities laws of any jurisdiction applicable to the Company or the interest to be transferred;

(ii) cause the Company to become a "publicly traded limited liability company" for federal income tax purposes;

(iii) constitute a "public offering" within the meaning of Section 7(d) of the Investment Company Act of 1940; or

(iv) result in the termination of the Company or loss by the Company of its status as a Membership for tax purposes.

(b) Section 9.3(a) shall not apply to a Transfer by a Member to a person that acquires such Member's Interest by reason of the death or legal incapacity of such Member. Each Member hereby agrees that it will not Transfer all or any fraction of its Interests except as permitted by this Agreement.

(c) The transferring Member agrees that it will pay all reasonable expenses, including attorneys' fees, incurred by the Company in connection with a Transfer of its Membership Interests.

(d) Prior to making any pledge, sale, assignment or transfer of a Member Interest, a Member shall first give written notice to the Manager describing the proposed transferee and the terms and conditions of the transaction, and such Interest may be transferred by the Member according to the terms and conditions specified in the notice upon obtaining the consent specified in subparagraph (a) above.

(e) In the case of transfers made in connection with an Event of Default or as necessary to comply with applicable provisions of law, each Member hereby irrevocably appoints and designates the Managing Member as attorney-in-fact for and on behalf of such Member to effect any transfer of that Member's interest in the Company in the manner provided in this Section 9 if, and to the extent, such transferring Member fails to timely execute or deliver any documents as requested by the Managing Member under this Section 9.3.

(f) Any Person or entity that is in receipt of the transfer of a Member's interest, transferee, shall be deemed an EIH only of the Member's interest.

9.4 Substitution as a Member. An assignee of a Member's Interest pursuant to this Section shall become a substituted Member only with the consent of the Manager (which consent the Managing Member may grant or withhold, condition or delay, in its sole and absolute discretion) and only if such assignee (a) elects to become a substituted Member by delivering a notice of such election to the Company, (b) executes, acknowledges and delivers to the Company such other instruments as the Managing Member may deem necessary or advisable to effect the admission of such transferee as a substituted Member, including, without limitation, the written acceptance and adoption by such assignee of the provisions of this Agreement, (c) makes all the representations and warranties previously made by Members under this Agreement or in any Subscription Agreement; and (d) pays any and all costs and expenses as set forth in Section 9.5. In the event that a Member transfers all of its Interest in the Company in accordance with this Agreement, such assignee shall be deemed admitted to the Company as a Member effective immediately prior to the transfer upon its execution of a counterpart to this Agreement. If the Manager does not consent to the transferee being a substituted Member than the transferee can with the Manager's sole and absolute discretion become an EIH.

9.5 Expenses of Transfer; Indemnification. All expenses, including attorneys' fees and expenses, incurred by the Manager or the Company in connection with any transfer by a Member shall be borne by the transferring Member or such Member's assignee. In addition, unless otherwise agreed in writing by the Manager, the transferring Member or such assignee shall indemnify the Company and the Manager in a manner satisfactory to the Manager against any losses, claims, damages or liabilities to which the Company or the Manager may become subject arising out of or based upon any false representation or warranty made by, or breach or failure to comply with any covenant or agreement of, such transferring Member or such assignee in connection with the transfer.

SECTION 10. DISSOLUTION AND LIQUIDATION OF THE COMPANY; LIQUIDATION OF MANAGING MEMBERS' INTEREST

10.1 Winding Up or Winding Down after an Event of Dissolution. The Company shall dissolve upon the occurrence of any Event of Dissolution. Upon any Event of Dissolution, specified in Section 14.17, a Majority in Interest of the Members shall elect one or more liquidating trustees to

manage the Winding Up or Winding Down of the Company, as described further in Section 10.3, if there is no Manager. Otherwise the Manager shall manage the Winding Up or Winding Down of the Company.

10.2 Procedure if Membership Continues with Successor Manager. If the Company is continued without dissolution in accordance with Section 14.17, effective as of the date the Manager ceased to be a Manager of the Company (the "***Cessation Date***"), the Company interest of the former Manager shall be converted to, and shall become, a Member Interest and the former Manager shall become a Member entitled to receive the amounts that would otherwise have been distributed to it as a Member pursuant to Section 7 and Section 10.4 in respect of its capital contributions to the Company.

10.3 Winding Up and Winding Down Procedures.

(a) Promptly upon dissolution of the Company, the affairs of the Company shall be Wound Up or Wound Down and the Company assets liquidated. The determination of whether to Wind Up the Company or to Wind Down the Company shall be determined solely and with absolute authority by the Manager. The Capital Accounts of all the Members shall be calculated as previously, all assets and liabilities of the Company shall be valued at the end of every quarter based on the Managers best judgment and capital shall be disbursed to the Members as it comes into the Company on a quarterly basis. All Member withdrawals and distributions shall be frozen, there will be no Reinvestment or Rollover of income, if any, and each Member shall receive their pro rata share of distributions, if any, based on their Capital Account percentage of the Company.

(b) The procedures for Winding Up the Company are as follows: The Fund Manager in choosing to Wind Up the Fund will place equal weight on preserving the assets of the Fund and on having the affairs of the Fund settled in a timely fashion and less weight on making income. In other words, if the Manager decides in its sole and absolute authority that it is in the best interest of the Fund to Wind up the Fund, then the Fund shall be wound up to the best of the Manager's ability in approximately one to two years. The Fund shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Manager shall use its best efforts to obtain full value for the assets of the Fund and avoid discount or under market sales of any assets if possible, but the sale of assets will still need to be made under current market conditions. The Manager shall be responsible for overseeing the Winding Up and liquidation of Fund, shall take full account of the liabilities and assets of the Fund, shall either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed to the Members in accordance with Section 5. The Manager Winding Up the affairs of the Fund shall be entitled to receive their same compensation as previously described.

(c) The procedures for Winding Down the Company are as follows: The Fund Manager in choosing to Wind Down the Fund will place more weight on preserving the assets of the Fund and providing income for the Members and less weight on having the affairs of the Fund settled in a timely fashion. In other words, if the Manager decides that it is in the best interest of the Fund to Wind Down the Fund, then the Fund shall be wound down to the best of the Manager's ability in approximately five years. The Fund shall continue to make loans and income, but also consider the winding down of its affairs in a slow and orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Manager shall endeavor to obtain full value for the assets of the Fund and avoid discount or under market sales of any assets, if not required to do so. The Manager shall be responsible for overseeing the Winding Down and liquidation of Fund, shall take full account of the liabilities of Fund and assets, shall either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied

and distributed to the Members in accordance with Section 5. The Manager Winding Down the affairs of the Fund shall be entitled to receive their same compensation as previously described.

(d) Distributions in Winding Up and Winding Down may be made to the Members in cash or in kind or partly in cash and partly in kind. The Manager or the liquidating trustee shall use its judgment as to the most advantageous time for the Company to sell investments or to make distributions in kind. Subject to Section 17-804 of the California Act, all cash and each Security distributed in kind after the date of dissolution of the Company shall be distributed pro rata in accordance with the Manager and the Members' positive Capital Account balances, unless such distribution would result in a violation of a law or regulation applicable to a Member or a tax penalty to such Member, in which event, upon receipt by the Manager of notice to such effect, such Member may designate a different entity to receive the distribution, or designate, subject to the approval of the Manager, an alternative distribution procedure (provided such alternative distribution procedure does not prejudice any of the other Members). Each Asset so distributed, if any, shall be subject to reasonable conditions and restrictions necessary or advisable in order to preserve the value of such Security or for legal reasons.

10.4 Payments in Liquidation. The Manager shall determine, in its sole and absolute authority, how the assets of the Company shall be paid or distributed in Winding Up or Winding Down of the Company. The Manager's guideline for distribution of assets, which may be adjusted at the sole discretion of the Manager, is as follows:

(a) to the creditors of the Company, other than Members, in satisfaction of all liabilities of the Company, in the order of priority established by law (whether by payment or by the making of reasonable provision for payment thereof);

(b) to the Members, in satisfaction of any loans made to, or other debts owed by the Company to such Members;

(c) to the Manager, to pay its annualized Management Fee (paid quarterly on total Assets Under Management as of the last day of each calendar quarter);

(d) to the Members on a pari passu basis as to the Preferred Return; and

(e) any remaining Excess Distributable Cash to be split Fifty Percent (50%) to the Members pro-rata and Fifty Percent (50%) to the Manager.

SECTION 11. FINANCIAL ACCOUNTING, REPORTS, MEETINGS AND VOTING.

11.1 Financial Accounting; Fiscal Year. The books and records of the Company shall be kept by the Manager and / or the Fund Administrator in accordance with the provisions of this Agreement and Generally Accepted Accounting Principles ("GAPP") or tax accounting as required by the IRS for tax reporting. The books and records of the Company shall be audited, as required, by a Certified Public Accountant selected by the Manager. The Company's fiscal year shall be the calendar year. It is agreed and understood that, for purposes of maintaining its books and records and producing the reports required hereunder, the Company shall not be required to consolidate (or otherwise combine) its financial results with those of its Portfolio Companies whether or not GAAP would require such consolidation (or other form of combination). The Members acknowledge that the Managing Member and the Company's accountants will require information from third parties in order to comply with the requirements of this Section 11.1 and Sections 11.4 and 11.5, and agree that neither shall have liability to the Company or the Members in connection therewith, so long as they exercise commercially reasonable efforts in seeking to obtain such information on a timely basis.

11.2 Supervision; Inspection of Books. The Manager and / or the Fund Administrator shall retain proper and complete books of account of the business of the Company, copies of the Company's financial statements and federal, state and local tax returns for at least the last Six (6) fiscal years of the Company, the Member information set forth on Schedule A of this Agreement, and the Company's Certificate of Company at the principal office of the Company. For purposes of this Agreement, proper and complete books of account of the affairs of the Company shall mean solely: (i) the operating agreement of the Company and all amendments thereto; (ii) the certificate of the Company, as filed with the Secretary of State of California, and all amendments thereto; (iii) all effective waivers of the Company executed by the Members and the Manager; and (iv) the Company's federal, state and local income tax returns for each year. The books and records shall be open to inspection by Members or their authorized representatives during normal business hours and in accordance with all applicable law, including, but not limited to, the California Act.

11.3 Quarterly Reports. The Manager shall endeavor to transmit, or cause the transmission, to the Members, within thirty (30) days after the close of each fiscal quarter, an unaudited status report on the Company for the quarter.

11.4 Annual Report; Financial Statements of the Company. The Manager shall transmit, or cause to be transmitted, to the Members within One Hundred eighty (180) days after the close of the Company's fiscal year, audited financial statements of the Company, as required, prepared in accordance with the terms of this Agreement and/or GAAP or other accepted tax accounting principles. The Manager intends to provide an audited financial statement after the first year of Company operations. Thereafter, the Manager intends to provide an audited financial statement every two years. In addition, the Manager will provide to the Members a year end income and balance sheet, a statement of changes in the Members' Capital Accounts and a list of assets.

11.5 Tax Returns. The Manager shall use its reasonable efforts to cause the Company's tax return and IRS Form 1065, Schedule K-1, to be prepared and delivered to the Members within One Hundred Twenty (120) days after the close of the Company's fiscal year and shall provide such other information as may be needed by any Member to enable it to file any required return or report. In the event the Managing Member is unable to deliver a Schedule K-1 within One Hundred Twenty (120) days after the close of the Company's fiscal year, the Manager will furnish each of the Members an estimated Schedule K-1 by such date.

11.6 Tax Matters Member. The Manager shall be the Company's tax matters Member under the Code and under any comparable provision of state law. The Manager shall have the right to resign as tax matters Member by giving Thirty (30) days written notice to each Member if the Manager reasonably believes that there may be a conflict of interest between its interests and those of any other Member. Upon such resignation, a successor tax matters Member shall be appointed by the Manager, subject to the Manager's sole and absolute discretion. The tax matters Member shall employ experienced tax counsel to represent the Company in connection with any audit or investigation of the Company by the Internal Revenue Service and in connection with all subsequent administrative and judicial proceedings arising out of such audit. If the tax matters Member is required by law or regulation to incur fees and expenses in connection with tax matters not affecting all the Members, then the tax matters Member may, in its sole and absolute discretion, seek reimbursement from those Members on whose behalf such fees and expenses were incurred. The tax matters Member shall keep the Members informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Member, if such Member so requests in writing, a copy of each notice or other communication received by the tax matters Member from the Internal Revenue Service, except such notices or communications as are sent directly to such requesting Member by the Internal Revenue Service. The relationship of the tax matters Member to the Members is that of a fiduciary, and the tax matters Member has fiduciary obligations to

perform its duties as tax matters Member in such manner as will serve the best interests of the Company and all of its Members. To the fullest extent permitted by law, the Company agrees to indemnify the tax matters Member and its agents and save and hold them harmless, from and in respect to all (i) fees, costs and expenses in connection with or resulting from any claim, action or demand against the tax matters Member, the Manager or the Company that arises out of or in any way relates to the tax matters Member's status as tax matters Member for the Company, and (ii) all such claims, actions and demands and any losses or damages therefrom, including amounts paid in settlement or compromise of any such claim, action or demand.

11.7 Meetings. Covered in Section 9

11.8 Written Consent. Covered in section 9

11.9 Banking. All uninvested funds of the Company shall be maintained by the Manager in the Operating Account, which shall be determined by the Manager in its sole and absolute discretion. All withdrawals by check or otherwise from such accounts or funds shall be made by individuals designated for such purposes by the Manager.

11.10 Voting. Members shall vote in the ratio of their Membership Percentages and shall be deemed a single class and group of Members of the Company for all purposes of the California Act and this Agreement. Except as specifically set forth in this Agreement in Section 9 or as provided by applicable law, the Members shall have no right to vote, or otherwise take any action on any matter relative to the Company and its affairs, including, but not limited to, (i) the dissolution of the Company, (ii) the incurrence of debt by the Company, (iii) transactions involving an actual or potential conflict of interest between the Manager and the Company or any Members, , (iv) continuation of the business of the Company after its dissolution, or (v) the admission of a new Manager.

11.11 Removal or Withdrawal of the Manager. Members may hold a meeting as per Section 9. At the meeting, Members holding Eighty Percent (80%) of the Company Member Interest and Eighty Percent (80%) of the Company Capital Accounts may, by affirmative vote, and with Ninety (90) days' written notice, remove the Manager. Members may then, by the affirmative vote of Sixty Percent (60%) the Company Member Interest, elect a new Manager, provided, however, that such removal of the Manager shall not become effective until the election of the new Manager.

SECTION 12. VALUATION

12.1 Valuation.

(a) The valuation of assets and liabilities under this Agreement shall be at fair market value as determined by the Manager, subject to Section 12.1(b) below. Except as may be required under applicable Treasury Regulations, no value shall be placed on the goodwill or the name of the Company in determining the value of the interest of any Member or in any accounting among the Members. Being that there is no active public market, the value shall be the fair market value thereof, as determined by the Manager, taking into consideration the purchase price of the assets, the state of completion of the asset, any development of entitlement risks associated with the asset, the amount of time required for the liquidation of the asset, current market and economic conditions at the time of the sale of the asset, any financial data and projections provided to the Manager by Advisors and other professionals, and such other factor(s) as the Manager may deem relevant.

(b) The Manager shall make any requisite adjustments to the valuation methods applied by the Manager so that they are not inconsistent with GAAP or other tax accounting acceptable to the IRS when required to be applied by the Company or the Company's independent accountants.

(c) If the Manager in good faith determines that, because of special circumstances, the valuation methods set forth in Section 12.1(a) and (b) do not fairly determine the value of an asset then the Manager shall make such adjustments or use such alternative valuation method as it deems appropriate.

SECTION 13. MEMBERS SUBJECT TO SPECIAL REGULATION.

13.1 ERISA Members.

(a) Each Member that is an "employee benefit plan" or that is an entity that is deemed to hold "plan assets" within the meaning of, and subject to the provisions of, ERISA (an "***ERISA Member***"), and the fiduciary or other Person making the decision to invest in the Company on behalf of such Member, hereby (i) acknowledges that it is its understanding that neither the Company, the Manager, nor any of the Affiliates of the Manager, are "fiduciaries" within the meaning of ERISA, of such ERISA Member or any plan(s) for which such ERISA Member holds "plan assets" by reason of the ERISA Member investing in, and being a Member of, the Company; (ii) acknowledges that the ERISA Member has been informed of and understands the investment objectives and policies of, and the investment strategies that may be pursued by, the Company; (iii) acknowledges that the ERISA Member is aware of the provisions of Section 404 of ERISA relating to the requirements for investment and diversification of the assets of employee benefit plans and trusts subject to ERISA; (iv) represents that the ERISA Member has given appropriate consideration to the facts and circumstances relevant to the investment by the ERISA Member in the Company and has determined that such investment is reasonably designed, as part of such portfolio, to further the purposes of such ERISA Member and any plan(s) for which such ERISA Member holds "plan assets"; (v) represents that, taking into account the other investments of such ERISA Member, and the diversification thereof, such ERISA Member's investment in the Company is consistent with the requirements of Section 404 and other provisions of ERISA; (vi) acknowledges that the ERISA Member understands that current income will not be a primary objective of the Company; and (vii) represents that, taking into account the other investments of such ERISA Member, the investment of assets of such ERISA Member in the Company is consistent with the cash flow requirements and funding objectives of such ERISA Member and any plan(s) for which it holds "plan assets."

(b) Notwithstanding any provision contained herein to the contrary, each ERISA Member may elect to withdraw from the Company, or upon demand by the Manager shall withdraw from the Company, at the time and in the manner hereinafter provided, if either the ERISA Member or the Manager shall obtain an opinion of counsel (which counsel shall be reasonably acceptable to both the ERISA Member and the Manager) to the effect that, as a result of applicable statutes, regulations, case law, administrative interpretations or similar authority (i) the continuation of the ERISA Member as a Member of the Company or the conduct of the Company will result, or there is a material likelihood the same will result, in a material violation of ERISA, or (ii) all or any portion of the assets of the Company constitute assets of the ERISA Member for the purposes of ERISA and are subject to the provisions of ERISA to substantially the same extent as if owned directly by the ERISA Member. Thereupon, unless within one hundred twenty (120) days after receipt of such written notice and opinion, the Manager is able to eliminate the necessity for such withdrawal to the reasonable satisfaction of the ERISA Member and the Manager, whether by correction of the condition giving rise to the necessity of the ERISA Member's withdrawal, or the amendment of this Agreement, or otherwise, such ERISA Member shall withdraw its entire interest in the Company, such withdrawal to be effective upon the last day of the fiscal quarter during which such one hundred twenty (120) day period expired.

(c) The withdrawing ERISA Member shall be entitled to receive within one hundred twenty (120) days after the date of such withdrawal an amount equal to the fair market value of such Member's interest as of the effective date of such withdrawal.

(d) Any distribution or payment to a withdrawing ERISA Member pursuant to this paragraph may, in the sole and absolute discretion of the Manager, be made in cash, in Securities, in the form of a promissory note, the terms of which shall be mutually agreed upon by the Manager and the withdrawing ERISA Member, or any combination thereof.

13.2 Governmental Plan Members. Notwithstanding any provision of this Agreement to the contrary, any Member that is a "governmental plan" as defined in Title 29, section 1002(32) of the United States Code (a "***Governmental Plan Member***") may elect to withdraw from the Company, or upon demand by the Manager shall withdraw from the Company, if either the Governmental Plan Member or the Manager shall obtain an opinion of counsel (which counsel shall be reasonably acceptable to both the Governmental Plan Member and the Manager) to the effect that the Governmental Plan Member, the Company or the Manager (including its Affiliates) would be in violation of any statute or regulation of the state of residence of the Governmental Plan Member or any political subdivision of such state, enacted or promulgated after the date of formation of the Company, as a result of the Governmental Plan Member continuing as a Member. In the event of the issuance of the opinion of counsel referred to in the preceding sentence, the withdrawal of and disposition of the Governmental Plan Member's interest in the Company shall be governed by Section 13.1 of this Agreement, as if the Governmental Plan Member were an ERISA Member.

13.3 Private Foundation Members. Notwithstanding any provision of this Agreement to the contrary, any Member that is a "private foundation" as described in Section 509 of the Code (a "***Private Foundation Member***"), may elect to withdraw from the Company, or upon demand by the Manager shall withdraw from the Company, if either the Private Foundation Member or the Manager shall obtain an opinion of counsel (which counsel shall be reasonably acceptable to both the Private Foundation Member and the Manager) to the effect that such withdrawal is necessary in order for the Private Foundation Member to avoid (a) excise taxes imposed by Subchapter A of Chapter 42 of the Code (other than Sections 4940 and 4942 thereof), or (b) a material breach of the fiduciary duties of its trustees or directors under any federal or state law applicable to private foundations or any rule or regulation adopted thereunder by any agency, commission, or authority having jurisdiction. In the event of the issuance of the opinion of counsel referred to in the preceding sentence, the withdrawal of and disposition of the Private Foundation Member's interest in the Company shall be governed by Section 13.1 of this Agreement, as if the Private Foundation Member were an ERISA Member.

13.4 Public Charity Members. Notwithstanding any provision of this Agreement to the contrary, any Member that is an "applicable tax-exempt organization" within the meaning of Section 4958 of the Code (a "***Public Charity Member***") may elect to withdraw from the Company, or upon demand of the Managing Member shall withdraw from the Company, if either the Public Charity Member or the Managing Member shall obtain an opinion of counsel (which counsel shall be reasonably acceptable to both the Public Charity Member and the Managing Member) to the effect that such withdrawal is necessary to avoid (a) sanctions under Code Section 4958 or (b) a material breach of the fiduciary duties of its trustees or directors under any federal or state law applicable to charitable organizations or any rule or regulation adopted thereunder by any agency, commission or authority having jurisdiction. In the event of the issuance of the opinion of counsel referred to in the preceding sentence, the withdrawal of and disposition of the Public Charity Member's interest in the Company shall be governed by Section 13.1 of this Agreement, as if the Public Charity Member were an ERISA Member.

13.5 Bank Holding Company Members.

(a) Notwithstanding any provision of this Agreement to the contrary, if any Member that is subject to the Bank Holding Company Act of 1956, as amended (the "***BHC Act***"), or is an Affiliate of an entity subject to the BHC Act, (each "***BHC Member***") delivers to the Manager an opinion of counsel (in form and substance reasonably acceptable to the Manager) to the effect that there is a reasonable likelihood that such BHC Member's continued ownership of its interest, in whole or in part, would result in (i) a violation by such BHC Member or any of its Affiliates of Section 4 (other than Section 4(k)) of the BHC Act or the rules, regulations and interpretations relating thereto, with respect to the BHC Member's interest in the Company or any Portfolio Company, or (ii) the application to the BHC Member or any of its Affiliates of any law or regulation applicable to banks, bank holding companies or their Affiliates with respect to its interest in the Company or any such Portfolio Company that was not applicable to such BHC Member at the time of its admission to the Company, then the Manager shall use reasonable efforts to take such actions as the Manager determines, with the approval of such BHC Member (such approval not to be unreasonably withheld), to be appropriate to avoid or cure such violation, which actions may include excusing such BHC Member from making all or a portion of any required Capital Contribution, canceling all or a portion of the Capital Commitment of such BHC Member, assisting in the sale in whole or in part of such BHC Member's interest, permitting the full or partial withdrawal of such BHC Member from the Company, or other mutually acceptable solutions. Any such withdrawal will be effective for all purposes (including as to the exercise of voting and other rights) upon the effective time of withdrawal notwithstanding that payment on account of a withdrawal may be made after the effective time, and any completely withdrawing BHC Member will not be considered a Member for any purpose after the effective time of such complete withdrawal.

(b) Notwithstanding any contrary provision in this Agreement, any BHC Member may elect, by notice in writing to the Manager or the liquidator, as the case may be, to decline the receipt of distributions in kind if the receipt thereof would be in excess of the "Permitted Amount," as defined below. The "***Permitted Amount***" means, with respect to any specified class of Marketable Securities and in connection with any distribution by the Manager of any such Marketable Securities to any BHC Member, the least of (i) that portion of such class of Marketable Securities to be distributed that would otherwise be distributed to such BHC Member pursuant to the terms of this Agreement, (ii) an amount of such class of Marketable Securities which equals 4.99% (or such higher percentage as such BHC Member may designate by written notice to the Manager) of the aggregate outstanding amount of such class of Marketable Securities, or (iii) such other amount as may be specified by such BHC Member.

(c) If that portion of any Marketable Securities to be distributed by the Manager that would otherwise be distributed to a BHC Member pursuant to the terms of this Agreement exceeds the Permitted Amount, then the amount of such excess (the "***Excess Securities***") will be deposited by the Manager into an account (the "***Escrow Account***") established for the benefit of such BHC Member. Unless the Manager notifies the BHC Member to the contrary, the Managing Member shall act as the agent for the Escrow Account (the "***Escrow Agent***"). If the Manager serves as the Escrow Agent then: (i) the Escrow Agent will have the right to exercise any and all voting rights with respect to such Excess Securities for so long as such excess Securities remain in the Escrow Account; (ii) the Escrow Agent's only obligations will be to distribute to the BHC Member, or to use its best efforts to sell in the market, the Excess Securities on or before the close of trading on the first trading day following receipt of written instructions from the BHC Member to do so and (iii) the BHC Member must indemnify and hold harmless the Escrow Agent for any and all costs, expenses and liabilities relating to such Escrow Account. If the Managing Member does not serve as the Escrow Agent then the BHC Member shall select an Escrow Agent to provide escrow services on terms mutually agreeable to the Manager and the BHC Member.

(d) Any BHC Member may, upon notice to the Manager, elect to hold all or any fraction of such BHC Member's interest as a non-voting interest (a "***Non-voting Interest***"), in which case such BHC Member is not entitled to vote or otherwise participate in any consent or approval of the Members with respect to the portion of its interest which is held as a Non-voting Interest (and such Non-voting Interest is not counted in determining the granting or withholding of any such consent or approval, or the requisite percentage of the Members that have consented to, approved, adopted or taken any other action hereunder).

(e) Any interest held for its own account by a BHC Member that is determined, at any time, to be in excess of 4.99% (or such other percentage as may be permitted under the BHC Act) of the Interests of the Members, excluding for purposes of calculating this percentage portions of any other Interests that are Non-voting Interests pursuant to this Section 13.5(e) and any other provision of this Agreement, will be a Non-voting Interest (whether or not subsequently transferred in whole or in part to any other Person) and will not be included in determining whether the requisite Percentage in Interest of the Members, have consented to, approved, adopted or taken any action hereunder, provided that such Non-voting Interest may vote on any proposal to continue the business of the Company following an Event of Dissolution but not on the approval of a successor Manager under Section 10.2. Except as provided in this Section 13.5, an interest held as a Non-voting Interest is identical in all respects to all other Interests held by Members. Upon any subsequent closing, a recalculation of the Company Percentages held by all BHC Members shall be made, and only that portion of the total Membership Percentages held by each BHC Member that is determined as of the applicable subsequent closing date to be in excess of 4.99% (or such other percentage as may be permitted under the BHC Act) of the Company Percentages of the Members, excluding Non-Voting Membership Percentages as of such date, shall be a Non-Voting Membership Percentage.

SECTION 14. CERTAIN DEFINITIONS.

14.1 Accounting Period. An "Accounting Period" shall be (i) a calendar quarter if there are no changes in the Members' respective interests in the profits or losses of the Company during such calendar quarter except on the first day thereof, or (ii) any other period beginning on the first day of a calendar quarter, or any other day during a calendar quarter upon which occurs a change in such respective interests, and ending on the last day of a calendar quarter, or on the day preceding an earlier day upon which any change in such respective interest shall occur.

14.2 Accredited Investor. The term "Accredited Investor" shall be defined by Rule 501(a) of Regulation D of the Securities Act of 1933.

14.3 Advisor. An "Advisor" shall have the meaning assigned to such term in Section 6.1(b).

14.4 Affiliate. An "Affiliate" of any Person shall mean any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with the Person specified and, with respect to the Managing Member, shall include such other Persons with which the Managing Member has a business relationship and designates as an "Affiliate" for purposes of this Agreement.

14.5 Assets Under Management. "Assets Under Management" means the total Membership assets including, cash, the cost of the non-publicly traded securities and investments, Portfolio Securities, Money Market Investments, real estate owned (valued at fair market value), accounts receivables, unamortized organizational expenses, the market value of any publicly traded securities, loan assets and other equity investments, and any other Membership assets (valued at fair market value), as of the last day

of each calendar quarter by the Managing Member in its sole discretion. The Assets Under Management shall be determined before the deduction of expenses and allocation of the Incentive Allocation.

14.6 Business Day. "Business Day" means any day other than a Saturday, Sunday and those legal public holidays specified in 5 U.S.C. §6103(a), as may be amended from time to time.

14.7 Capital Account. The "Capital Account" of each Member shall have the meaning set forth in Section 4.1 of this Agreement.

14.8 Capital Called. "Capital Called" refers to the amount of a Member's total Capital Commitments that have been deployed from the Operating Account by the Managing Member to make investments in Portfolio Investments, pay expenses and obligations of the Company or otherwise facilitate the Company's purposes.

14.9 Capital Commitment. A Member's "Capital Commitment" shall mean the amount in cash (or subject to the agreement of the Manager in its full discretion, the value of a Member's In Kind contribution) that such Member has agreed to contribute to the capital of the Company as set forth opposite such Member's name or number on Schedule A. The Company's committed capital shall equal the sum of the aggregate Capital Commitments of all Members.

14.10 Code. The "Code" shall mean the United States Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

14.11 Detrimental Act. "Detrimental Act" shall mean (i) gross negligence which directly causes a material adverse effect to the Company or its assets, or (ii) actual fraud or willful misconduct which directly causes a material adverse effect to the Company or its assets.

14.12 Economic Interest Holder. An economic interest holder ("EIH"), shall mean a Person who owns interests of the Fund and receives the economic benefit of those interests but is not a Member of the Fund and has none of the voting rights of a Member. The EIH still must abide by all the terms and conditions of the Fund as if the Person were a Member of the Fund.

14.13 ERISA. "ERISA" shall mean the United States Employee Retirement Income Security Act of 1974, as amended.

14.14 Event of Default. An "Event of Default" means any Default that shall not have been (i) cured by the Member who committed such Default within ten (10) days after the occurrence of such Default, or such other period of time as shall be determined by the Manager, in its sole and absolute discretion, or (ii) in the case of a Default committed by a Member, waived by the Manager on such terms as determined by the Manager, in its sole and absolute discretion, before such Default has otherwise become an Event of Default pursuant to clause (i) hereof.

14.15 Event of Dissolution. An "Event of Dissolution" shall mean:

(a) at any time there are no Members of the Company, unless the business of the Company is continued in accordance with the California Act;

(b) the agreement of the Members holding Eighty Percent (80%) of the Company Percentage in the Company and 80% of the Capital accounts of the Company;

(c) any event that results in the Manager ceasing to be a Manager of the Company under the California Act, provided that the Company shall not be dissolved and required to be wound up or wound down in connection with any such event if (A) at the time of the occurrence of such event there is at least one remaining Key Man of the Manager of the Company who is hereby authorized to and does carry on the business of the Company, or (B) within 90 days after the occurrence of such event, at least a Majority in Interest of the Members agree in writing or vote to continue the Company and to the appointment, effective as of the date of such event, if required, of one or more additional Key Man Managers of the Company who is authorized to, and shall, continue the Company without dissolution;

(d) the entry of a decree of judicial dissolution under Section 17-802 of the California Act or any successor provision thereto;

(e) the determination of the Manager in its sole and absolute discretion.

14.16 Excess Distributable Cash. "Excess Distributable Cash" means an amount that is equal to any remaining cash in the Company after having paid out Membership Expenses, the Management Fee, and having reserved sufficient capital for future activities of the Fund, as determined in the sole judgment of the Manager. The EDC shall be determined quarterly by the Manager in its sole discretion. At each quarter end, payment of any Preferred Return and/or EDC shall either be made or not made depending on Membership results at the discretion of the Manager and shall be non-cumulative.

14.17 Fund Administrator. The "Fund Administrator" shall have the meaning set forth in Section 6.1(c).

14.18 Initial Members. "Initial Members" refers to any Person admitted as a Member of the Company prior to the Effective Date of this Agreement, including the Members of the Manager, North Star Capital Group.

14.19 In Kind. "In Kind" shall mean a Member's existing interest in assets or loan obligations, where such assets or loan obligations meet the investment objective and parameters of the Company, valued at par of outstanding Principal Balance. In Kind contributions are subject to the agreement of the Manager in its full discretion, and are subject to full due diligence and underwriting review by the Manager and its Investment Committee.

14.20 Lock-Up Period. The "Lock-Up Period" shall mean, with respect to any capital contributed by a Member to the Company placed in the Operating Account, the period ending on the last day of the Twelfth (12^{th}) month beginning from the date of any such Capital Commitment is deployed to fund transactions. Any drawdowns by the Fund from the Operating Account will not reset the Lock-Up Period.

14.21 Marketable; Marketable Securities; Marketability. These terms shall refer to securities that are freely tradable by the holder thereof. For purposes of the preceding sentence, securities shall be deemed to be freely tradable if: (i) such securities are generally traded on one or more established public markets, or such securities are equivalent to securities traded on one or more established public markets; (ii) such securities can be sold by a Member, in compliance with Rule 144(e) under the Securities Act or otherwise, without the necessity of any Federal or State governmental consent, approval or filing (other than notice filings of the type required pursuant to Rule 144(h) under the Securities Act or any similar law, rule or regulation); and (iii) such securities are not subject to any "lock-up" or other contractual restrictions on transfer. For purposes of determining whether securities distributed to a Member are a "Marketable," there shall be taken into account only such restrictions and limitations on the transferability thereof as apply to the Members generally (and there shall not be taken into account

restrictions and limitations specifically applicable to a particular Member, such as restrictions applicable to a Member that is an Affiliate of the issuer of such securities).

14.22 Memorandum. The "Memorandum" shall mean the Confidential Private Offering Memorandum dated December 1, 2019 relating to the offering of Membership Interests in the Company, as same may be amended and supplemented from time to time.

14.23 Money Market Investments. "Money Market Investments" shall mean government securities, banker's acceptances, certificates and accounts of savings and loan associations, commercial paper, certificates of deposit, treasury bills, other money market investments with maturities of less than twelve months and other similarly liquid securities providing for appropriate safety of principal.

14.24 1940 Act. The "1940 Act" shall mean the United States Investment Company Act of 1940, as amended.

14.25 Non-marketable Securities. "Non-marketable Securities" are all Securities other than Marketable Securities.

14.26 Membership Percentage. The "Membership Percentage" for each Member shall be determined by dividing the amount of each Member's Capital Commitment by the sum of the Capital Commitments of all of the Members. For the purposes of voting matters, the Manager shall determine each Member's Membership Percentage as of the Record Date.

14.27 Percentage in Interest. A specified "Percentage in Interest" of the Members shall mean a group of Members whose Membership Percentages exceed the required percentage of the Company Percentages of all such Members, *provided, however*, that no Membership Percentages of the Managing Member, its members or employees or any Affiliates of the Member shall be counted for purposes of determining or comprising Percentage in Interest.

14.28 Person. A "Person" is any individual, Membership, corporation, association, joint venture, organization, trust or other entity.

14.29 Preferred Return. "Preferred Return" means a 7% annual (1.75% per quarter) return on the Member's Capital Accounts. The Preferred Return is noncumulative.

14.30 Portfolio Company. A "Portfolio Company" means any Person that is an issuer of Securities held by the Company, whether public or private.

14.31 Portfolio Investments. "Portfolio Investments" means the Company's investments in loans secured by senior first-lien mortgages on residential real-estate, secured and unsecured debt Securities of every kind and nature, Securities, Portfolio Companies, Money Market Investments, and any other investments in accordance with Section 1.2 above.

14.32 Portfolio Securities. "Portfolio Securities" shall mean Securities of Portfolio Companies then held by the Company other than Money Market Investments.

14.33 Principal Balance. "Principal Balance" shall mean the original loan principal balance of any loan, less any repayments of principal by the borrower, adjusted for any impairment, write-down, or fractional interest in the loan to be contributed In Kind to the Fund. Principal Balance of one dollar is equivalent to one dollar of Capital Commitment, as mutually agreed and documented by the Manager and the participating Member on the date of the In Kind contribution.

14.34 Record Date. "Record Date" shall have the meaning set forth in Section 9.1(f).

14.35 Regulatory Allocations. "Regulatory Allocations" shall have the meaning assigned to such term in Section 5.3.

14.36 Regulated Member. "Regulated Member" shall mean any ERISA Member, Governmental Plan Member, Private Foundation Member, Public Charity Member or BHC Member that is specially regulated as described in Section 13 of this Agreement.

14.37 Securities. "Securities" means notes, stocks, bonds, debentures, evidences of indebtedness, certificates of interest or participation in any profit-sharing agreement, Membership interests, beneficial interests in trusts, collateral-trust certificates, pre-organization certificates or subscriptions, transferable shares, investment contracts, voting-trust certificates, certificates of deposit for securities and certificates of interest or participation in, temporary or interim certificates for, receipts for or warrants or rights or options to subscribe to or purchase or sell any of the foregoing, and any other items commonly referred to as securities.

14.38 Securities Act. "Securities Act" shall mean the United States Securities Act of 1933, as amended.

14.39 Subscription Agreement. "Subscription Agreement" means the Subscription Agreement completed by each Member at time of subscription for the Company Interests.

14.40 Treasury Regulations. "Treasury Regulations" shall mean the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

SECTION 15. OTHER PROVISIONS.

15.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among the residents of such state made and to be performed entirely within such state, without regard to principles of conflicts of laws thereof.

15.2 Limitation of Liability of the Members. (a) Except as required by law or this Agreement (including, without limitation, as provided in this Section 15.2), no Member shall be bound by, nor be personally liable for, the expenses, liabilities, or obligations of the Company; *provided, however*, that each Member shall be required to contribute capital to the Company in an amount equal to its Capital Commitment; provided, further, that in accordance with the Act, a Member that receives from the Company a payment representing a return of contribution at any time when the Company is not solvent shall, in the event of the insolvency of the Company within a period of Six (6) months from the date of such payment, be liable to repay the amount of such payment to the Company plus statutory interest; provided, further, that the foregoing shall not limit any obligation or liability of any Member to the Company set forth in this Agreement or to the extent such obligation or liability is required by law and cannot be determined by agreement of the parties hereto. Each Member shall be obligated and liable to the Company as expressly provided in this Agreement

15.3 Standard of Care.

(a) Neither the Manager nor its Members, employees, shareholders, directors, attorneys or agents, nor any Affiliates of the foregoing, nor their Members, principals, employees, attorneys, agents, nor any Member (each an "***Indemnified Party***," together, the "***Indemnified Parties***")

shall be liable to any Member or the Company for honest mistakes of judgment, or for any action taken or omitted to be taken by them in good faith, or for losses due to such mistakes, action or inaction. An Indemnified Party may consult with counsel and accountants in respect of Membership affairs, and, no action or inaction that is consistent with and committed in reliance upon the advice or opinion of such counsel or accountants shall render such Indemnified Party liable to any Member or the Company, provided that such counsel or accountants were selected in good faith and such Indemnified Party has not withheld from such counsel or accountants a material fact or facts, that if known by such counsel or accountants at the time of rendering advice and/or an opinion, would have altered such advice or opinion with respect to the legality and/or the potential consequences to the Company of such action or inaction.

(b) To the extent that at law or in equity, the Indemnified Parties have duties (including fiduciary duties) and liabilities to the Company or to another Member, the Indemnified Parties acting under this Agreement shall not be liable to the Company or to any such other Member for its reasonable reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they expand, restrict or eliminate the duties and liabilities of the Indemnified Parties otherwise existing at law or in equity, are agreed by the Members to modify such other duties and liabilities existing at law or in equity to the fullest extent possible pursuant to applicable law. Notwithstanding any other provision of this Agreement or other applicable provision of law or equity, whenever in this Agreement the Manager is permitted or required to make a decision (i) in its "sole discretion" or "sole and absolute discretion," the Manager shall be entitled to consider only such interest and factors as it desires, including its own interests, and shall, to the fullest extent permitted by applicable law, have no duty or obligation to give any consideration to any interest of or factors affecting the Members, or (ii) in its "good faith" or under another expressed standard, the Manager shall act under such expressed standard. Any standard of care and duty imposed by this Agreement or under California law or any applicable law shall be modified waived or limited, to the extent permitted by law, as required to permit the Manager to act under this Agreement so long as such action is reasonably believed by the Manager to be in, or not inconsistent with, the best interests of the Company. The Manager may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken in reliance upon the opinion of such persons as to matters that the Manager reasonably believes to be within such person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

15.4 Indemnification.

(a) The Company shall indemnify, out of the assets of the Company only, the Indemnified Parties to the fullest extent permitted by law and shall save and hold them harmless from and in respect of all (i) reasonable fees, costs and expenses, including legal fees, paid in connection with or resulting from any claim, action or demand against the Indemnified Parties or the Company, that arise out of or in any way relate to the Company, its properties, business or affairs, and (ii) such claims, actions and demands and any losses or damages resulting from such claims, actions and demands, including amounts paid in settlement or compromise (if recommended by attorneys for the Company) of any such claim, action or demand; *provided, however*, that this indemnity shall not extend to (x) a Detrimental Act on the part of an Indemnified Party giving rise to the matter at issue or (y) any claim, action or demand arising solely from an internal dispute between or among the Manager, the Fund Administrator, the Advisor or any of their respective employees, former employees, members or former members.

(b) The Company shall have the power, in the sole and absolute discretion of the Manager, to indemnify on the same terms as set forth in Section 15.4(a) any Person who is or was serving, pursuant to a prior written request from the Company, as a consultant to, agent for or representative of the Company as a director, officer, employee, agent of or consultant to another corporation, Membership, Company, joint venture, portfolio company, trust or other enterprise, against

any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as such. Any such Person shall only be entitled to indemnification from the Company to the extent that the liabilities of such Person are not covered by another indemnifying party or by insurance.

(c) Except in the case of proceedings initiated by a Majority in Interest of Members, expenses incurred by any Indemnified Party, or any Person described in Section 15.4(b), in respect of any costs, expenses, damages, claims, liabilities, fines and judgments (including any cost of the defense of any claim, action, suit, proceeding or investigation, by or before any court or administrative or legislative body or authority) eligible for indemnity under this Section 15.4 may be paid by the Company in advance of the final disposition of any such claim or action upon receipt of an undertaking by or on behalf of such Person to repay such amount unless it shall ultimately be determined that such Person is entitled to be indemnified by the Company as authorized in this Section 15.4.

(d) To the fullest extent possible pursuant to applicable law, the rights provided by this Section 15.4 shall inure to the benefit of the heirs, executors, administrators, successors and assigns of each Person eligible for indemnification hereunder.

(e) The Manager may cause the Company to purchase and maintain insurance on its own behalf, or on behalf of any Person who may be indemnified by the Company under this Section 15.4. The costs of such insurance shall be included as an expense of the Company under Section 6.2(a) of this Agreement. The Company will not bear the costs of insuring any Person in respect of any action for which they are not entitled to indemnification pursuant to this Section 15.4. The Company shall not be liable to make any payment of amounts otherwise payable to any Indemnified Party if and to the extent that the Company has otherwise actually received such payment under any insurance policy and the Manager shall use its commercially reasonable efforts to expeditiously recover amounts under any insurance policy which are otherwise indemnifiable hereunder.

(f) Notwithstanding anything to the contrary in this Section 15.4, to the extent that an Indemnified Party is also entitled to be indemnified by, or receive advancement from, a Portfolio Company (or prior Portfolio Company, if applicable), or insurance of the Portfolio Company (or prior Portfolio Company, if applicable), the Indemnified Party shall first seek indemnification or advancement with respect to liability arising from service as a director, manager, officer, member or the equivalent of such Portfolio Company (or prior Portfolio Company, if applicable) from such Portfolio Company (or prior Portfolio Company, if applicable), or insurance of the Portfolio Company (or prior Portfolio Company, if applicable), prior to invoking the provisions of this Section 15.4; *provided*, *however*, that the foregoing shall not prevent or otherwise restrict the Company from indemnifying or advancing expenses to an Indemnified Party in accordance with this Section 15.4 if the Manager reasonably believes that any delay in receiving indemnification or advancement from such other sources would adversely affect such Indemnified Party. In any such instance, to the extent of any Indemnifiable Amounts paid or advanced by the Company, the Company shall be (i) fully subrogated to the rights of the Indemnified Party to the extent of any other sources of indemnification or advancement available to the Indemnified Party from the Portfolio Company (or prior Portfolio Company, if applicable) or its insurance company, and (ii) assigned all of the Indemnified Party's right to indemnification and advancement from the Portfolio Company (or prior Portfolio Company, if applicable) or its insurance company. It is agreed and understood that the foregoing obligations to seek indemnification and advancement from other sources shall only reduce the Company's obligation of indemnification hereunder to the extent indemnification or advancement is received by the Indemnified Party from such other sources. The indemnification and advancement provided by this Section 15.4 shall not be deemed to be exclusive of any other rights to which any Indemnified Party may be entitled under any agreement, as a matter of law, in equity or otherwise. In particular, to the maximum extent permitted by law, the Company's obligation to indemnify

an Indemnified Party hereunder shall be secondary to any rights to indemnification, advancement of expenses and/or insurance provided by a Portfolio Company (or prior Portfolio Company, if applicable) or its insurance company to such Indemnified Party, whether such indemnification or advancement is provided by law, contract or otherwise. For example, in the event that an Indemnified Party is entitled to indemnification from a Portfolio Company or its insurance company, it is agreed and understood that such Portfolio Company and/or its insurance company shall be liable for one hundred percent (100%) of the Indemnifiable Amounts (regardless of whether, for example, the Company advanced expenses to such Indemnified Party or paid any other Indemnifiable Amounts pursuant to this Agreement). It is further agreed and understood that, notwithstanding the foregoing or any provision of this Agreement to the contrary, to the extent that an Indemnified Party (the "***Subject Person***") is also entitled to be indemnified by, or receive advancement from, one or more other Indemnified Parties (whether by law or contract or otherwise), the Company's obligations to the Subject Person under this Section 15.4 are primary with respect to such indemnification and advancement owing from such other Indemnified Parties and any obligation of the other Indemnified Parties to advance expenses or to provide indemnification for the same expenses or liabilities incurred by the Subject Person are secondary. In any such instance, to the extent of amounts that have been paid or advanced by an Indemnified Party to a Subject Person, then such Indemnified Party shall be (i) fully subrogated to the rights of the Subject Person to the extent of any other sources of indemnification or advancement available to the Indemnified Party from the Company under this Section 15.4, and (ii) assigned all of the Subject Person's rights to indemnification and advancement from the Company under this Section 15.4. For example, in the event that the Subject Person is a Member of the Manager, and the operating agreement of the Manager provides for indemnification of such Member, it is agreed that, between the Company and the Manager, the Company shall be liable for one hundred percent (100%) of any Indemnifiable Amounts (regardless of whether, for example, the Manager advanced expenses to such Member or paid any other Indemnifiable Amounts pursuant to this Agreement).

15.5 Dispute Resolution.

(a) Generally. All and any Disputes, as defined below, must first be attempted to be resolved or settled by mediation as further described below in section 15.5(e). If mediation fails to settle the Dispute, then notwithstanding any other provision in this Agreement to the contrary, all claims, controversies, disputes , and matters in question arising out of, or relating to, directly or indirectly, to this Agreement, or any agreements or instruments relating thereto or delivered in connection, herewith, or relating to the transaction contemplated by this Agreement, whether individual, joint or class in nature, including without limitation, contract, tort or other controversies ("Dispute"), shall be arbitrated in accordance with the Commercial Arbitration Rules of the American Arbitration Association (unless any such rules are contrary to the provisions of this subsection, in which event the provisions of this subsection shall apply). No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any Member except by means of (a) an action to compel arbitration pursuant to this Section 15.5 or (b) an action to enforce an award obtained in an arbitration proceeding in accordance with this Section 15.5. In addition, no action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any Member unless such action is initiated by such Member within one (1) year of the date of the event to which such action may relate. Any such arbitration shall be held and conducted at JAMBS in Walnut Creek Ca or if that office is closed then in Contra Costa County. Any claim or action by any Party with respect to any dispute must be commenced within one year of the date the cause of action accrued. No Arbitrator shall have any liability whatsoever or any acts or omissions performed or omitted in good faith pursuant to the terms of this subsection. The Manager shall choose three (3) arbitrators from JAMBS who are experienced in real estate law and the other party may choose which one of the three to be the arbitrator for the Dispute.

(b) Award. The decision of the Arbitrator shall be final and binding, and may be confirmed and entered by any court of competent jurisdiction at the request of any Party and may not be appealed to any court of competent jurisdiction or otherwise, except upon: (a) a claim of fraud on the part of any Arbitrator; or (b) a claim of mistake as to the applicable law. The Arbitrator shall retain jurisdiction over any dispute until its award has been implemented. To the extent permitted by applicable law, no Arbitrator or court is authorized to make an award of punitive or exemplary damages.

(c) Costs. The Parties shall bear their respective costs incurred in connection with the Arbitration, except that the cost of the Arbitration proceeding shall initially be borne equally by the Parties to the dispute, but the prevailing Party in such proceeding shall be entitled to recover, in addition to all attorneys' fees and all other costs, its contribution for the cost of the referee, temporary judge or arbitrator as an item of recoverable costs. If either Party refuses to pay his share of the costs of the proceeding, at the time(s) required, the other Party may do so, in which event that Party will be entitled to recover (or offset) the amount advanced, with interest at the maximum rate permitted by law, even if that Party is not the prevailing Party. The Arbitrator shall include such costs in his judgment or award.

If either Party refuses to diligently cooperate with respect to the Arbitration of any dispute, and the other Party, after first giving notice of its intent to rely on the provisions of this subsection, incurs additional expenses or attorneys' fees solely as result of such failure to diligently cooperate, the Arbitrator may award such additional expenses and attorney's fees to the Party giving such notice, even if such Party is not the prevailing Party in the dispute.

(d) Procedures. The Parties agree that the Arbitration set forth herein is a compromise negotiation for purposes of the Federal rules of Evidence and applicable State rules of evidence. The entire procedure shall be confidential. All conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the course of the ADR by any of the Parties, their agents, employees, representatives or other invitees to the Arbitration and by the Arbitrator are confidential and shall, in addition and when appropriate, be deemed to be work product and privileged. Such conduct, statements, promises, offers, views and opinions shall not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceedings (excluding the Arbitration which is the subject of this Section) involving the Parties and shall not be disclosed to anyone not an agent, employee, expert, or other representative for any of the Parties.

(e) Except as agreed in writing by the Manager, as otherwise specifically provided in this Agreement, or as otherwise required by a non-waivable provision of applicable law, any Dispute, controversy or claim arising out of or relating to this Agreement, including but not limited to a claim or controversy regarding the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to mediate or arbitrate, and any tort claim, shall first be determined and attempted to be resolved first by mediation for at least eight (8) hours in Contra Costa County, by JAMBS in Walnut Creek Ca. pursuant to its Comprehensive Mediation Rules and Procedures. Each party shall pay their own fees and share equally in the cost of the mediation. The Manager shall choose three (3) mediators from JAMBS who are experienced in real estate law and the other party may choose which one of the three to be the mediator for the Dispute.

(f) Jurisdiction for all Disputes. Jurisdiction for all Disputes or any other claims or legal actions of any nature whatsoever will be in Contra Costa County Ca. only. Judgment on the Award may be entered in any court having jurisdiction.

(g) The prevailing party or parties in any arbitration, court action or other adjudicative proceeding arising out of or relating to this Agreement shall be reimbursed by the party or

parties who do not prevail for their attorneys, accountants and expert fees and related expenses (including reasonable charges for in-house legal counsel and related personnel) and for the costs of such proceeding.

Notwithstanding any provision of the Agreement to the contrary, this Section 15.5 shall be construed to the maximum extent possible to comply with the laws of the State of California, including the Uniform Arbitration Act (10 Del. C. § 5701 et seq.) (the "***California Arbitration Act***"). If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 15.5, including any rules of the American Arbitration Association, shall be invalid or unenforceable under the California Arbitration Act, or other applicable law, such invalidity shall not invalidate all of this Section 15.5. In that case, this Section 15.5 shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of the California Arbitration Act or other applicable law, and, in the event such term or provision cannot be so limited, this Section 15.5 shall be construed to omit such invalid or unenforceable provision.

15.6 Execution and Filing of Documents. This Agreement and any amendments hereto may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

15.7 Other Instruments and Acts. The Members agree to execute any other instruments or perform any other acts that are or may be necessary to effectuate and carry on the Company created by this Agreement.

15.8 Binding Agreement. This Agreement shall be binding upon the transferees, successors, assigns, heirs and legal representatives of the Members.

15.9 Notices. Notwithstanding any other provision of this Agreement, any and all notices to Members required to be sent pursuant to this Agreement, or that are otherwise desired to be sent by any Member or Members to one or more other Members in respect of the Company, shall be deemed duly given to each recipient Member upon the earliest to occur of the following: (i) personal delivery to the recipient Member, to the address set forth in such Member's subscription documents, or to any other address which such Member has provided to the Company for purposes of receiving notices in respect of the Company; (ii) the close of business on the third (3rd) business day after being deposited in the United States mail, registered or certified, postage prepaid and addressed to such Member's address specified in his, her or its subscription documents, or at any other address which such Member has provided to the Company for purposes of receiving notices in respect of the Company; (iii) the close of business on the first (1st) business day after being deposited in the United States with a nationally recognized overnight delivery service, or, if the recipient Member has an overseas address, the close of business on the third (3rd) business day after being deposited in the United States with an internationally recognized courier or delivery service, with delivery charges prepaid, addressed as provided in the preceding clause (ii); or (iv) actual receipt by such recipient Member via any other means (including public or private mail, electronic mail, facsimile, telex or telegram).

15.10 Power of Attorney. Each Member hereby designates and appoints the Manager its true and lawful attorney, in its name, place and stead to make, execute, sign and file the Certificate of Company and any amendment thereto and such other instruments, documents or certificates that may from time to time be required of the Company by the laws of the United States of America, the laws of the state of the Company's formation or any other state in which the Company shall do business in order to qualify or otherwise enable the Company to do business in such jurisdictions. Such attorney is not hereby granted any authority on behalf of the Members to amend this Agreement except that as attorney for each of the Members, the Manager shall have the authority to amend this Agreement and the

Certificate of Company (and to execute any amendment to this Agreement or the Certificate of Company on behalf of itself and as attorney-in-fact for each of the Members) as may be required to effect:

(a) A change in the Company name pursuant to Section 1;

(b) Admission of additional Members pursuant to Section 3;

(c) Transfers of Company Interests pursuant to Section 9;

(d) Extensions of the Company term pursuant to Section 10;

(e) Withdrawal of Members pursuant to Sections 4, 7 or 13;

(f) Amendment of this Agreement pursuant to Section 15.11; or

(g) As may otherwise be agreed by a Member with the Manager.

The power of attorney granted herein shall be deemed to be coupled with an interest, shall (to the fullest extent possible pursuant to applicable law) be irrevocable, shall survive and not be affected by the dissolution, bankruptcy or legal disability of the Member and shall extend to its successors and assigns; and may be exercisable by such attorney-in-fact and agent for all Members (or any of them) by listing all (or any of them) of such Members required to execute any such instrument, and executing such instrument acting as attorney-in-fact. Any Person dealing with the Company may conclusively presume and rely upon the fact that any instrument referred to above, executed by such attorney-in-fact and agent, regular and binding, without further inquiry. If required, each Member shall execute and deliver to the Manager within five (5) days after the receipt of a request therefore, such further designations, powers of attorney or other instruments as the Manager shall reasonably deem necessary for the purposes hereof.

This power of attorney granted by each Member, in regards to the Fund, shall expire as to such Member three (3) years after the complete withdrawal of such Member as a Member of the Company.

15.11 Amendments Requiring Consent.

(a) Except as provided in Section 15.10 and Section 15.11(b) below, this Agreement may be amended only with the written consent of the Manager and a Majority in Interest of the Members; provided, however, that no amendment to this Agreement may:

i. without the consent of each affected Member, modify the limited liability of a Member;

ii. alter the Interest of any Member in respect of Membership income, gains and losses or amend or modify any portion of Sections 4 and 5 without the consent of each Member adversely affected by such amendment or modification; provided, however, that the admission, withdrawal, or substitution of Members in accordance with this Agreement shall not constitute such an alteration, amendment or modification;

iii. amend or modify any provision of Section 7 in a manner that would further restrict the transferability of a Member's Interests without the consent of all of the Members;

iv. amend any provision hereof which requires the consent, action, or approval of a specified Percentage Interest of the Members without the consent of such specified

Membership Percentage of the Members, or;

v. amend this Section 15.11(a) without the consent of all of the Members; or without the consent of Manager, modify any of the provisions of Sections 5 or 8 of this Agreement.

(b) The Manager may, without any action of any other Person, amend this Agreement to (i) cure any ambiguity herein (ii) correct or supplement any provision herein which may be inconsistent with any other provision herein, or (iii) to make any changes required by applicable law which change is deemed to be in the best interests of the Company, as solely and reasonably determined by the Manager.

(c) Notwithstanding the above, no amendment may (i) modify the method of making Membership allocations (except as provided in Section 15.11(b) above), modify the method of determining the Company Percentage of any Member, change the Capital Commitment of any Member (except as provided in connection with any permitted transfer, admission or withdrawal), reduce any Member's Capital Account, amend the provisions of Section 8 or Section 13 hereof or change the restrictions contained in subparagraph (a) above or this subparagraph (c), unless each Member materially and adversely affected thereby has expressly consented in writing to such amendment, which consent shall not be unreasonably withheld.

(d) Notwithstanding the above, the Company's or Manager's (or its Members' or employees') noncompliance with any provision hereof in any single transaction or event may be waived in writing by a Majority in Interest of all the Members and the approval of the Manager in its sole discretion; *provided, however*, that no such waiver of noncompliance with any provision specifically requiring the approval of more than a Majority in Interest of the Members shall be effective without the approval of such larger Percentage in Interest of the Members; provided further, that no such waiver shall be effective if such noncompliance directly injures some but not all of the Members unless the Members directly injured waive such noncompliance. No waiver shall be deemed a waiver of any subsequent event of noncompliance. Upon obtaining such approvals required by this Agreement and without any further action or execution by any other Person, including any Member, (i) any amendment, restatement, modification or waiver of this Agreement may be implemented and reflected in a writing executed solely by the Manager and (ii) the Members, and any other party to this Agreement, shall be deemed a party to and bound by such amendment, restatement, modification or waiver of this Agreement.

15.12 New Issues. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company invests in Securities that are part of a "new issue" within the meaning of Rule 5130 of the Financial Industry Regulatory Authority, Inc. ("***FINRA***") (the "***New Issue Rule***"), such investment shall be made in accordance with all applicable FINRA rules, including the New Issue Rule. In furtherance (but not limitation) of the preceding sentence, to the extent necessary to comply with FINRA rules (as determined by the Manager in its sole and absolute discretion) only those Members that have established through written representations satisfactory to the Manager that they do not fall within the proscription of the New Issue Rule (subject to any permissible exemptions provided therein) with regard to any specific new issue Securities shall have a beneficial interest in such new issue Securities in excess of any beneficial interest otherwise permitted by the New Issue Rule through their interest in the Company. Under no circumstances shall the Manager be deemed in breach of any duty to the Company by virtue of causing the Company to decline an opportunity to invest in a new issue Security.

15.13 Entire Agreement. This Agreement (together with the representations and warranties of each Member set forth in any Subscription Agreement executed by such Member as well as the terms and provisions of any written agreement executed by the Manager and a Member and designated a "side letter" to this Agreement) contains the entire understanding and agreement by and among the Members,

and supersedes any prior written or oral agreement between them respecting the Company, and any and all other written or oral agreements or communications between or among the Members and any and all agents of the Company. In the event that any section or portion of the Memorandum conflicts with this Agreement, or arguably conflicts, in any way with this Agreement, this Agreement shall govern. There are no representations, agreements, arrangements or understandings, oral or written, among the Members relating to the Company which are not fully expressed in this Agreement (or in any such Subscription Agreement or side letter), and no Member has executed and entered into this Agreement, or given another party a power of attorney to execute this Agreement on its behalf, in reliance on any representation, agreement, arrangement or understanding, oral or written, that is not expressed in this Agreement (or in any such Subscription Agreement or side letter). Each such side letter or Subscription Agreement is a separate agreement among the Manager and each Member, as applicable.

Notwithstanding the provisions of this Agreement, including Section 15.11, or of any Subscription Agreement, it is hereby acknowledged and agreed that the Manager on its own behalf or on behalf of the Company without the approval of any Member or any other Person may enter into a side letter or similar agreement to or with one or more Members which has the effect of establishing rights under, or altering or supplementing the terms of, this Agreement or of any Subscription Agreement. The parties hereto agree that any terms contained in a side letter or similar agreement to or with one or more Members shall govern with respect to such Member(s) notwithstanding the provisions of this Agreement or of any Subscription Agreement.

15.14 Titles-Subtitles. The titles and subtitles used in this Agreement are used for convenience only and shall not be considered in the interpretation of this Agreement.

15.15 Membership Name. The Company shall have the exclusive right to use the Company name as long as the Company continues. Effective immediately prior to the termination of the Company, the Company shall assign whatever rights it may have in such name to the Manager. No value shall be placed upon the name or the goodwill attached to it for the purpose of determining the value of any Member's Capital Account or interest in the Company.

15.16 Counsel to the Company. Counsel to the Company may also be counsel to a Manager and the Advisor. The Manager may execute on behalf of the Company and the Members any consent to the representation of the Company that counsel may request pursuant to the California Rules of Professional Conduct or other applicable professional rules ("***Rules***"). The Company has initially selected Geraci Law Firm ("***Membership Counsel***"), as legal counsel to the Company, which firm is also serving as counsel to the Manager. Each Member acknowledges that Membership Counsel does not represent any Member in connection with their acquisition of or participation, and ownership interest, in the Company in the absence of a clear and explicit written agreement to such effect between the Member and Membership Counsel, and that in the absence of any such agreement Membership Counsel shall to the fullest extent permitted by law owe no duties directly to a Member in respect of such acquisition, participation or ownership interest in the Company. Notwithstanding any adversity that may develop, in the event any dispute or controversy arises between any Member and the Company, or between any Member or the Company, on the one hand, and the Manager (or Affiliate of a Manager) that Membership Counsel represents, on the other hand, then each Member agrees that Membership Counsel may represent either the Company or such Manager (or his or her Affiliate) or both, in any such dispute or controversy to the extent permitted by the Rules, and each Member hereby consents to such representation. Each Member further acknowledges that, whether or not Membership Counsel has in the past represented or is currently representing such Member with respect to other matters, Membership Counsel has not represented the interests of any Member in the preparation and negotiation of this Agreement.

15.17 Pronouns; Statutory References. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Treasury Regulations, the California Act, or other statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

15.18 Jurisdiction and Venue. Unless otherwise agreed in writing by the Manager, each Member hereby consents to the non-exclusive jurisdiction and venue of the state and federal courts sitting in Contra Costa County, California, in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement including mediation and arbitration pursuant to Section 15.5. Each Member further agrees, to the fullest extent permitted by law, that personal jurisdiction over him or her may be effected by service of process by registered or certified mail addressed as provided in Section 15.9 of this Agreement, and that when so made shall be as if served upon him or her personally within the State of California.

15.19 Time is of the Essence. Time is of the essence with respect to this Agreement.

15.20 Reliance on Authority of Person Signing Agreement. If a Member or Manager is not a natural person, neither the Company, Manager nor any Member will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual or (b) be responsible for the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such entity.

15.21 Attorney Fees. In the event that any dispute between the Company and a Member or the Members, or among the Members, should result in any legal or court action, litigation or arbitration, the prevailing party in such dispute shall, to the fullest extent permitted by applicable law, be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall, to the fullest extent permitted by applicable law, contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment and an award of prejudgment interest from the date of the breach at the maximum rate of interest allowed by law. For the purposes of this subsection (a) attorney fees shall include, without limitation, fees incurred in connection with: (i) post-judgment motions; (ii) contempt proceedings; (iii) garnishment, levy, and debtor and third party examinations; (iv) discovery; and (v) bankruptcy litigation, and (b) "prevailing party" shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

15.22 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Person may be lawfully entitled.

15.23 No Third Party Beneficiary. This Agreement is made solely and specifically among and for the benefit of the parties hereto, and their respective successors and assigns subject to the express provisions hereof relating to successors and assigns, and, to the fullest extent permitted by law, no other Person will have any rights, interest or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise. The provisions of this Agreement are intended only for the regulation of relations among the Members and the Company and this Agreement is not intended for the benefit of a creditor who is not a Member and does not grant any rights to or confer any benefits on any creditor who is not a Member or any other Person who is not a Member.

15.24 Severability. This Agreement shall be construed to the maximum extent possible to comply with all of the terms and conditions of the California Act. If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Agreement shall be invalid or unenforceable under the California Act or other applicable law, such invalidity or unenforceability shall not invalidate the entire Agreement. In that case, this Agreement shall be construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law, and, in the event such term or provision cannot be so limited, this Agreement shall be construed to omit such invalid or unenforceable provision.

15.25 Warranties and Representations. Each Member separately represents and warrants that they are not a party to any pending or threatened suit, action or legal, administrative, arbitration or other proceeding which might materially and adversely affect the business of the Company or the transactions contemplated by this Agreement, nor does such Member know of any facts which are likely with the passage of time to give rise to such a suit, action or proceeding. Each Member separately represents and warrants that they are not a party to any agreement, understanding, commitment or other obligation that prohibits or restricts such Member's performance under this Agreement.

15.26 Construction. To the fullest extent permitted by law, every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any party (notwithstanding any rule of law requiring an Agreement to be strictly construed against the drafting party), it being understood that the parties to this Agreement are sophisticated and have had adequate opportunity, time and means to retain counsel to represent their interests.

15.27 Certain Rules of Construction. Whenever the words "including", "include" or "includes" are used in this Agreement, they should be interpreted in a non-exclusive manner as though the words, "without limitation", immediately followed the same. Unless otherwise specified in this Agreement, all section, paragraph, schedule and exhibit references in this Agreement refer to sections, paragraphs, schedules and exhibits of this Agreement, and shall be treated as if set forth herein.

15.28 Non-Business Days. Whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a day other than a business day, then such period or date shall be extended until the immediately following business day.

15.29 Equitable Relief. If any Member proposes or attempts to transfer all or any part of its interest in violation of the terms of this Agreement, the Company may apply to any court of competent jurisdiction for an injunctive order prohibiting such proposed transfer except upon compliance with the terms of this Agreement, and the Company may institute and maintain any action or proceeding against the Person proposing to make such transfer to compel the specific performance of this Agreement. To the fullest extent permitted by law, any attempted transfer in violation of this Agreement is null and void, and of no force and effect. The Person against whom such action or proceeding is brought waives the claim or defense that an adequate remedy at law exists, and such Person will not argue in any such action or proceeding the claim or defense that such remedy at law exists.

15.30 Waiver of Jury Trial. EACH PARTY HERETO WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR LITIGATION CONCERNING THIS AGREEMENT.

15.31 Not an Offer. The submission of this Agreement for examination is not intended to nor shall constitute an offer to sell, grant or otherwise convey any of the property or other rights of any kind with respect to the Company or a reservation of, or option or proposal of any kind for the purchase of an interest in the Company. In no event shall any draft of this Agreement create any obligation or liability

on any party or other Person, it being understood that this Agreement shall be effective and binding only when a counterpart hereof has been executed, delivered to and accepted by the Manager, which the Manager may accept or reject in its sole and absolute discretion.

15.32 Change in Law. Notwithstanding any provision in this Agreement to the contrary, in the event that the Manager determines in good faith, after consultation with the Company's tax advisers, that there has been a significant change (or there is a significant likelihood of a such a change) to the expected income tax consequences associated with the receipt (or allocation) of the Manager's "carried interest" (any such determination, a "***Significant Change Determination***"), then the Manager shall be entitled to take any action (including amending this Agreement) that the Manager believes to be reasonably necessary to mitigate the impact of any such actual or expected change in law (*provided*, *however*, that if such action adversely affects (as such phrase is applied by giving effect to the final sentence of this Section 15.32) any Member, then such action may not be taken without the consent of a majority in Interest of the Members). The Manager shall promptly notify the Members in the event it makes a Significant Change Determination and has determined that the action it proposed to take in response thereto will not adversely affect any Member, and any such determination shall be conclusive and binding unless, within ten (10) business days of the date of such notice, a Majority in Interest of Members notify the Manager that they believe that the action proposed by the Manager will adversely affect a Member, in which case the dispute shall be settled in accordance with Section 15.5. For purposes of this Section 15.32, the Members agree that the following shall not be deemed "adverse effects" for the Members: (i) the costs of assessing, evaluating, processing or otherwise responding to proposed amendments (including the fees and costs of attorneys, accountants and other advisers engaged in connection therewith) incurred by a Member; (ii) accounting and similar administrative costs incurred by a Member; and (ii) any costs or burdens of a de minimis nature. The costs of assessing, evaluating, processing or otherwise responding to any amendment undertaken pursuant to this Section 15.32 (including the fees and costs of attorneys, accountants and other advisers engaged in connection therewith), other than those costs described in the immediately preceding sentence, shall be borne by the Company.

15.33 REGISTRATION. THE COMPANY INTERESTS OF THE NORTH STAR CAPITAL FUND LLC HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES OR ANY OTHER APPLICABLE SECURITIES LAWS IN RELIANCE UPON EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH COMPANY INTERESTS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (i) THE SECURITIES ACT, ANY APPLICABLE STATE SECURITIES LAWS, AND ANY OTHER APPLICABLE SECURITIES LAWS; AND (ii) THE TERMS AND CONDITIONS OF THIS COMPANY AGREEMENT. THE INTERESTS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS AND THIS COMPANY AGREEMENT. THEREFORE, PURCHASERS OF SUCH INTEREST WILL BE REQUIRED TO BEAR THE RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

MANAGER

NORTH STAR CAPITAL GROUP LLC

By: _____
(Signature)

Name: _____, Manager

By: _____
(Signature)

Name: _____, Manager

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IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

MANAGER

NORTH STAR CAPITAL GROUP LLC

By: _____
(Signature)

Name: JOHN W. SIMONSE, Manager

By: _____
(Signature)

Name: Mark Hanf, Manager

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SIGNATURE PAGE TO THE
OPERATING AGREEMENT
OF THE NORTH STAR CAPITAL FUND LLC
DATED AS OF _____, 2020

MANAGER

By: _____
(Signature)

Name: _____

Title: Manager

MEMBER

By: _____
(Signature)

Name: _____

Address:_____

_____

_____

Social Security or Tax ID Number: _____

Amount of Desired Capital Commitment: $_____

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SCHEDULE A

MEMBER INFORMATION

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OPERATING AGREEMENT

cc

A California Limited Liability Company

THE SECURITIES CONTEMPLATED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE IN RELIANCE UPON ONE OR MORE SPECIFIC EXEMPTIONS FROM REGISTRATION AND QUALIFICATION REQUIREMENTS.

This Operating Agreement (the "Agreement") is made **effective as of August 16, 2019,** by and among Starfish Capital Holdings LLC, ("SCH'), Pacific Private Money Inc., ("PPM"), and Mathias Coordes, ("MC"), being all the Members of **North Star Capital Group LLC**, a California limited liability company, hereinafter referred to as the ("Company"). In consideration of the mutual covenants and conditions herein, the Members agree as follows:

ARTICLE I
ORGANIZATION

1.1 Formation and Qualification., **North Star Capital Group LLC,** a California limited liability company was formed by the Members then owning an interest in the Company by filing Articles of Organization with the State of California on August 16, 2019, and operating under the laws of the State of California. The current Members of the Company, being the current owners of all membership interests, do hereby pledge and affirm to operate the Company under the laws of the state of California.

1.2 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of California, including the California Revised Uniform Limited Liability Company Act, as amended from time to time, (codified at California Corporations Code §§17701.01 *et seq.* and hereinafter referred to as the "Act") for all Company activities. To the extent that any provision of this Agreement is inconsistent with any applicable law, this Agreement shall govern if permissible by law.

1.3 Name. The name of the Company shall be "**North Star Capital Group LLC**". The business of the Company may be conducted under that name, or any other name that the Members deem appropriate or advisable as permitted by applicable law. The Members on behalf of the Company shall file any certificates, articles, fictitious business name statements and the like, and any amendments and supplements thereto, as the Members consider appropriate or advisable.

1.4 Term. The term of the Company commenced on the filing of the Articles of

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Organization and shall be perpetual unless dissolved as provided in this Agreement.

1.5 Office and Agent. The principal office of the Company shall be at such place or places of business within or without the State of California as the Managing Members may determine. The current principal place of business is located at 1355 Willow Way, Suite 261, Concord, California 94520. The Company shall continuously maintain a registered agent in the State of California as required by the Act. The registered agent shall be as stated in the Certificate or as otherwise determined by the Members. As of the effective date of this Agreement, the Company agent is Sophie Horkheimer.

1.6 Purpose of Company. The purpose of the Company is to engage in all lawful activities, including, but not limited to the following activities: real estate fund management, lending, investment and development and other such activities as may be required.

ARTICLE II

MEMBERSHIP INTERESTS, MANAGING MEMBERS' AUTHORITY & VOTING

2.1 Members Percentage Ownership. The current Members of the Company constituting all the Members of the Company are identified in **Exhibit A**. The Members own the percentage of membership interests of the Company identified in this **Exhibit A** ("Percentage Ownership Interest"). A Member's Percentage Ownership Interest in the Company represents the total of his or her equity in the Company represented by ownership of Membership Interests ("Interests" or "Shares") in the Company, together with all of the rights that arise from such Interests. The Percentage Ownership Interest of a Member shall be calculated by dividing the sum total of all of the Membership Interests in the Company by the individual Member's Membership Interests.

2.2 Membership Interests Certificates. The Company is authorized to issue physical certificates representing the Membership Interests or Shares each Member owns in the Company, but shall not be required to issue such certificates. Should certificates be issued by the Company, each certificate shall bear the company name, the name of the Member and their state of residence, and shall be consecutively numbered and signed by one or more of the Managing Members of the Company. The certificates shall also bear a legend that explains the restrictions on transferability and the fact that the investment has not been registered with the U.S. Securities and Exchange Commission or any other government entity or division.

2.3 Company Management. The Company shall be Managed by two Members, SCH and PPM who will each be considered a "Managing Member" of the Company. The Managing Members will be in charge of all the daily operations and business of the Company. Except for those matters that expressly require the approval by more

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than two-thirds (2/3rds) of the Members' Voting Interests in the Company or by unanimous consent of the Members, or deemed mandatory under the Act and/or Beverly-Killea, the Members shall empower the Managing Members to exercise all of the powers necessary to manage and carry out the purposes, business and affairs of the Company, including without limitation, the following categories of activities:

a) Expend or lend the capital and revenue of the Company in furtherance of the Company's business, subject to the limitations set forth in Section 2.6 below and elsewhere in this Agreement;

b) Borrow monies for the business of the Company, and draw, make, execute and issue promissory notes and other negotiable or non-negotiable instruments and evidences of indebtedness, and secure the payment of the sums so borrowed and to mortgage, hypothecate, pledge or assign in trust all or any part of the Company property, and assign any monies owing or to be owing to the Company, and engage in any other means of financing customary in the industry(ies)/business(es) in which the Company operates, and to refinance, consolidate and/or extend the terms of any such debt;

c) Develop, alter, improve, repair, raze, replace and rebuild Company property;

d) Effect necessary insurance for the proper protection and conservation of the Company and/or its Members, and/or Company assets, and for any other purpose convenient or beneficial to the Company;

e) Enter into any contract and/or joint venture (in corporate, limited liability company, partnership or other form) with any person or entity acceptable to the Managing Members;

f) Retain on behalf of the Company such persons, consultants, firms, corporations, agents, employees, accountants, lawyers, appraisers, managers, brokers, and such other assistance and services as may seem proper and to pay such remuneration as the Managing Members deem reasonable and appropriate and terminate any and all of the same; provided that nothing in this section shall be deemed to authorize an increase in compensation paid to a Managing Member(s), which still requires approval of more than two-thirds (2/3rds) of the Members' Voting Interests in the Company as set forth in Section 2.6 below;

g) Purchase, lease, rent or otherwise acquire or obtain the use of machinery, equipment, tools, materials and all other kinds and types of real or personal property that may in any way be deemed necessary, convenient, or advisable in connection with carrying on the business of the Company;

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h) Determine in its discretion whether or not to apply any insurance proceeds for any Company property to the restoration of such property or to distribute the same;

i) Pay, collect, compromise, arbitrate, litigate or otherwise adjust any and all claims or demands of or against the Company, all or any of such matters being at the expense of the Company;

j) Open accounts (checking or interest bearing) and deposit funds in the name of the Company in banks and to make interim investments in such debt securities as would not bring the Company within the application of the Investment Company Act of 1940, and to maintain the Company's funds in a separate bank account. All Company funds and other assets are to be used solely for the benefit of the Company;

k) Make such elections under the tax laws of the United States, the several states and other relevant jurisdictions as to the treatment of items of Company income, gain, loss, deduction and credit, and as to all other relevant matters (including, without limitation, elections under Sections 263, 754, 734 and 743 of the Code), as the Tax Matters Partner believes necessary or desirable;

l) Provide administrative, accounting and other such services to the Company provided reasonable payment is made for such services; and

m) Take all such other actions and perform such other acts as may be deemed appropriate and reasonable to carry out the business of the Company and make and enter into such agreements, contracts, instruments and documents with such parties and to give such receipts, releases, settlements and discharges with respect to any and all of the foregoing and any matters incident thereto as the Managing Members may deem advisable or appropriate.

Approval by the Members of the Managing Members is not required as long as Members are kept reasonably informed about the operations of the Company. Members shall be deemed to be reasonably informed if they are provided access to the books of the Company during business hours and provided with a summary of the Company's operations on a periodic basis.

2.4 Voting Rights.

a) Allocation of Voting Rights. Not all Members of the Company have voting rights. Some Members can only vote when a unanimous vote is required. New investors who acquire an Interest in the Company may receive

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Membership Interests with voting rights or without voting rights depending upon the circumstances and approval by the existing Members. Voting Rights are allocated consistent with the percentages set forth on **Exhibit A**. Certain decisions affecting the Company must be approved by more than two-thirds (2/3rds) of the Members' Voting Interests, ("Quorum"), as specified in this Agreement.

b) Suspension of Voting Rights and Management Authority. Upon a vote of the Members as set forth in Section 2.6, a Member's voting rights and management authority may be suspended upon notice to the Members that any of the following has occurred, which shall hereinafter collectively be referred to as a "Disassociation Events".

i. There has been a transfer of all or part of the Member's interest in the Company by a bankruptcy charging order or other court ruling or judgment.;

ii. A Member is adjudged to be mentally or physically incapacitated rendering the Member incapable of managing his or her business affairs by a court of competent jurisdiction or two (2) treating physicians who agree and state in writing that the Member is incapacitated;

iii. A Member has committed Gross Negligence against the Company, which as used herein shall mean when the Member has acted without even a minimal standard of care.

iv. A Member is charged/indicted with a felony for criminal conduct against the Company;

Upon a Disassociation Event resulting in suspension of the Member's voting rights and/or management authority, the Member shall have no role in the day-to-day operations of the Company during this time and if the Member was a Managing Member, the remaining Managing Member shall operate the Company.

If, within 360 days, the Member is reinstated in good standing with the Company (i.e. the Member exits bankruptcy protection without liquidation of their interest in the Company; or the Member is adjudged or deemed to have regained capacity; no gross negligence is found; the Member is acquitted of a criminal conviction for a felony against the Company); their voting rights and management authority shall be reinstated. At the discretion of the Members who have remained in good standing with the Company, this period for reinstatement may be extended, upon approval by two-thirds

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(2/3rds) of the Members' Voting Interests in the Company, which approval shall be made in writing.

c) Temporary Assignment of Voting Rights Due to Unavailability or Health-Related Matter. To plan for unforeseen unavailability, injury, illness or other health-related matter of the Members, a Member may execute in advance a written document authorizing another Member of the Company, or a professional advisor reasonably qualified to exercise such authority, to temporarily exercise their voting rights until such time as the Member is available or restored to health. Such authorization shall go into effect only if the Member has been deemed temporarily unable to exercise their rights, shall be for a term of no longer than six (6) months, and shall be subject to approval by at least two-thirds (2/3rds) of the Members' Voting Interests' in the Company. (This temporary assignment of voting rights shall not be permissible if a Member is deemed mentally or physically incapacitated as discussed elsewhere in this Agreement.) The document authorizing this temporary assignment shall be executed in the form of a Limited Springing Power of Attorney and maintained with the books and records of the Company.

2.5 Powers of Member(s). Notwithstanding the foregoing, any Member who is not a Managing Member shall not be deemed an agent of the Company and shall have no authority to act on behalf of the Company or bind the Company to any legal or financial obligation.

2.6 Approval of Company Business and Voting. The following categories of Company activities shall require a vote by the Members and must be approved by more than two-thirds (2/3rds) of the Members' Voting Interests in the Company after notice and consideration by all Members of the Company:

a) A change in compensation to the Managing Members or compensation to a Member and/or distributions paid by the Company to one or more of the Members;

b) Any change in regards to Exhibit A Member interests and profit sharing.

c) Issuance of a capital call by the Company;

d) Valuation of Membership Interests in the Company;

e) Loan(s) made to any person or entity with Company funds, including, without limiting the generality of the foregoing, one or more of the Members or any affiliate of a Member or Members in excess of ten thousand dollars ($10,000.00) that are not considered part of normal business operations.

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f) Loan(s) made to the Company by any Member or third-party person or entity that are not considered part of normal business operations;

g) The sale, hypothecation, pledge, disposal of, assignment of, lease, trade, or exchange or quitclaim, surrender, release or abandonment of Company property, including intellectual property, or interests therein on behalf of the Company to anyone, including the Managing Members or Members or their affiliates;

h) The Company becoming a surety or guarantor of payment of money or the performance of any contract or obligation for a Member or a third party that don't pertain to the purpose of the Company;

i) Authorization of any transaction by the Company, and executing or causing to be executed, any documents related to that transaction, including without limitation, agreements, contracts, guarantees, evidence of indebtedness, legal settlement agreements, or other documents that obligate the Company, and or its Members, where the value of the contract is in excess of $25,000.00 and does not pertain to the purpose of the Company.

j) Waiver or reduction of fees charged that do not benefit the Company.

k) Admission of new Member(s);

l) Approval of any change in ownership of a Member's interest in the Company, including but not limited to, the sale of a Member's interest, or involuntary disassociation of a Member, or use as collateral of a Member's Membership Interests in the Company;

m) Eliminating a Member's management authority as discussed below in Section 3.4(b);

n) Approval of temporary assignment of voting rights due to unavailability or health-related matter (as set forth in Section 2.4(c) above); and

o) Modification of this Agreement.

Other actions on behalf of the Company that may require approval by more than two-thirds (2/3rds) of the Members' Voting Interests may be set forth elsewhere in this Agreement.

The following categories of activities shall require the <u>unanimous consent</u> of all Members of the Company:

a) Merger with another ongoing business concern or entity;

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b) The sale of more than 50% of the Company's assets, including intellectual property, in one year.

c) Modification of the Company Articles of Formation;

d) Filing a voluntary bankruptcy petition on behalf of the Company; and

e) The decision to wind up and/or dissolve the Company.

For each category identified in this Section 2.6, requiring more than two-thirds (2/3rds) of the Members' Voting Interests in the Company, written notice of the action to be considered and voted upon must be sent to all Members in writing via E-Mail, no less than five (5) business days prior to any action being taken by the Company. For actions requiring unanimous votes there must be thirty (30} days prior notice as detailed above.

Voting may be done informally, meaning Members may communicate their approval or disapproval via E-Mail to the other Members, without the need for a formal written resolution or minutes, provided that receipt of said E-Mail is verified via return E-Mail, which verification shall not be unreasonably withheld.

If the Managing Members send three (3)emails, two (2) days apart, to a Member's email address on record and they receive no response from the Member(s), then it will be assumed that the Member(s) did not want to participate in the required vote and the vote will proceed without counting the unresponsive Member(s) interest in obtaining the more than two thirds (2/3rds) of the Membership Interests in the Company needed for approval. It is the Member(s) sole responsibility only, not the Managing Members, to ensure that they are in regular contact with the Managing Members and let them know if they will be unable to vote by email for any period of time and give the Managing Members a written proxy if they wish another Member or person to vote for them or ask that they be allowed to vote by another reasonable method to be approved by the Members by more than two-thirds (2/3rds) voting Interests, as further discussed in 2.4 (c).

2.7 Meetings of Members & Notice of Meetings. No regular, annual, special or other meetings of Members are required to be held. Any action that may be taken at a meeting of Members may be taken without a meeting, by written consent in accordance with the Act. Meetings of the Members for any purpose(s) may be called at any time by a majority of the Members holding more than two thirds (2/3rds) Interest in the Company. The place of meeting shall be the principal place of business of the Company or an alternate location as agreed to by all the Members.

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In the event that a meeting of the Members is called, written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than thirty (30), and no more than sixty (60) days before the date of the meeting unless otherwise provided, either personally or via electronic mail, by or at the direction of the Members calling the meeting, to each Member. Notice of a meeting need not be given to any Member who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Member.

2.8 Quorum. More than two-thirds (2/3rds) of the Members' Voting Interests' in the Company represented in person, by telephonic participation, or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the Members in attendance may adjourn the meeting. If a quorum is present, a unanimous vote of the Members in attendance shall be considered the act of all the Members, unless the vote of a lesser proportion or number is otherwise required by the Act or by this Agreement.

2.9 Signing Authority. The Managing Members shall both be the designated signatories to execute all documents that may be necessary to sign on behalf of the Company. If either Managing Member is unavailable to sign then the other Managing Member can be the sole signor upon email approval from the unavailable Managing Member. A Managing Member can also designate one of his staff or another Member of the Company, preapproved by the other Managing Member, to sign certain documents on his behalf or in his absence upon email approval. Notwithstanding the foregoing, the Managing Members can authorize another Member or third party to sign documents on behalf of the Company or modify this signing authority provided that such authorization is in writing and approved by more than more than two-thirds (2/3rds) of the Members' Voting Interests in the Company.

If the Company is acting as the manager of another entity, signing authority for that entity shall be determined by the permissions and authority set forth in that entity's operating documents and this Section 2.9 shall have no effect to alter or impair the signing authorities for those third party entities.

2.10 Wire Transfer Authority. Any wire of funds in excess of $25,000 made on behalf of the Company shall be authorized by both Managing Members, which may be satisfied by sending approval via E-Mail. Should one Managing Member after repeated attempts to be contacted by phone, text message and email be unavailable for more than three (3) business days then the wire transfer can be authorized by one Managing Member and one Member.

ARTICLE III

LIMITS OF AUTHORITY OF MANAGING MEMBERS,

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LIABILITY OF MEMBERS & ADMISSION OF NEW MEMBERS

3.1 Competition with the Company. Any Member and/or their officers, agents, trustees, beneficial interest holders and Affiliates may engage or invest in any outside business endeavor or activity, as long as the activity does not directly impact the business of the Company, which is the management of construction lending funds and / or construction lending. All Members of the Company shall make a good faith effort to first offer any construction fund management or construction loan opportunities to the Company first. Members shall be able to engage in other types of lending and fund management opportunities whether or not such activities compete with the business of the Company; provided that, these outside activities do not harm the reputation and/or good will of the Company, impair the assets of the Company or violate the fiduciary duties that each of the Members owe to each of the other Members and the Company under the Act. When a Member engages or invests in such other activities, neither the Company nor the other Members shall have any right to the income or proceeds derived therefrom; and conversely, shall have no liability for any losses or liabilities created by those activities. No Member shall be obligated to present any investment opportunity to the Company, unless the opportunity is in regard to construction lending. Each Member shall have the right to hold any investment opportunity for their own account or to recommend such opportunity to any person or entity other than the Company. The Members acknowledge that certain Members and their Affiliates own and/or manage other businesses, including businesses that may compete with the Company and for the Member's time. Each Member hereby waives any and all rights and claims, which they may otherwise have against other Members and their Affiliates as a result of any of such activities. In the event Company resources are used to manage or administer the outside activities of a Member, that Member shall pay the Company a reasonable fee for those services unless fees are waived pursuant to a vote under Section 2.6 above.

3.2 Time Devoted to the Company. By owning Membership Interests in the Company and executing this Agreement, the signatories hereto are warranting and representing that: a) they are all active participants in the operations of the Company; and b) investment in the Company was for their personal account and not with a view to sell the Interest to another person or entity. While the Members shall not be required to manage the Company as their sole and exclusive function, a Lack of Active Involvement in Company operations may subject the non-participating Member to a suspension of their voting rights and management authority subject to approval by more than two-thirds (2/3rds) of the Members' Voting Interests. "Lack of Active Involvement" shall mean a Member who fails to participate in any voting required by the Company for a period of greater than three (3) consecutive months and also fails to respond to E-Mails, telephone calls or other communications from the Company Managing Members within three (3) days of receipt and failure to attend more than two Company meetings per year, if and when called.

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3.3 Performance of Duties. The Managing Members shall perform their managerial duties in good faith and exercise the utmost care to ensure the Members comport with the fiduciary duties set forth in the Act. The Members shall act in a manner that a reasonably prudent person believes would be in the best interests of the Company and its Members, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

3.5 Agents/Officer(s) of the Company. The Managing Members may authorize any Member or Members of the Company, or other individuals or entities, whether or not a Member, to take action on behalf of the Company, as the Managing Members deem appropriate. The Managing Members may provide rules for the appointment, removal, supervision and compensation of such agents and/or officer(s), the scope of their authority, and any other matters relevant to the positions. The agent/officer(s) shall act in the name of the Company and shall supervise its operation, within the scope of their authority, under the direction and management of the Managing Members. Any action taken by a duly authorized agent/officer(s), pursuant to authority granted by the Managing Members in accordance with this Agreement, shall constitute the act of and serve to bind the Company, and each Member hereby agrees neither to dispute such action nor the obligation of the Company created thereby.

3.6 New Members. The Members may admit a new Member or Members to the Company with or without voting rights, only if such new Member (i) is approved by more than two-thirds (2/3rds) of the Members' Voting Interests; (ii) delivers to the Company their required capital contribution; (iii) agrees in writing to be bound by the terms of this Agreement by becoming a party hereto; and (iv) delivers such additional documentation as the Managing Members shall reasonably require to admit a new Member to the Company. Upon the admission of a new Member or Members, as the case may be, to the Company, the capital accounts of Members, and the calculations that are based on the capital accounts, shall be adjusted appropriately, and the voting rights shall be established as to each Member. Additionally, **Exhibit A** hereto shall be updated to reflect the admission of a new Member or Members.

3.7 Liability of Members. All debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member.

A Member who performs their duties reasonably and in good faith shall not have any liability solely by reason of their being or having been a Managing Member of

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the Company. In performing their duties, the Managing Member shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, of the following persons or groups unless they have actual knowledge concerning the matter in question that would cause such reliance to be unwarranted and provided that the Managing Member acts in good faith and after reasonable inquiry when the need therefor is indicated by the circumstances: (a) one or more officers, employees or other agents of the Company whom the Managing Member reasonably believes to be reliable and competent in the matters presented; or (b) any attorney, consultant, realtor, broker, licensed contractor, engineer, accountant, or other Person as to matters which the Managing Member reasonably believes to be within such Person's professional or expert competence.

ARTICLE IV

CAPITAL ACCOUNTS

4.1 Capital Accounts. A separate capital account shall be maintained for each Member's ownership interest. The capital account of each Member shall be increased by (i) the amount of any cash and the fair market value of any property contributed to the Company by such Member (net of any liability secured by such contributed property that the Company is considered to assume or take subject to), (ii) all capital invested into the company as per Exhibit A shall accrue simple interest at the rate of 10% per annum, (iii) the amount of income or profits allocated to such Member.

The capital account or accounts of each Member shall be reduced by (i) the amount of any cash and the fair market value of any property distributed to the Member by the Company (net of liabilities secured by such distributed property that the Member is considered to assume or take subject to on account of their ownership interest), (ii) the amount of expenses or loss allocated to the Member. If any property other than cash is distributed to a Member, the Capital Accounts of the Members shall be adjusted as if the property had instead been sold by the Company for a price equal to its fair market value and the proceeds distributed.

Guaranteed Payments ("Guaranteed Payments") for salary, wages, fees, payments on loans, rents, etc., may be made to the Members. Guaranteed Payments shall not be deemed to be distributions to the Members on account of their Ownership Interests, and shall not be charged to the Members' capital accounts.

No Member shall be obligated to restore any negative balance in their Capital Account. No Member shall be compensated for any positive balance in their Capital Account except as otherwise expressly provided herein. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with the provisions of Regulations Section 1.704-

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1(b)(2) and shall be interpreted and applied in a manner consistent with such Regulations.

The Members agree that the Capital Accounts of the Members on the date hereof are as set forth in **Exhibit A**.

4.2 Additional Capital Contributions. If, at any time or times hereafter, the Managing Members shall determine that the Company requires additional capital, the Managing Members shall determine the amount needed of such additional capital and the anticipated time such additional capital will be required. Upon approval by more than two-thirds (2/3rds) of the Members' Voting Interest, a capital call to the Members may be made for an amount not to exceed a total of thirty thousand dollars ($30,000.00) prorated per each Member's percentage membership interest for any single capital call.

The call must: a) provide the Members notice of ten (10) business days; b) be transmitted in writing via E-mail with the Members acknowledging receipt of said notice through a return E-mail; and c) provide a detailed explanation for the financial needs of the Company that would necessitate additional capital from the Members.

Upon approval of a capital call, the Members shall then be obligated to contribute their pro rata portion of the capital required based on their Member interest as per Exhibit A. If a Member fails to contribute their additional capital, another Member or Member(s) may make the payment for the non-paying Member. Any Member who contributes the capital for the non-paying Member shall be paid ten percent (10.0%) annual simple interest and this interest shall be the debt obligation of the non-paying Member. The non-paying Member shall have ninety (90) days to make the unpaid capital call to the Company or repay the Member who made the non-paying Member's contribution, and must also pay any interest accrued that is then due and owing on the unpaid contribution. Thereafter, if the non-paying Member fails to pay the amount due and owing, their capital account shall be reduced by the unpaid capital call plus interest.

4.3 Interest on Contributions. All capital invested into the company as per Exhibit A and for additional capital calls as set forth in Section 4.2.

4.4 Withdrawal of Capital. No Member will be entitled to withdraw any part of their Capital Account, have any of their Capital Contribution returned, or receive any distributions from the Company, except as expressly provided for in this Agreement.

ARTICLE V

COMPANY EXPENSES, ALLOCATIONS AND DISTRIBUTIONS

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5.1 Company Operating Costs. Any Company operating expenses such as post-formation legal and accounting services, insurance premiums for any liability policy carried by the Company, "key person" policies, and general overhead (i.e. office space and fixtures, utilities, computers, postage, letterhead, printing costs, etc.) shall be paid by the Company. Any expenses paid by a Member after July 1, 2019 that were for Company business expenses or the development of the Company Property shall be reimbursed by the Company by submitting evidence of payment of such expense. If the Company has insufficient funds to pay its operating expenses, any Member may lend funds to the Company for this purpose instead of making a capital call for additional capital contributions, provided that such loan from a Member is approved by the Managing Members.

5.2 Allocations of Profits and Losses. Profits and Losses, after deducting Guaranteed Payments and other operational expenses of the Company, shall be allocated among the Members in two ways:

First 50% of the profits and 100% of the losses shall be allocated in proportion to their Percentage Ownership Interests, in Exhibit A.. Any special allocations necessary to comply with the requirements set forth in Internal Revenue Code Section 704 and the corresponding Regulations, including, without limitation, the qualified income offset and minimum gain chargeback provisions contained therein, shall be made if the Managing Members deem these actions to be appropriate. In no event shall special allocations or allocations made inconsistent with the Members' Percentage Ownership Interests, in Exhibit A be made in contravention of the Act or other applicable law.

Second the remaining 50% of profits shall be allocated based on the capital raised by the Member for The North Star Capital Fund or any other fund managed by the Company ("NSCF"). Capital raised shall be calculated by and allocated to a Member in four (4) ways:

a) Capital invested into NSCF directly by a Member.

b) Through a Member's efforts, capital invested into NSCF by a 3rd party investor who becomes a Member of NSCF or provides capital to the Fund via a loan or other instrument.

c) Through a Member's efforts, capital provided to NSCF via a Line of Credit ("LOC") from a bank or other entity or individual investor.

d) If a Member brokers a loan to NSCF or provides income producing services to NSCF that would have been paid to the Member and instead of receiving cash, the Member invests the money into NSCF as capital and becomes a Member of NSCF.

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Two or more Members can agree to share in a portion of the "capital raised" profit allocation. This may arise in circumstances where two or more Members equally contribute to a capital investment or loan by a 3rd party, or where the referral source of a 3rd party investment cannot reasonably be determined.

At the end of every month, the Managing Members shall determine and create a report detailing each Members allocation of Capital raised. The report must be approved by more than a two-thirds (2/3rds) of the Members' Percentage Ownership Interest.

5.3 Distributions. Subject to applicable law and any limitations elsewhere in this Agreement, the Managing Members shall determine the amount and timing of all distributions of cash, or other assets, by the Company. Except as otherwise provided in this Agreement, all distributions shall be made to all of the Members, in as per their allocations of profit as detailed in section 5.2 above. Except as otherwise provided in this Agreement, the decision as to whether to make distributions shall be within the sole discretion of the Managing Members.

All such distributions shall be made only to the Members who, according to the books and records of the Company, are the holders of record on the actual date of distribution, the Member is not indebted to the Company, and has paid additional capital when required under a Company capital call. The Managing Members may base a determination to authorize a distribution of cash based upon a Company balance sheet, profit and loss statement, projected cash flow statement or other relevant information. Neither the Company nor the Managing Members shall incur any liability for making distributions provided that the distributions are not unlawful under the Act.

Moreover, no distribution shall be made to the Members if after the distribution the Company would not be able to pay its debts as they become due in the ordinary course of business or the assets of the Company would be less than the sum of the total liabilities then owed by the Company, plus the amount that would be needed to wind up and dissolve the Company. The Managing Members may base this determination on financial statements prepared on the basis of accounting practices that are reasonable under the circumstances.

5.4 Form of Distribution. No Member has the right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members except on the dissolution and winding up of the Company.

5.5 Compensation from Company to Member(s). Notwithstanding Corporations Code § 17704.07(e) regarding payment of a Member for services rendered to the

Company in a member-managed limited liability company, the Company shall have the authority to pay a salary or other compensation to a Managing Member that does not constitute a distribution; provided that, such compensation arrangement shall be made in writing and specify with particularity the amount and timing of such payments to be approved by more than two-thirds (2/3rds) of the Members' Voting Interests in the Company. By their signatures below, all Members have agreed that the Managing Members shall be compensated as detailed in Section 2.3 above.

ARTICLE VI

TRANSFER OF MEMBERSHIP INTERESTS

6.1 Resignation of Membership. A Member may voluntarily resign their Member Percentage Ownership in the Company by providing thirty (30) days written notice to the other Members. Notice via E-Mail is acceptable, provided that the other Members confirm receipt via a return E-Mail.

a) Termination of Membership Rights. Even though a Member may voluntarily disassociate with the Company, this does not automatically entitle the Member to a return of capital or the purchase of their interest in the Company except as set forth in this Article VI. Upon the effective date of the Member's resignation, the Member shall relinquish all rights associated with their Member Percentage Ownership in the Company, including but not limited to, voting rights and all right to the allocation of profits and losses from the Company, except as set forth in this Agreement.

b) Abandonment of Interest. A Member has the right to abandon their Member Percentage Ownership Interest in the Company, meaning they will receive no payment for their interest, and their interest shall be returned to the Company and redistributed pro rata to the remaining Members. The remaining Members shall receive the entire bundle of rights associated with the resigning Member's Membership Percentage Ownership Interests, including without limitation, all economic rights and voting rights. In such event, the Members hereby understand and acknowledge there may be tax consequences associated with this event.

c) Regardless of the above, any debts or liens of the Company that a Member has personally signed for or any legal actions that "pierce the corporate vail" of the Company, causing the Members personal liability, the resigning, abandoning or exiting for any reason Member, will still be liable for.

d) Right of First Refusal. The Company and/or the other Members shall have the right of first refusal to purchase a resigning Member's Percentage

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Ownership Interest in the Company. Any Member interested in purchasing the resigning Member's Percentage Ownership Interest in the Company must send written notice of their intent via E-Mail within thirty (30) calendar days of receiving notice from the resigning Member. If more than one of the remaining Members desires to purchase the resigning Member's Percentage Ownership Interest, the resigning Member's share in the Company will be purchased by blind auction between the Members interested in purchasing the resigning Members interest. If two or more of the Members bid the same amount at the blind auction then the resigning Member's interest shall be divided among the Members based upon their pro rata Percentage Ownership Interests in the Company, not including the resigning Member's Interest. All transaction documents required to facilitate this transfer shall be prepared and executed within thirty days (30) from the date that one or more of the Members provide notice of their intent to purchase the resigning Member's Percentage Ownership Interest. If a Member or Member(s) fail to complete the purchase of the resigning Member's Interest by the aforementioned deadline, these remaining Member or Members lose the right to acquire the resigning Member's Interest in the Company. Regardless of the above, the resigning Member can withdraw their sale of their Member Interest at any time and does not have to sell their Member Interest to the Company if the amount to be paid for the resigning Member's Interest is not deemed high enough by the resigning Member.

e) Purchase of Interest by Non-Member. Should no Member of the Company wish to purchase the resigning Member's Percentage Ownership Interest in the Company, or fails to complete the purchase within the time-line set forth in this Agreement or no Member of the Company will pay an amount high enough for the resigning Member to sell their Interest to another Member, then the resigning Member may sell their Interest to a third-party (hereinafter referred to as "Third Party Purchaser"). All transaction documents required to facilitate this transfer shall be prepared and executed within thirty days (30) of the Company approving the purchase and sale of the resigning Members' Percentage Ownership Interest to the Third Party Purchaser. If a Third Party Purchaser fails to buy the resigning Member's Interests within the time-frame set forth in this Agreement, the resigning Member shall either find a new buyer, retain their Interest in the Company or agree to have a third party valuation done of the resigning Member's Interest.

f) Valuation of Resigning Member's Interest. If requested by a Member and agreed to by the Managing Members, the resigning Member's Percentage Ownership Interest will be valued by an independent third party, which valuation all Members must agree to accept in writing prior to the valuation being made "(Valuation" or "Purchase Price"). The Valuation shall be completed within sixty (60) days of the Company's receipt of the notice of

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request for an independent third party Valuation from the resigning Member. Once the resigning Member's Percentage Ownership Interest Valuation is completed in accordance with this criteria, the resigning Member must sell their interest at the independent third party Valuation amount and the Company or purchasing Member must buy the resigning Member's interest as set forth in 6(g) below. Failure to sell or buy the resigning Member's interest shall result in damages equal to double the amount of the resigning Members interest Valuation, as determined by the independent third party, being awarded and paid by the party failing to act. The Members may alter this formula from time to time in their discretion subject to the approval of more than two-thirds (2/3rds) of the Members' Voting Interest.

g) Timing of Payment to Resigning Member. The Purchase Price must be paid out to the resigning Member over a one (1) year period, starting from the first day of the next quarter after the Purchase Price is determined. Four equal installment payments shall be made on the first day of each quarter beginning on the first quarter after the Purchase Price has been determined. With the resigning Members approval, this payment plan may be altered.

6.2 Incapacity or Death of a Member. Upon the death of a Member, the Member's estate, trust or beneficiary(ies) (hereinafter referred to as "Heir"), shall be entitled to keep or redeem the Member's Percentage Ownership Interest in the Company, sell the Percentage Ownership Interest to another Member or Members, or to the Company, or to an approved Third Party Purchaser under the terms and conditions set forth in this Article VI. All deadlines shall flow from the Company's receipt of notice of the Member's death.

If the Member's Heir elects to keep the Member's Percentage Ownership Interest in the Company as an investment, the Heir shall become a non voting Member only, subject to all the terms and conditions of the operating agreement. This would entitle the Heir to an allocation of their pro rata share of profits and losses, as well as distributions and calls for capital. However, the Heir shall have no voting rights except for votes that require unanimous consent. Otherwise, the Heir shall have no involvement with, or exercise any authority over, the business operations of the Company. Moreover, the Heir must agree to follow the terms and conditions set forth in this Agreement and execute a copy for Company records.

6.3 Restrictions on Transfer. Except as provided for in this Agreement, no Member shall sell, hypothecate, pledge, assign or otherwise transfer, with or without consideration, any part or all of their Percentage Ownership Interest in the Company to any other person or entity.

6.4 Involuntary Transfer of a Membership Interest. A creditor's charging order or lien on a Member's membership interests, bankruptcy of a Member, or other involuntary transfer of Member's Percentage Ownership Interest, shall constitute a

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material breach of this Agreement by such Member. The creditor, transferee or other claimant, shall only have the rights of an Assignee, and shall have no right to become a Member, or to participate in the management of the business and affairs of the Company as a Member or Manager under any circumstances, and shall be considered only an economic interest holder ("EIH"), entitled only to receive the share of profits and losses, and the return of capital, or obligation to contribute additional capital, to which the Member would otherwise have been entitled. The EIH shall have zero voting rights, this includes votes where unanimous consent is required. Notwithstanding the foregoing, the transferee shall be bound by all other terms and conditions set forth in this Agreement (i.e. meeting attendance, capital call obligations, etc.).

The Members, including the Member whose Interest is the subject of the charging order, lien, bankruptcy, or involuntary transfer, may unanimously elect, by written notice provided to the creditor, transferee or other claimant, at any time, to purchase all or any part of the Membership Interest that was the subject of the creditor's charging order, lien, bankruptcy, or other involuntary transfer, at a price that is equal to one-half (1/2) of the book value of such Interest, adjusted for profits and losses to the date of purchase. The Members agree that such valuation is a good-faith attempt at fixing the value of the interest, after taking into account that the interest does not include all of the rights of a Member or Manager, and after deducting damages that are due to the material breach of this Agreement.

6.5 Insurance on a Member. The Company, in its discretion, may purchase insurance on the lives of any of the Members, with the Company and/or the purchasing Member named as the beneficiary and use all or any of the proceeds from such insurance as a source of proceeds from which the deceased Member's Membership Ownership Interest may be purchased by the Company.

ARTICLE VII

ACCOUNTING, RECORDS AND REPORTING

7.1 Books and Records. The Company shall maintain complete and accurate accounts in proper books of all transactions of or on behalf of the Company and shall enter or cause to be entered therein a full and accurate account of all transactions on behalf of the Company. The Company's books and accounting records shall be kept in accordance with such accounting principles (which shall be consistently applied throughout each accounting period) as the Members may determine to be convenient and advisable. The initial Company administrator shall be LHJS Investments LLC ("LHJS"). The Company administrator shall maintain at its principal office all of the following:

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a) A current list of the full name and last known business or residence address of each Member in the Company;

b) An accounting of each Member's capital account, including entries to these accounts for contributions and distributions;

c) Each Member's Percentage Ownership Interest and Voting Rights;

d) A copy of the Certificate and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Certificate or any amendments thereto have been executed;

e) Copies of the Company's federal, state and local income tax or information returns and reports, if any, for the six most recent taxable years;

f) A copy of this Agreement and any and all amendments hereto together with executed copies of any unanimous consent resolutions, powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

g) Copies of the financial statements of the Company, if any, for the six (6) most recent Fiscal Years;

h) The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four Fiscal Years; true and full information regarding the status of the business and financial condition of the Company; and

i) True and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member.

7.2 Inspection of Books and Records. Each Member has the right, upon request, for purposes reasonably related to the interest of the person as a Member of the Company, to make an appointment to inspect during normal business hours any of the Company's records described in Section 7.1.

7.3 Fiscal Year. The Company's "Fiscal Year" shall be the calendar year (i.e. January 1 through December 31.)

7.4 Accountings.

a) Quarterly Reports. Within thirty (60) days after the end of each quarter, and upon request of a Member, the Company administrator shall furnish the

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Member with a balance sheet and profit and loss statement for the previous quarter.

b) Fiscal Year Reports. As soon as reasonably practicable after the close of each Fiscal Year, LHJS, under the supervision of the Managing Members, shall make a full and accurate accounting of the affairs of the Company as of the close of that Fiscal Year and shall prepare a balance sheet, a profit and loss statement, a K-1 suitable for taxes of Members' equity showing their respective Capital Account including any capital contributions or distributions, if any, to the Member during such Fiscal Year, and any other statements and information necessary for a presentation of the financial condition of the Company, all of which LHJS and the Managing Members shall make available to the other Members.

c) Tax Documents. The Company administrator shall furnish to each Member, information regarding the Company necessary for such Member to complete their federal and state income tax returns no later than ninety (90) days after the end of the Fiscal Year as required by Corporations Code § 17701.03. The Company administrator shall also furnish a copy of the Company's tax returns to any Member requesting the same.

7.5 Filings. The Tax Matters Partner, at Company expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Managing Members, at Company expense, shall also cause to be prepared and timely filed with appropriate federal and state regulatory and administrative bodies amendments to, or restatements of, the Certificate and all reports required to be filed by the Company with those entities under the Act or other then current applicable laws, rules, and regulations. If the Company is required by the Act to execute or file any document and fails to do so within a reasonable period of time, any Member may prepare, execute and file that document with the California Secretary of State.

7.6 Bank Accounts; Limits on Payments. The Company shall maintain its funds in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be comingled in any fashion with the funds of any other person or entity.

Payments for any indebtedness, services, goods or other invoices due and owing by the Company or one of the entities managed or administered by the Company, shall be paid directly to the person or entity owed the money or the person or entity designated to be paid by the Managing Members of the Company, or the Managing Member(s) of the entities managed or administered by the Company or the Company administrator.

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7.7 Tax Matters Partner. The Tax Matters Partner shall from time to time cause the Company to make such tax elections as they deem to be in the interests of the Company and the Members generally. The Tax Matters Partner, as defined in Internal Revenue Code Section 6231, shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend the Company funds for professional services and costs associated therewith. The Tax Matters Partner hereby designated by the Members is LHJS Investments LLC whose president is John W. Simonse.

ARTICLE VIII

DISSOLUTION AND WINDING UP

8.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of: the entry of a decree of judicial dissolution pursuant to the Act; or upon approval of more than two-thirds (2/3rds) of the Members' Voting Interest or within a reasonable time frame after the sale or transfer of the Company.

8.2 Winding Up. On the occurrence of an event specified in Section 8.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors. The Managing Members shall be responsible for overseeing the winding up and liquidation of Company, shall take full account of the assets and liabilities of Company, shall cause such assets to be sold or distributed, and shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in this Agreement. The Managing Members shall be entitled to reasonable compensation for such services.

8.3 Distributions in Kind. Any noncash assets distributed to the Members shall first be valued at their fair market value to determine the profit or loss that would have resulted if such assets were sold for such value. Such profit or loss shall then be allocated pursuant to this Agreement, and the Members' Capital Accounts shall be adjusted to reflect such allocations. The amount distributed and charged against the Capital Account of each Member receiving an interest in a distributed asset shall be the fair market value of such interest (net of any liability secured by such asset that such Member assumes or takes subject to). The fair market value of such asset shall be determined by the Managing Members, or if any Member objects, by an independent appraiser (and any such appraiser must be recognized as an expert in valuing the type of asset involved) selected by more than c

8.4 Order of Payment of Liabilities on Dissolution. After a determination that all known debts and liabilities of the Company in the process of winding up, including,

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without limitation, debts and liabilities to Members who are creditors of the Company, have been paid or adequately provided for, the remaining assets shall be distributed to the Members in proportion to their positive Capital Account balances, after taking into account profit and loss allocations for the Company's taxable year during which liquidation occurs. Being that there are different situations which may cause the dissolution and winding up of the Company, if there is any conflict between the Members as to which is the order of payments for debts, liabilities, capital, interest and profits or losses, than the order shall be determined by a vote of two-thirds (2/3rds) of the Members' Voting Interest,

8.5 Adequacy of Payment. The payment of a debt or liability, whether the whereabouts of the creditor is known or unknown, shall have been adequately provided for if payment thereof shall have been assumed or guaranteed in good faith by one or more financially responsible Persons or by the United States government or any agency thereof, and the provision, including the financial responsibility of the Person, was determined in good faith and with reasonable care by the Managing Members to be adequate at the time of any distribution of the assets pursuant to this Section. This Section shall not prescribe the exclusive means of making adequate provision for debts and liabilities.

8.6 Compliance with Regulations. All payments to the Members on the winding up and dissolution of Company shall be strictly in accordance with the positive capital account balance limitation and other requirements of Regulations Section 1.704-1(b)(2)(ii)(d), or as the Managing Members deem appropriate.

8.7 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely to the assets of the Company for the return of such Member's positive Capital Account balance and shall have no recourse for such Member's Capital Contribution or share of profits (on dissolution or otherwise) against any other Member.

8.8 Certificate of Cancellation. The Members conducting the winding up of the affairs of the Company shall cause to be filed in the office of, and on a form prescribed by, the California Secretary of State, a certificate of cancellation of the Certificate on the completion of the winding up of the affairs of the Company.

ARTICLE IX

EXCULPATION AND INDEMNIFICATION

9.1 Exculpation of Members. No Member shall be liable to the Company or to the other Members for damages or otherwise with respect to any actions taken or not taken in good faith and reasonably believed by such Member to be in or not opposed to the best interests of the Company, except to the extent any related loss results

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from fraud, gross negligence or the fiduciary duties owed to the Company by such Member.

9.2 Indemnification by Company. The Company shall indemnify, hold harmless and defend the Members, in their capacity as Members, Managers, or Officers, from and against any loss, expense, damage or injury suffered or sustained by them by reason of any acts or omissions arising out of their activities on behalf of the Company or in furtherance of the interests of the Company, including but not limited to paying any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, if the acts or omissions were not performed or committed fraudulently or as a result of gross negligence by the indemnified party. Reasonable expenses incurred by the indemnified party in connection with any such proceeding relating to the foregoing matters may be paid or reimbursed by the Company in advance of the final disposition of such proceeding upon receipt by the Company of (i) written affirmation by the Member requesting indemnification of its good-faith belief that it has met the standard of conduct necessary for indemnification by the Company, and (ii) a written undertaking by or on behalf of such Member to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that such Member has not met such standard of conduct, which undertaking shall be an unlimited general obligation of the indemnified party but need not be secured.

9.3 Insurance. The Company shall have the power to purchase and maintain insurance on behalf of any Person who is or was a Managing Member or an agent of the Company against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as a Managing Member or an agent of the Company, whether or not the Company would have the power to indemnify such Person against such liability under Section 10.1 or under applicable law.

ARTICLE X

MISCELLANEOUS

10.1 Authority. This Agreement constitutes a legal, valid and binding agreement of the Members, enforceable against the Members in accordance with its terms. By signing this Agreement, each Member warrants and represents that they are empowered and duly authorized to enter into this Agreement (including the power of attorney herein) under every applicable governing document, partnership agreement, trust instrument, pension plan, charter, certificate of incorporation, bylaw provision or the like. The Person, if any, signing this Agreement on behalf of the Member is empowered and duly authorized to do so by the governing document or trust instrument, pension plan, charter, certificate of incorporation, bylaw provision, board of directors or stockholder resolution or the like.

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10.2 Affirmative defense of the Company by the Members. Each Member hereby agrees to provide an affirmative defense for the Company, Members and each of their respective employees, agents, partners, members, shareholders, officers and directors, ("Associate") from outside claims, disputes liabilities, damages, costs and expenses that are not the result of gross negligence, malfeasance or fraud by the Member or Associate.

ARTICLE XI

DISPUTE RESOLUTION

11.1 Disputes Among Members. The Members agree that in the event of any dispute or disagreement solely between or among any of them, arising out of, relating to or in connection with this Agreement or the Company or its organization, formation, business or management ("Member Dispute"), the Members prior to any litigation or lawsuits being filed must first use their best efforts to resolve any Member Dispute arising out of or in connection with this Agreement by good-faith negotiation of at least eight (8) hours held at the office of LHJS at a mutually agreed time.

If the Members are unable to resolve any Member Dispute through this meeting, they shall then have to attempt to settle such dispute through a non-binding mediation proceeding of at least eight (8) hours at JAMS, in Walnut Creek, Ca. in which all Members are hereby obligated to participate in good faith and share equally in the cost of the mediation. In the event any party to such mediation proceeding is not satisfied with the results thereof, only then may they commence suit within the jurisdiction of the Contra Costa County Superior Court only, but by signing this Agreement, the Members acknowledge they are agreeing to waive the right to a trial by jury. In no event shall the results of any mediation proceeding be admissible in any judicial proceeding.

ARTICLE XII

MISCELLANEOUS

12.1 Notices. Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by Electronic Mail ("E-Mail") if receipt is acknowledged by the addressee one business day after the E-Mail is received or via next-day delivery with a nationally recognized overnight delivery service, or three (3) business days after being mailed by certified first class mail, properly addressed to the party to receive such notice, at the address set forth in the Company's records.

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12.2 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held to be invalid or unenforceable, shall not be affected thereby.

12.3 Binding Effect. Subject to Article VII, this Agreement shall bind and inure to the benefit of the Members and their respective Successors and Assigns.

12.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.5 Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior or contemporaneous written or oral negotiations, correspondence, understandings and agreements between or among the parties, regarding the subject matter hereof.

12.6 Further Assurances. Each Member shall provide such further information with respect to the Member as the Company may reasonably request, and shall execute such other and further certificates, instruments and other documents, as may be necessary and proper to implement, complete and perfect the transactions contemplated by this Agreement.

12.7 Headings; Gender; Number; References. The headings of the Sections hereof are solely for convenience of reference and are not part of this Agreement. As used herein, each gender includes each other gender, the singular includes the plural and vice versa, as the context may require.

All references to Sections and subsections are intended to refer to Sections and subsections of this Agreement, except as otherwise indicated.

12.8 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and their respective Successors and Assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third Person to any party to this Agreement, nor shall any provision give any third Person any right of subrogation or action over or against any party to this Agreement.

12.9 Amendments. Upon approval of any such changes under Section 2.6 above, all amendments to this Agreement shall be in writing and signed by all of the Members to the Agreement at the time of the amendment, even if a Member did not cast a vote

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in favor of approving the amendment, the Member must sign the amendment or the Member will be in breach of this agreement.

12.10 Attorneys' Fees. In any dispute that goes to mediation or Superior Court between any Members or among the Company and one or more of the Members, including, but not limited to, any Member Dispute, the prevailing party or parties in such dispute shall be entitled to recover from the non-prevailing party or parties all reasonable fees, costs and expenses including, without limitation, attorneys' fees, costs and expenses, all of which shall be deemed to have accrued on the commencement of such action, proceeding or arbitration.

Attorneys' fees shall include, without limitation, fees incurred in any post-award or post-judgment motions or proceedings, contempt proceedings, garnishment, levy, and debtor and third party examinations, discovery, and bankruptcy litigation, and prevailing party shall mean the party that is determined in the mediation, arbitration, action or proceeding to have prevailed or who prevails by dismissal, default or otherwise.

12.11 Remedies Cumulative. Subject to Article XI, remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Member may be lawfully entitled.

12.12 Jurisdiction and Venue/Equitable Remedies. The Company and each Member hereby expressly agrees that if, under any circumstances, any dispute or controversy arising out of or relating to or in any way connected with this Agreement shall file any legal action exclusively in the courts of Contra Costa County in the State of California. Each Member agrees not to commence any action, suit or other proceeding arising from, relating to, or in connection with this Agreement except in such a court and each Member irrevocably and unconditionally consents and submits to the personal and exclusive jurisdiction of such courts for the purposes of litigating any such action, and hereby grants jurisdiction to such courts and to any appellate courts having jurisdiction over appeals from such courts or review of such proceedings.

IN WITNESS WHEREOF, this Limited Liability Company Operating Agreement has been duly executed by or on behalf of the parties hereto as of the date first above written.

North Star Capital Group, LLC

By: Starfish Capital Holdings LLC, a Managing Member

By: _____
John W. Simonse, authorized signor

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12.10 Attorneys' Fees. In any dispute that goes to mediation or Superior Court between any Members or among the Company and one or more of the Members, including, but not limited to, any Member Dispute, the prevailing party or parties in such dispute shall be entitled to recover from the non-prevailing party or parties all reasonable fees, costs and expenses including, without limitation, attorneys' fees, costs and expenses, all of which shall be deemed to have accrued on the commencement of such action, proceeding or arbitration.

Attorneys' fees shall include, without limitation, fees incurred in any post-award or post-judgment motions or proceedings, contempt proceedings, garnishment, levy, and debtor and third party examinations, discovery, and bankruptcy litigation, and prevailing party shall mean the party that is determined in the mediation, arbitration, action or proceeding to have prevailed or who prevails by dismissal, default or otherwise.

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IN WITNESS WHEREOF, this Limited Liability Company Operating Agreement has been duly executed by or on behalf of the parties hereto as of the date first above written.

North Star Capital Group, LLC

By: Starfish Capital Holdings LLC, a Managing Member

By: _____
John W. Simonse, authorized signor

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By: Pacific Private Money Inc., a Managing Member

By: _____
Mark Hanf, President

By: _____
Mathias Coordes, a Member

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Exhibit A

North Star Capital Group LLC Member percentage ownership & voting interest& profit sharing

Member Name	Percentage Ownership Interest	Voting rights / interest	Member Type	Capital	Company: 50% of profit / 100% of loss sharing*	NSCF Capital raised: 50% of Company profit sharing*	primary duties
Starfish Capital Holdings LLC: John W. Simonse	33.33%	50.00%	Mngr	$1,000	33.33%	33.33%	Manage company, construction, and loan committee
Pacific Private Money Inc: Mark Hanf	33.33%	50.00%	Mngr	$1,000	33.33%	33.33%	Manage company, marketing, and loan committee
Mathias Coordes	33.33%	0.00%	Mbr	$1,000	33.33%	33.33%	Loan origination and underwriting
total	100.00%	100.00%		$3,000	100.00%	100.00%	

*** to be calculated as per section 5.2 of the North Star Capital Group LLC operaing agreement.**

Pacific Private Money Inc.

December 31, 2021

Audited Financial Statements



2300 Contra Costa Blvd., Suite 425 • Pleasant Hill, CA 94523 • Phone (925) 977-4000 • Fax (925) 363-3370

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Spiegel Accountancy Corp.

Independent Auditor's Report

To the Stockholder
Pacific Private Money Inc.
Novato, California

Opinion

We have audited the accompanying financial statements of Pacific Private Money Inc., a C corporation, which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pacific Private Money Inc. as of December 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pacific Private Money Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about Pacific Private Money Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

To the Stockholder
Pacific Private Money Inc.
Novato, California

Auditor's Responsibility of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

* Exercise professional judgment and maintain professional skepticism throughout the audit.

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Private Money Inc.'s internal control. Accordingly, no such opinion is expressed.

* Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

* Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pacific Private Money Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Stockholder
Pacific Private Money Inc.
Novato, California

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedule I - Loan Concentrations and Characteristics and Supplementary Schedule II - Operating Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole



Pleasant Hill, California
October 14, 2022

Spiegel Accountancy Corp.
Certified Public Accountants

Pacific Private Money Inc.
Balance Sheet
December 31, 2021

ASSETS

Assets:		
Cash	$	2,119,624
Mortgage Loans Held for Investment, Net		4,576,835
Mortgage Loans Held for Sale, at Fair Value		8,079,720
Mortgage Servicing Rights		1,166,121
Receivables from Related Parties		565,673
Property and Equipment, Net		188,798
Prepaid Expenses and Other Assets		54,032
Total Assets	$	16,750,803

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:		
Accounts Payable and Accrued Expenses	$	323,565
Notes Payable to Related Parties, Net		14,420,249
Deferred Tax Liabilities		343,118
Total Liabilities		15,086,932
Stockholder's Equity:		
Common Stock, No Par Value, 1,500 Shares Authorized, Issued and Outstanding		91,638
Retained Earnings		1,572,233
Total Stockholder's Equity		1,663,871
Total Liabilities and Stockholder's Equity	$	16,750,803

See Notes to Financial Statements

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Pacific Private Money Inc.
Statement of Income
Year Ended December 31, 2021

Revenues:		
Mortgage Interest Income	$	521,656
Mortgage Loan Origination Fees		2,701,693
Loan Fees from Lending Activities		453,796
Gain on Retention of Mortgage Servicing Rights, Net		506,488
Management Fees		1,653,454
Loan Servicing Income		1,145,710
Total Revenues		6,982,797
Mortgage Lending Costs:		
Loan Origination Commissions		3,683,061
Loan Servicing Expense		271,649
Total Mortgage Lending Costs		3,954,710
Gross Profit		3,028,087
Operating Expenses:		
Salaries, Payroll Taxes and Employee Benefits		875,696
General and Administrative Expenses		1,387,448
Total Operating Expenses		2,263,144
Other Income:		
Gain on Extinguishment of Debt		191,354
Total Other Income		191,354
Income Before Income Taxes		956,297
Provision for Income Taxes		265,078
Net Income	$	691,219

See Notes to Financial Statements

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Pacific Private Money Inc.
Statement of Changes in Stockholder's Equity
Year Ended December 31, 2021

	Common Stock		Retained	Total Stockholder's
	Shares	Amount	Earnings	Equity
Balance, December 31, 2020	1,500	$ 91,638	$ 881,014	$ 972,652
Net Income	-	-	691,219	691,219
Balance, December 31, 2021	1,500	$ 91,638	$ 1,572,233	$ 1,663,871

See Notes to Financial Statements

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Pacific Private Money Inc.
Statements of Cash Flows
Year Ended December 31, 2021

Cash Flows From Operating Activities:		
Net Income	$	691,219
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Gain on Retention of Mortgage Servicing Rights		(506,488)
Gain on Extinguishment of Debt		(191,354)
Depreciation		30,306
Deferred Tax Liabilities		146,284
Change in Operating Assets and Liabilities		
Issuances of Mortgage Loans Held for Sale		(207,861,169)
Collections of Mortgage Loans Held for Sale		195,190,482
Accounts Receivable		16,775
Prepaid Expenses		(49,177)
Accounts Payable and Accrued Expenses		88,409
Net Cash Used in Operating Activities		(12,444,713)
Cash Flows from Investing Activities:		
Related Party Loans		(295,089)
Net Cash Used in Investing Activities		(295,089)
Cash Flows from Financing Activities:		
Net Proceeds from Notes Payable to Related Parties		14,420,249
Net Cash Provided by Financing Activities		14,420,249
Net Increase in Cash		1,680,447
Cash - Beginning of Year		439,177
Cash - End of Year	$	2,119,624
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Income Taxes	$	102,081
Interest Expense	$	29,293
Non-Cash Financing Activity:		
Extinguishment of Debt	$	191,354

See Notes to Financial Statements

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Pacific Private Money Inc.
Notes to Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Pacific Private Money Inc. (the Company) was organized under the California Revised Uniform Limited Liability Act on December 28, 2010, and has a December 31 year-end. The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

Basis of Presentation and Use of Estimates

The Company's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Although the Company uses their best estimates and judgments, actual results could differ from these estimates as future confirming events occur.

Mortgage Loans Held for Investment

Mortgage loans held for investment are recorded at their outstanding unpaid principal balance. Most loans have a term of twenty-four months or less and will provide for monthly payments of interest only with a "balloon payment" at the end of the term. The Company will not recognize interest income on loans once they are determined to be impaired, generally after ninety days, until the interest is collected in cash.

A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the underlying collateral.

Mortgage Loans Held for Sale

The Company records originations of mortgage loans held for sale at fair value and estimates the fair value based on quoted market prices. Gains and losses recognized upon the funding of loans are determined using the specific identification method. The fair value option was elected for mortgage loans held for sale because the Company believes fair value best reflects future economic performance.

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1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Loans Participations

The Company normally sells participations in its mortgage loans held for sale to a related party as discussed further in Note 6. Sold participations that qualify as a sale are removed from the Company's books, and management collects a servicing fee of fifty to one-hundred basis points for the duration of the loan.

Sold participations that do not qualify as a sale are recorded as a secured borrowing that is paid down based on the payment terms of the corresponding mortgage loan receivable. Secured borrowings are reflected on the accompanying balance sheet, and interest expense is reflected in the accompanying statement of income.

Allowance for Loan Losses

An allowance for loan losses is established when losses are estimated to have occurred through a provision for loan loss that is charged to earnings. Loan losses are charged against the allowance when management believes the uncollectible status of a loan balance is confirmed. Subsequent recoveries, if any, are credited to income. The allowance for loan loss is evaluated monthly by the Company and is based upon management's periodic review of the collectability of the loans in light of historical experience, the types and dollar amounts of loans in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. There was no allowance for loan losses at December 31, 2021.

Mortgage Servicing Rights

The Company originates mortgage loans for sale to the secondary market and sells the loans on either a servicing-retained or servicing-released basis. The Company has obligations to service residential and commercial mortgage loans that are acquired through loans sold on a servicing-retained basis. These mortgage servicing rights (MSRs) are recognized as assets at the time a loan is sold on a servicing-retained basis and capitalized at fair value. Changes in fair value are recorded in valuation adjustments and deletions of mortgage servicing rights in the statement of income.

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1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Servicing Rights (Continued)

Fair market value is based on the present value of estimated future cash flows using a discount rate commensurate with the risk involved. Estimates of fair market value include assumptions about contractual service fees, projected costs to service, prepayment speed, default, interest rates and other factors, which are subject to change over time. Changes in these underlying assumptions could cause the fair market value of MSRs to specifically change in the future.

The key assumptions used in determining the fair value of MSRs when they were initially recorded were as follows for the year ended December 31, 2021:

	2021
Prepayment Speed	20% to 50%
Cost of Servicing	12 bps

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets ranging from three to ten years.

Revenue Recognition

Mortgage Interest Income

Mortgage interest income is recognized on performing loans according to the contractual terms of the loan agreement.

Mortgage Loan Origination Fee Income

Mortgage origination fee income for loans originated by management for the Company is deferred and recognized over the term of the underlying loan, or until sold. Mortgage origination fee income for loans management originated for related parties is recognized when the service is performed.

Loan Fees from Lending Activities

Fees for underwriting and other loan related services are earned when the loan is funded

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1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Loan Servicing Income

Loan servicing income is realized when the service is performed.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair value of its assets and liabilities based on a fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value. The three levels are defined as follows:

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
>
> Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.
>
> Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own financial model using assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Valuation Process and Techniques

The Company has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models by the personnel who are independent of the executive management and periodic reassessments of models to ensure that they are continuing to perform as designed.

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1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Valuation Process and Techniques (Continued)

While the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the year ended December 31, 2021, there were no changes to the valuation techniques that had, or are expected to have, a material impact on the Company's financial position or results of operations.

The following specified methods and assumptions were used to estimate the fair value of the following asset groups:

Mortgage loans held for sale are based on the selling price to investors who use secondary market prices for loans with similar credit and risk profile characteristics and are classified as Level 2.

Non-performing and impaired mortgage loans are reported at the net realizable value of the collateral based on an observable market price or a current appraised value, and these loans are classified as Level 2. There are no loans classified as Level 2. If an appraised value is not available or there is no observable market price, the Company reports the loan as Level 3. There are no loans classified as Level 3.

Mortgage servicing rights are recorded at fair value based on the present value of estimated cash flows using a discount rate commensurate with the risks involved. While there is an active market for similar assets, and certain inputs such as fee rates and discount rates are observable, most of the other inputs are based on historical company data. Thus, mortgage servicing rights are classified as Level 3.

At December 31, 2021, there were no non-recurring assets or liabilities recorded at fair value.

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1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company is treated as a C Corporation under the Internal Revenue Code and similar state codes. All income tax amounts reflect the use of the liability method under accounting for income taxes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes arising primarily from differences between financial and tax reporting purposes. Current year expense represents the amount of income taxes paid, payable or refundable for the year.

Deferred income taxes, net of appropriate valuation allowances, are determined using the tax rates expected to be in effect when the taxes are actually paid. Valuation allowances are recorded against deferred tax assets when it is more likely than not that such assets will not be realized. When an uncertain tax position meets the more likely than not recognition threshold, the position is measured to determine the amount of benefit or expense to recognize in the financial statements.

The Company has evaluated its current tax positions and has concluded that as of December 31, 2021, the Company does not have any significant uncertain tax positions for which a reserve would be necessary.

The Company's income tax returns are subject to review and examination by federal, state and local governmental authorities. As of December 31, 2021, there are three years open to examination by the Internal Revenue Service and various periods for state and local governmental authorities. To the extent penalties and interest are incurred through the examinations, they would be included in the tax expense section of the statement of income and expense.

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1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

Accounting Standards Issued but Not Yet Effective

Credit Losses - In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326),* and was clarified by FASB ASU 2019-04, Codification Improvements, and FASB ASUs 2019-05 and 2019-11, *Targeted Transition Relief and Clarification*. Prior to these pronouncements, generally accepted accounting principles required use of the incurred loss method for recognizing credit losses in the reserve. The incurred loss method recognizes a credit loss when it is probable that a loss has been incurred. The new guidance replaces the incurred loss method with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to form credit loss estimates. The pronouncements also allow for the irrevocable election of the fair value measurement for certain financial assets. FASB ASUs 2018-19 and 2019-10, Codification Improvements to *Topic 326, Financial Instruments - Credit Losses*, have deferred the adoptions of these standards until interim and annual periods beginning after December 15, 2022. Management is currently evaluating the guidance and the impact it will have on the Company's financial statements.

Leases - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which was updated by FASB ASU 2018-10, *Codification Improvements to Leases*, FASB ASUs 2018-11 and 2019-01, *Targeted Improvements*, FASB ASU 2020-05, *Leases*, and FASB ASU 2021-09, *Discount Rate for Lessees that Are Not Public Business Entities*. The new lease standards require lessees to recognize virtually all leases as right-of-use assets and lease liabilities on the balance sheet, as well as disclose key information regarding leasing arrangements. The new lease standard also requires the separation of the lease agreement from other contract components, such as maintenance services. The guidance in these standards are effective for interim and annual periods beginning after December 15, 2021. Management is currently evaluating the guidance and the impact it will have on the Company's financial statements.

2. CASH CONCENTRATION

The Company maintains funds in various financial institutions. These institutions are members of the Federal Deposit Insurance Corporation. As such, funds are insured based on Federal Reserve limits. The Company has not experienced any losses in the past, and management believes it is not exposed to any significant credit risk on the current account balances. At times, cash balances may exceed insured amounts.

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3. MORTGAGE LOANS HELD FOR INVESTMENT AND HELD FOR SALE

Mortgage loans held for investment consisted of the following at December 31,

		2021
Mortgage Loans Held for Investment	$	5,651,000
Less: Unfunded Loan Commitments		(1,074,165)
Mortgage Loans Held for Investment, Net	$	4,576,835

Mortgage loans held for sale consisted of the following at December 31,

		2021
Mortgage Loans Held for Sale	$	8,219,720
Less: Unfunded Loan Commitments		(140,000)
Mortgage Loans Held for Sale, at Fair Value	$	8,079,720

Mortgage loans held for investment and sale are comprised of notes to individuals and companies secured by deeds of trust bearing interest at 7.99% 10.00% per annum, partially or fully amortized, with original maturity dates through May 2024.

Mortgage loans held for investment in the amount of $4,022,335 mature in 2022.

For the year ended December 31, 2021, no loans were in default.

There was no allowance for loan losses at December 31, 2021, nor was there any loan loss activity for the year then ended.

4. MORTGAGE SERVICING RIGHTS

The unpaid principal balance of MSRs at December 31, 2021 was $207,847,038. The following summarizes MSRs activity for the year ended December 31, 2021:

Beginning Balance	$	659,633
Capitalized MSRs, Net		506,488
Ending Balance	$	1,166,121

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5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2021:

Equipment	$	72,089
Software		95,999
Leasehold Improvements		351,353
Total Property and Equipment		519,441
Less: Accumulated Depreciation		(330,643)
Property and Equipment, Net	$	188,798

Depreciation charged to operations for the year ended December 31, 2021 was $30,306.

6. RELATED PARTY TRANSACTIONS

Sales to Related Party

During 2021, the Company sold $195,190,482 in notes held for sale to a related party, Saluda Grade Alternative Lending & Fintech Growth Fund I LP.

Receivables from Related Parties

At December 31, 2021, the Company made a short-term operating loan of $476,436 to Pacific Mortgage Capital, an affiliated entity. The loan bears interest at 7.00%, and is due on demand.

The Company made a short-term operating loan of $19,237 to Pacific Realty Development I, LLC, an affiliated entity, at December 31, 2021. This a non-interest bearing loan, and is due on demand.

The Company made a short-term operating loan of $70,000 to Arrival LLC, an affiliated entity, at December 31, 2021. This a non-interest bearing loan, and is due on demand.

Notes Payables to Related Parties

The Company has a short-term operating loan of $94,000 with Pacific Private Money Fund I LLC, an affiliated entity, at December 31, 2021. The loan is non-interest bearing, and is due on demand.

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6. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes Payables to Related Parties (Continued)

The Company has both operating receivables and notes payable with Pacific Freedom Fund LLC, an affiliated entity. The notes payable serve as an operating line of credit. At December 31, 2021, the net liability is $13,817,612. The net notes payable do not bear interest, and are due on demand.

The Company has both operating receivables and notes payables with Pacific Private Mortgage Group, the parent company. The notes payable serves as an operating line of credit. At December 31, 2021, the net liability is $508,637. The net notes payable is non-interest bearing, and is due on demand.

Origination Fees

The Company generated loan origination fee income of $ 334,524 from Pacific Private Money Fund I LLC for the year ended December 31, 2021.

Management Fees

During the year ended December 31, 2021, the Company earned $1,653,454 in management fees from Pacific Freedom Fund, LLC, which is located in net notes payable to related parties on the accompanying balance sheet at December 31, 2021.

7. FAIR VALUE MEASUREMENTS

The following table represents the Company's fair value hierarchy for its assets measured at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3
Mortgage Loans Held for Sale, at Fair Value	$ -	$ 8,079,720	$ -
Mortgage Servicing Rights	-	-	1,166,121
Total	$ -	$ 8,079,720	$ 1,166,121

Due to their short-term nature, the carrying values of cash, receivables from related parties, prepaid expenses and other assets, accounts payable and accrued expenses, and notes payable to related parties, net approximate their fair values at December 31, 2021.

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8. TRUST ACCOUNTS

The Company collects funds from borrowers in advance for payment of principal, interest, taxes, appraisals, and insurance. The Company is required to maintain these funds in separate trust accounts for the benefit of these borrowers. Total funds held in trust for others at December 31, 2021 was $10,761,459. The trust assets and liabilities are not included on the accompanying balance sheet.

9. RISKS AND UNCERTAINTIES

Default Risk

In the normal course of its business, the Company is exposed to default risk related to its investment loan portfolio. In the event a borrower defaults on a Company loan, the Company is normally able to foreclose on the loan, receive title to the underlying property and attempt to sell the property to recover its investment. However, there is no guarantee that the original investment will be recovered.

Operating Risk

The Company is subject to macro-economic risks. To the extent interest rates continue to rise, it may severely impact the Company's ability to sell its loans into the secondary market through its parent company, as well as impact its ability to generate loan originations fees because of a potential downturn in loan originations.

10. ADVERTISING AND MARKETING COSTS

Advertising and marketing costs are charged to operations when incurred. For the year ended December 31, 2021, total advertising and marketing costs were $265,266, which is included in general and administrative expenses in the accompanying statement of income.

11. PROVISION FOR INCOME TAXES

At December 31, 2021, the net deferred tax amounts are the result of temporary differences in mortgage servicing rights and state taxes. Deferred tax benefits are evaluated annually by management to determine the likelihood of realization. A valuation allowance is applied to those benefits which are deemed more likely than not to be unrealized in the future. No valuation allowance was recorded for the year ended December 31, 2021

For the year ended December 31, 2021, the federal effective income tax rate was 21.0%.

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11. PROVISION FOR INCOME TAXES (CONTINUED)

The net expenses for income taxes consisted of the following at December 31,

Current Provision:		
Federal	$	95,688
State		23,106
Total Current Provision	$	118,794
Deferred Tax Provision:		
Federal	$	101,510
State		44,774
Total Deferred Tax Provision	$	146,284
Total Tax Expenses	$	265,078

Deferred tax liabilities were as follows at December 31,

Deferred Tax Liability - Federal	$	240,033
Deferred Tax Liability - State		103,085
Total Deferred Tax Liabilities	$	343,118

12. NOTE PAYABLE

The Company received a loan from a financial institution in the amount of $191,354 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note that eligible for forgiveness to the extent proceeds of the loan were used for eligible expenditures such as payroll and other expenses described in the CARES Act. On September 9, 2021, the Company received notification that the note in its entire amount was forgiven. The Company elected to account for the note under FASB Accounting Standard Codification (ASC) 470, *Debt*. Consequently, the forgiveness has been shown as gain on extinguishment of debt in the accompanying statement of income, and as a non-cash reconciliation item in the accompanying statement of cashflows.

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13. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has a lease for an office space, which expires on December 31, 2025. Total lease expense for the year ended December 31, 2021 was $91,037.

At December 31, 2021, future minimum lease payments are as follows:

Year		Amount
2022	$	75,225
2023		77,482
2024		79,806
2025		82,201
Total	$	314,715

Contingencies

The Company has claims arising in the normal course of business. In the opinion of the Company's legal counsel and management, any outcome will be immaterial to the financial statements. Accordingly, no provision has been made in the accompanying financial statements.

14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through October 14, 2022, the date the financial statements were available to be issued, and had the following event to report:

The Company obtained a $40.0 million warehouse credit line on July 12, 2022. The line bears interest at 9.25%, and matures on July 11, 2024.

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Supplementary Schedules

Pacific Private Money Inc.
Supplementary Schedule - Loan Concentrations and Characteristics

The loans are secured by recorded deeds of trust. Outstanding loan characteristics are as follows at December 31, 2021:

Number of Secured Loans Outstanding		5
Total Secured Loans Outstanding	$	4,576,835
Average Secured Loan Outstanding	$	915,367
Average Secured Loan as Percent of Total Secured Loans		20.00
Average Secured Loan as Percent of Stockholder's Equity		0.55
Largest Secured Loan Outstanding	$	1,543,650
Largest Secured Loan as Percent of Total Secured Loans		33.73
Largest Secured Loan as Percent of Stockholder's Equity		0.93
Number of Counties Where Loans are Located		12.00
Largest Percentage of Loans in One County		18.97

The following category of secured loans was held:

First Trust Deeds	$	4,576,835
Total	$	4,576,835

The following types of secured loans were held:

Commercial	$	4,317,150
Land		259,685
Total	$	4,576,835

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Pacific Private Money Inc.
Supplementary Schedule - Operating Expenses
Year Ended December 31, 2021

Operating Expenses:		
Salaries, Payroll Taxes and Employee Benefits:		
Office Salaries	$	787,514
Payroll Taxes		19,616
Employee Benefits		68,566
Total Salaries, Payroll Taxes and Employeee Benefits		875,696
General and Administrative:		
Advertising and Marketing		265,266
Auto		1,419
Bank charges		6,058
Contributions		5,000
Depreciation		30,306
Education		1,734
Insurance		33,927
Interest Expense		29,293
Janitorial		9,956
Legal and Accounting		87,844
Licenses and Fees		4,316
Miscellaneous		39,563
Office Supplies		12,915
Postage and Delivery		16,791
Professional Fees		684,001
Property Taxes		12,581
Rent		91,037
Repairs and Maintenance		6,032
Telephone		15,568
Travel		18,626
Utilities		15,215
Total General and Administrative		1,387,448
Total Operating Expenses	$	2,263,144

See Notes to Financial Statements

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Pacific Freedom Fund LLC

December 31, 2021

Audited Financial Statements



SPIEGEL
ACCOUNTANCY CORP

Pacific Freedom Fund LLC
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December 31, 2021

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Independent Auditor's Report

To the Members
Pacific Freedom Fund LLC
Novato, California

Opinion

We have audited the financial statements of Pacific Freedom Fund LLC, a California limited liability company, which comprise the balance sheet as of December 31, 2021, and the related statements of income and changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pacific Freedom Fund LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted out audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pacific Freedom Fund LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Related Party Receivables

As discussed in Note 7 to the financial statements, Pacific Freedom Fund LLC has a significant non-interest bearing, short-term operating loan receivable from its manager, Pacific Private Money Inc., amounting to $13,275,921. Further, the manager's performance is dependent on the performance of Pacific Freedom Fund LLC. Lastly, Pacific Freedom Fund LLC has significant notes receivable totaling $6,406,335 with related party entities controlled by the manager or its affiliates. Our opinion is not modified with respect to this matter.

To the Members
Pacific Freedom Fund LLC
Novato, California

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pacific Freedom Fund LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

* Exercise professional judgment and maintain professional skepticism throughout the audit.

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Freedom Fund LLC's internal control. Accordingly, no such opinion is expressed.

To the Members
Pacific Freedom Fund LLC
Novato, California

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

* Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

* Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pacific Freedom Fund LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Pleasant Hill, California
June 30, 2023

Spiegel Accountancy Corp.
Certified Public Accountants

Pacific Freedom Fund LLC
Balance Sheet
December 31, 2021

ASSETS

Assets:		
Cash	$	3,153,930
Mortgage Loans Held for Sale at Fair Value		10,408,550
Mortgage Loans Receivable, Net		12,592,310
Receivables from Related Parties		19,682,256
Other Receivables		26,829
Total Assets	$	45,863,875

LIABILITIES AND MEMBERS' EQUITY

Liabilities:		
Distributions Payable	$	430,647
Payables to Related Parties		3,410,000
Note Payable		2,500,000
Notes Payable to Related Parties		2,950,000
Total Liabilities		9,290,647
Total Members' Equity		36,573,228
Total Liabilities and Members' Equity	$	45,863,875

See Notes to Financial Statements

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Pacific Freedom Fund LLC
Statement of Income and Changes in Members' Equity
Year Ended December 31, 2021

Revenues:		
Mortgage Interest Income	$	1,204,533
Interest Income from Related Parties		233,746
Loan Fees from Lending Activities		2,942,213
Loss on Sale of Mortgage Loans		(334,050)
Total Revenues		4,046,442
Operating Expenses:		
Loan Fees		328,097
Interest Expense		15,500
Other Operating Expenses		15,322
Total Operating Expenses		358,919
Income from Operations Before Management Fees		3,687,523
Management Fees		3,677,670
Income Before LLC Fees and Taxes		9,853
LLC Fees and Taxes		9,853
Net Income		-
Members' Equity - Beginning of Year		13,773,372
Members' Contributions		35,134,304
Members' Withdrawals and Distributions		(12,334,448)
Members' Equity - End of Year	$	36,573,228

See Notes to Financial Statements

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Pacific Freedom Fund LLC
Statement of Cash Flows
Year Ended December 31, 2021

Cash Flows from Operating Activities:		
Net Income	$	-
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Change in Operating Assets and Liabilities		
Mortgage Loans Held For Sale		(10,408,550)
Mortgage Loans Receivable		(3,195,443)
Receivables from Related Parties		(19,682,256)
Other Receivable		(26,829)
Accounts Payable and Accrued Expenses		(70,056)
Payables to Related Parties		3,410,000
Net Cash Used in Operating Activities		(29,973,134)
Cash Flows from Financing Activities:		
Borrowings on Notes Payables, Net		900,000
Borrowings on Notes Payables from Related Parties, Net		1,777,528
Members' Contributions		35,134,304
Members' Withdrawals and Distributions		(11,962,592)
Net Cash Provided by Financing Activities		25,849,240
Net Decrease in Cash		(4,123,894)
Cash - Beginning of Year		7,277,824
Cash - End of Year	$	3,153,930
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
LLC Fees and Taxes	$	9,853
Interest Expense	$	15,500

See Notes to Financial Statements

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1. SUMMARY OF ORGANIZATION

Organization

Pacific Freedom Fund LLC (Fund) was formed in March 2020 under the California Revised Uniform Limited Liability Act. The purpose of the Fund is to engage in any lawful act or activity for which a limited liability company may be organized under the Act; including using the Fund's proceeds raised from the offering of membership interests to originate, purchase, fund, acquire and sell loans secured by interests in real or personal property across the United States with a primary focus in California. The Fund may also manage, remodel, repair, lease, and/or sell real properties acquired through the Fund's lending activities, once it including but not limited to properties acquired through foreclosure and real estate owned assets.

General Fund Provisions

The rights, duties and powers of the members of the Fund are governed by the operating agreement. The description of the Fund's operating agreement contained in these financial statements provides only general information. Members should refer to the Fund's operating agreement for a more complete description of the provisions.

The manager of the Fund is Pacific Private Money, Inc. (Manager), a California corporation. The Manager acting alone has the power and authority to act for and bind the Fund. The Manager may be removed if convicted or found liable for an act of gross negligence or fraud which materially lowers the net asset value of the Fund, or the holders of at least a majority of the outstanding membership interests vote in favor of such removal.

The Fund receives operating and administrative services from the Manager, some of which may not be reimbursed to the Manager. The Fund's financial position and results of operations would likely be different without this relationship with the Manager.

Term of the Fund

The Fund will continue to operate indefinitely until dissolved in accordance with the provisions of the Fund's operating agreement.

Profits and Losses

After giving effect to special allocations, if any, the profits and losses of the Fund are allocated to the Members in proportion to their respective capital account balances during the applicable tax reporting period.

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1. SUMMARY OF ORGANIZATION (CONTINUED)

Distributions

Members will generally be eligible to receive a non-cumulative annualized fixed return (Fixed Return) on their capital account balance, which can vary, but generally is 6.00% or 7.00%, depending on the time of purchase and size of the investment, payable on a monthly basis. All Fixed Returns shall be distributed after payment of all expenses and fees and to the extent that cash is available, and provided that such distribution will not impact the continuing operations of the Fund, as determined by the Manager in its sole and absolute discretion. Any net profits in excess of the Fixed Return shall be distributed to the Manager on a monthly basis, in arrears.

By the end of the Fund's fiscal year, the Manager will make every effort to have distributed to each Member the amount of profit or loss that will be allocated to that Member on the Schedule K-1 that he, she, or it receives for income tax reporting.

Withdrawals

Members who invest in the Fund may not withdraw their capital until they have been members of the Fund for at least twelve (12) months. Members who have been members of the Fund for a period longer than twelve (12) months may request withdrawal from the Fund in writing and give the Fund at least thirty (30) days' notice prior to expecting to be withdrawn from the Fund. The Manager may, at any time, suspend the withdrawal of funds upon the occurrence of any of circumstances stated in the operating agreement.

Liquidity

There is no public market for units of the Fund, and none is expected to develop in the foreseeable future. There are substantial restrictions on transferability of membership interests. Any transferee must be a person with the same qualifications as the original member, and a transferee may not become a substituted member without the consent of the Manager.

Reinvestment

Members have the option to re-invest their proportionate share of the Fund's monthly net income. No partial reinvestment is permitted.

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1. SUMMARY OF ORGANIZATION (CONTINUED)

Manager Compensation

The Manager shall receive 100.00% of all net profits on a monthly basis, after distributions of the fixed return to the Members. Manager's income will also include: interest income; loan origination fees and lender discount points, which averages (in the aggregate) between one and ten percent (1.00-10.00%) but could be as low as zero percent (0.00%) or as high as fifteen percent (15.00%) depending on market condition; loan extension and modification fees, typically between one and three percent (1.00-3.00%) of the original loan amount, but could be higher or lower depending on market rates and conditions; loan processing, documentation and other similar fees; forbearance fees, late fees, late charges, collection fees, prepayment penalties, default interest, and all other similarly related fees incurred by borrowers; and when the Fund purchases an existing loan (or pool of loans) from a third party, the Fund will be paid a fee comparable to a loan origination fee.

In addition, the Manager is entitled to reimbursement for operating expenses incurred on behalf of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The financial statements of the Fund have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles (U.S. GAAP) and reflect all significant receivables, payables and other liabilities. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates as future confirming events occur.

Mortgage Loans Held for Sale

The Fund records originations of mortgage loans held for sale at fair value and estimates the fair value based on quoted market prices. Gains and losses recognized upon the funding of loans are determined using the specific identification method. The fair value option was elected for mortgage loans held for sale because the Fund believes fair value best reflects future economic performance.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Loans Receivable

Mortgage loans receivable are recorded at their outstanding unpaid principal balance with interest th ereon being accrued as earned. The Fund loans will have varying terms at the discretion of the Manager. Most Fund loans will generally have a term between one to four years and will provide for mont hly payments of principal and interest with some Fund loans providing for interest only with a "balloon payment" at the end of the term. The Fund will not recognize interest income on loans once they are determined to be impaired until the interest is collected in cash. A loan is impaired when, based on current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the underlying collateral.

Allowance for Loan Losses

An allowance for loan losses is established when losses are estimated to have occurred through a provision for loan losses that is charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to income. The allowance for loan loss is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the types and dollar amounts of loans in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. There was no allowance for loan losses at December 31, 2021 .

Revenue Recognition

Mortgage Interest Income

Mortgage interest income on performing loans is recognized as revenue when earned according to the contractual terms of the loan agreements.

Interest Income from Related Parties

Interest income on amounts due from affiliates is recognized when earned in accordance with the contractual terms of the loan agreements. Advance interest payments are deferred and classified as liabilities until earned.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Loan Fees from Lending Activities

Loan origination fees and other lending fees and the costs associated with mortgage loans are recognized when the loan is funded.

Gain and Loss on Sale of Mortgage Loans

Gains and losses recognized are determined using the specific identification method. In conjunction with the sale of loans, the Fund records realized gain or loss on the sale of loans when the loan is transferred to the buyer. For loans that have been funded and not yet sold, the Fund recognizes the difference between fair value and carrying value as unrealized gain or loss on loans.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the asset has been surrendered. Control over transferred assets is deemed to be surrendered when (i) the assets have been isolated from the Fund, (ii) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (iii) the Fund does not maintain effective control over transferred assets through an agreement to repurchase them before their maturity.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Fund determines the fair value of its assets and liabilities based on a fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value. The three levels are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date.

Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Fund's own financial model using assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Valuation Process and Techniques

The Fund has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires periodic reassessments of models to ensure that they are continuing to perform as designed.

While the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the year ended December 31, 2021, there were no changes to the valuation techniques that had, or are expected to have, a material impact on the Fund's financial position or results of operations.

The following specified methods and assumptions were used to estimate the fair value of the following asset groups:

Mortgage loans held for sale are based on the selling price to investors who use secondary market prices for loans with similar credit and risk profile characteristics and are classified as Level 2.

Non-performing and impaired mortgage loans are reported at the net realizable value of the collateral based on an observable market price or a current appraised value, and these loans are classified as Level 2. There are no loans classified as Level 2. If an appraised value is not available or there is no observable market price, the Fund reports the loan as Level 3. As of December 31, 2021 , no loans classified as Level 2 or 3.

At December 31, 2021, there were no assets or liabilities with a non-recurring fair value measurement.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Fund is treated as a partnership under the Internal Revenue Code and a similar section of the state code. The members of a partnership are taxed on their proportionate shares of the Fund's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The Fund is, however, required to pay an $800 minimum state franchise tax and LLC gross receipt fees.

The Fund has evaluated its current tax positions and has concluded that as of December 31, 2020, the Fund does not have any significant uncertain tax positions for which a reserve would be necessary.

The Fund's income tax returns are subject to review and examination by federal, state, and local governmental authorities. As of December 31, 2021, there are two years open to examination by the Internal Revenue Service and various periods for state and local governmental authorities.

To the extent penalties and interest are incurred through the examinations, they would be included in the operating expenses section of the statement of income and changes in members' equity.

Recently Issued Accounting Pronouncements

Accounting Standards Issued but Not Yet Effective

Credit Losses - In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, and was clarified by FASB ASU 2019-04, *Codification Improvements*, and FASB ASUs 2019-05 and 2019-11, *Targeted Transition Relief and Clarification*. Prior to these pronouncements, generally accepted accounting principles required use of the incurred loss method for recognizing credit losses in the reserve. The incurred loss method recognizes a credit loss when it is probable that a loss has been incurred. The new guidance replaces the incurred loss method with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to form credit loss estimates. The pronouncements also allow for the irrevocable election of the fair value measurement for certain financial assets. FASB ASUs 2018-19 and 2019-10, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, have deferred the adoptions of these standards until interim and annual periods beginning after December 15, 2022. Management is currently evaluating the guidance and the impact it will have on the Fund's financial statements.

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3. CASH CONCENTRATION

The institution in which the Fund maintains its cash is a member of the Federal Deposit Insurance Corporation. As such, funds are insured based on Federal Reserve limits. At times, cash balances may exceed insured amounts. The Fund has not experienced any losses in the past, and management believes it is not exposed to any significant risk on the current account balances. The Fund believes that it mitigates this risk by maintaining deposits with a major financial institution.

4. MORTGAGE LOANS HELD FOR SALE

All mortgage loans held for sale are secured by residential property.

Mortgage loans held for sale consisted of the following as of December 31, 2021 :

Unpaid Principal Balance of Mortgage Loans Held for Sale	$	10,408,550
Fair Value Adjustment		-
Mortgage Loans Held for Sale at Fair Value	$	10,408,550

5. MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable consisted of the following at December 31, 2021 :

Single-Family Residential	$	12,411,554
Commercial		180,756
Total		12,592,310
Less: Allowance for Loan Losses		-
Mortgage Loans Receivable, Net	$	12,592,310

Notes to individuals and companies are secured by first deeds of trust bearing interest at 7.88% - 10.50% per annum, with a balloon payment at the maturity, with original maturity dates through August 2023.

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5. MORTGAGE LOANS RECEIVABLE (CONTINUED)

Mortgage loans receivable as of December 31, 2021 will mature as follows:

Year		Amount	Percentage
Past maturity dates	$	817,200	6.49
2022		9,380,110	74.49
2023		2,395,000	19.02
Total	$	12,592,310	100.00

As of December 31, 2021, the weighted average months to maturity for the loans with a maturity date of more than 12 months is 18 months.

Mortgage Loans Receivable Past Maturity Dates and Non-Performing Loans

As of December 31, 2021, the Fund has two loans totaling $1,667,200 that are non-performing. Subsequent to the balance sheet date, one of the loans was performing again. The other loan totaling $817,200 was past its maturity date and was put on nonaccrual status based on the Fund's accounting policy. The property is expected to be foreclosed on in 2023.

Credit Risk Concentrations and Credit Quality

Concentrations of credit risk arise when a number of customers are engaged in similar business activities, activities in the same geographic region, or when they have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. Most of the Fund's business activity is with customers located in California. Therefore, the Fund's exposure to credit risk is significantly affected by changes in the economy in that area. The Fund does not believe that its exposure to any particular loan product or geographic area results in a significant concentration of credit risk.

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5. MORTGAGE LOANS RECEIVABLE (CONTINUED)

Credit Risk Concentrations and Credit Quality (Continued)

The following table provides information about the outstanding loans portfolio as of December 31, 2021 :

Maximum Credit Exposure	$	12,592,310
Number of Secured Loans Outstanding		14
Average Secured Loan Outstanding	$	899,451
Average Secured Loan as Percent of Total Secured Loans		7.14
Average Secured Loan as Percent of Members' Equity		2.46
Largest Secured Loan Outstanding	$	1,743,000
Largest Secured Loan as Percent of Total Secured Loans		13.84
Largest Secured Loan as Percent of Members' Equity		4.77
Number of Counties Where Securities are Located		10
Largest Three Counties as Percent of Total Secured Loans		47.52

Delinquency rates are the primary credit quality indicator. Delinquencies greater than 90 days are a strong indicator of loans that will ultimately result in a foreclosure or similar liquidation transaction. In addition to delinquency rates, the current estimated loan-to-value (LTV) ratio is an indicator of the potential loss severity in the event of default. Additionally, LTV ratios can provide insight into a borrower's continued willingness to pay, as the delinquency rate of high LTV loans tends to be greater than that for loans where the borrower has equity in the collateral. As of December 31, 2021, the LTV for all outstanding loans measured based on the original principal balance and the valuation of the properties at the origination of the loan ranged between 27.00% and 76.00%, with a weighted average LTV of 65.96%.

The geographic distribution of the loan collateral also provides insight as to the credit quality of the portfolio, as factors such as the regional economy, home price changes, and specific events such as natural disasters will affect credit quality.

At December 31, 2021, all mortgage loans receivables are interest only mortgage loans. These loans pose a potentially higher credit risk because of the lack of principal amortization and potential for negative amortization. However, management believes the risk is mitigated through the Fund's loan terms and underwriting standards, including its policies on LTV ratios.

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6. NOTE PAYABLE

During the year ended December 31, 2021, the Fund received a loan from a private investor. The note is due on demand and bears no interest.

7. RELATED PARTY TRANSACTIONS

Receivables from Related Parties

As of December 31, 2021, the Fund has the following receivables from related parties:

Related Party	Type	Amount	Interest
Pacific Mortgage Capital, LLC	Loan to fund real estate	$ 5,716,259	7.00%
Pacific Mortgage Capital, LLC	short-term operating loan	152,708	7.00%
Pacific Realty Development I, LLC	short-term operating loan	425,000	non-interest bearing
Pacific Private Money Fund I, LLC	short-term operating loan	112,368	non-interest bearing
Pacific Private Money Inc.	short-term operating loan	13,275,921	non-interest bearing
Total		$ 19,682,256	

All receivables from related parties are due on demand.

Total interest income from Pacific Mortgage Capital, LLC amounts to $233,746 for the year ended December 31, 2021 .

The Fund has a non-interest bearing short-term operating loan receivable from the Manager amounting to 13,275,921. The Manager's performance and income is dependent on the performance of Pacific Freedom Fund LLC .

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7. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes Payables to Related Parties

As of December 31, 2021, the Fund has the following notes payables to related parties, net of any payables:

Related Party	Type		Amount	Interest
North Star Capital Fund, LLC	short-term operating loan	$	2,650,000	non-interest bearing
Pacific Private Money Group, LLC	short-term operating loan		300,000	non-interest bearing
Total		$	2,950,000	

All notes payables to related parties are due on demand.

Sales to Related Party and Transfer of Servicing Rights

During the year ended December 31, 2021, the Fund sold $117,623,493 in notes held for sale to a related party, Saluda Grade Mortgage Funding LLC. The total loss on sale from the sale of these loans amounted to $334,050. At December 31, 2021, the Fund has a payable due to Saluda Grade Mortgage Funding LLC totaling $3,410,000 in connection with the sales.

The sales are generally on a servicing retained basis. At the time of the sale, the retained servicing rights are transferred to the Manager without compensation to the Fund.

Management Fee

According to the terms of the operating agreement, the Manager receives all excess net profits after distribution of the fixed return to the Members.

During the year ended December 31, 2021, the Fund expensed a management fee totaling $3,677,670 based on the terms of the operating agreement, which is outstanding at December 31, 2021 and netted against a receivable from the Manager in the accompanying balance sheet.

8. FAIR VALUE MEASUREMENTS

The following table represents the Fund's fair value hierarchy for its assets measured at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3
Mortgage Loans Held for Sale at Fair Value	$ -	$ 10,408,550	$ -
Total	$ -	$ 10,408,550	$ -

Due to their short-term nature, the carrying values of receivables from related parties, other receivables, distribution payable, payables to related parties, notes payables, and notes payable to related parties approximate their fair values at December 31, 2021.

9. REGULATORY REQUIREMENTS

Restrictions on Investments from Retirement Assets

The Department of Labor plan asset regulations define what constitutes plan assets of benefit plan investors, which include employee benefit plans governed by the Employee Retirement Income Security Act (ERISA) or Individual Retirement Accounts and other plans covered by Section 4975 of the Internal Revenue Code (IRC). As a general rule, the plan asset regulations provide that when a benefit plan investor purchases an equity interest in a non-public fund, the equity interest in the fund will be treated as the plan's assets, provided the equity participation by all benefit plan investors combined does not exceed 25%.

For funds exceeding the 25% limit, the underlying assets of the fund are deemed plan assets for purposes of ERISA and Section 4975 of the IRC. As a result, the fund manager's activities would be subject to the general fiduciary requirements of Section 404 of ERISA and fund activities would be subject to the prohibited transaction rules ERISA and Section 4975, as well as other potential consequences.

At December 31, 2021 the Fund did not exceed the 25% plan asset threshold.

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9. REGULATORY REQUIREMENTS (CONTINUED)

Securities Laws

Interests offered to investors are without registration under the Securities Act of 1933, as amended (Securities Act), or the securities laws of any state, in reliance on the private offering exemption contained in Rule 506 of Regulation D issued under the Securities Act and in reliance on similar exemption under applicable state laws. Under Rule 506 and certain state laws, the Fund must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual.

The offer and sale of ownership units has not been registered under federal or state securities laws, and the units cannot be resold except under certain exceptions. As a result, the units are highly illiquid, and the members should expect to hold their units until the notes payable are fully paid.

10. RISKS AND UNCERTAINTIES

Default Risk

In the normal course of its business, the Fund is exposed to default risk related to its investment loan portfolio. In the event a borrower defaults on a Fund loan, the Fund is normally able to foreclose on the loan, receive title to the underlying property, and attempt to sell the property to recover its investment. However, there is no guarantee that the original investment will be recovered.

Operating Risk

The Fund may be influenced by the current macro-economic environment with rising interest rates and inflation, which may impact origination volume, margins and financing operations, the consequences of which cannot be readily determined, but may impact the Fund's ability to meet future obligations.

11. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through June 30, 2023, the date the financial statements were available to be issued, and there were no events to report.

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PACIFIC MORTGAGE CAPITAL FUND ONE LLC

a California limited liability company

EXECUTIVE SUMMARY OF OFFERING

1299 Fourth Street, San Rafael, CA 94901

$25,000,000 TOTAL
Minimum Investment Amount: $100,000

April 1, 2023

The following information is only a brief summary of, and is qualified in its entirety by, the detailed information appearing elsewhere in the in Private Placement Memorandum ("Memorandum"). This Memorandum, together with the exhibits attached including, but not limited to, the Limited Liability Company Operating Agreement of the Fund ("***Operating Agreement***"), a copy of which is attached to the Memorandum, should be carefully read in its entirety before any investment decision is made. If there is a conflict between the terms contained in the Memorandum and the Operating Agreement, the Operating Agreement shall prevail and control.

THE FUND AND ITS OBJECTIVES	Pacific Mortgage Capital Fund One LLC is a California limited liability company located at 1299 Fourth Street, Ste. 405, San Rafael, California 94901. The Fund will raise money through this Offering of Membership Interests to conduct the following business: to make, purchase, originate, fund, acquire, and/or otherwise sell loans secured by interests in real property primarily in United States. The Fund may also manage, remodel, repair, lease, and/or sell real properties acquired through the Fund's lending activities, including but not limited to, properties acquired through foreclosure and REOs.
THE MANAGER	The Fund will be managed by Pacific Mortgage Capital LLC, a California limited liability company. The Manager is also located at 1299 Fourth Street, Ste. 405, San Rafael, CA 94901.
THE OFFERING	The Fund is offering Investors an opportunity to purchase Membership Interests in the Fund in the maximum aggregate amount of Twenty Five Million Dollars ($25,000,000). The minimum investment amount per Investor is One Hundred Thousand Dollars ($100,000) ("***Minimum Investment Amount***"); provided, however, that the Manager reserves the right to accept subscriptions in lower or higher amounts.
PRIOR EXPERIENCE	The principals of the Manager have prior experience in real estate finance and lending industries collectively representing an average of 30+ years. (See "The Manager" in Private Placement Memorandum)

SUITABILITY STANDARDS	Membership Interests are offered exclusively to certain individuals, Keogh plans, individual retirement accounts ("***IRAs***"), and other qualified Investors who meet certain minimum standards of income and/or net worth. Each Investor must execute a Subscription Agreement and an Investor Questionnaire making certain representations and warranties to the Fund, including, but not limited to, such purchaser's qualifications as an "Accredited Investor," as defined by the Securities and Exchange Commission in Rule 501(a) of Regulation D. (See "Investor Suitability" in Private Placement Memorandum).
CAPITALIZATION	The Fund will be funded with equity of a maximum of Twenty Five Million Dollars ($25,000,000) ("***Maximum Offering Amount***"). The Fund may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Minimum Investment Amount and/or the Maximum Offering Amount.
COMMISSIONS FOR SELLING MEMBERSHIP INTERESTS	Membership Interests will be offered and sold directly by the Fund, the Manager, and the Fund's and Manager's respective officers and employees. No commissions for selling Membership Interests will be paid to the Fund, Manager, or the Fund's or Manager's respective officers or employees. While most Membership Interests are expected to be offered and sold directly by the Fund, the Manager and their respective officers and employees, the Fund or Manager may also, in limited instances, offer and sell Membership Interests through the services of independent brokers/dealers who are Member firms of the FINRA and who will be entitled to receive customary and standard commissions based on the proceeds received from the sale of Membership Interests. These commissions will be paid by the Investor admitted to the Fund through such broker/dealer (and such payment may reduce the Capital Account of the Investor). The amount and nature of commissions payable to the brokers/dealers are expected to vary on a case-by-case basis as agreed upon between the Investor and the broker/dealer. Notwithstanding the foregoing, the Manager may pay finders' fees to finders who introduce and/or refer Investors to the Fund, provided that, such compensation complies with applicable federal and/or state requirements and/or laws.
NO LIQUIDITY	There is no public market for the Membership Interests and none is expected to develop. Additionally, there are substantial restrictions on transferability of Membership Interests. (See "Risk Factors" in PPM).
LOAN ORIGINATOR AND SERVICER	The Manager, the Fund, and/or third-party may originate the loans as a mortgage broker (the "***Originator***"). In addition, and to the extent permissible under applicable state law, it is presently anticipated that Fund loans will be serviced by the Manager or an Affiliate. The servicer, whether a third party or the Manager or its Affiliate, shall be herein referred to as the "***Servicer***." The Servicer will be compensated by the Fund and/or borrowers for such loan servicing activities, as is agreed upon by the Manager and Servicer. (See "Manager's Compensation" in Private Placement Memorandum). To the extent applicable, the Manager

	will oversee the activities and performance of the Servicer. At any time, at the sole and absolute discretion of the Manager, the Manager may decide to service the Fund loans itself, appoint an Affiliate, or elect to retain a third-party servicer at any time for any reason (or no reason).
RECOVERY OF DEFERRED COMPENSATION	If the Manager or Servicer defers or assigns to the Fund any of its respective compensation, the Manager and/or Servicer may elect, in the sole and absolute discretion of the Manager, to recover the same at a later time within the same calendar year (or, if expressly approved by the Manager, in any subsequent calendar year). Notwithstanding the foregoing, the Manager and/or Servicer have no obligation to waive, defer, or assign to the Fund any portion of such compensation at any time.
SIDE LETTER	The Manager may, without any further act, approval, or vote of any of the limited liability company, enter into side letters or other similar arrangements with one or more Members that have the effect of establishing rights, or altering, supplementing, or modifying the terms of the Operating Agreement, including, the rights and terms which are more favorable to the recipients of such side letters ("***Side Letters***"). Side letter arrangements may vary depending on circumstances, economics, and agreements between the Fund and its Investors.
LEVERAGING THE PORTFOLIO	Except for limited instances, such as trade payables or bank or credit short term advances at favorable rates or other similar instances encountered during the course of business, such as warehousing financing for individual loans, the Fund does not anticipate long term borrowing for purpose described in the Private Placement Memorandom
INVESTOR RETURN	Members will generally be entitled to receive a non-cumulative annualized fixed return ("Fixed Return") on their investment, payable monthly, (and prorated as applicable for the amount of time that a Member was a Member of the Fund). This Fixed Return will be payable prior to any profit participation by the Manager (however, all expenses and fees other than profit participation will be paid to the Manager prior to the Fixed Return). The Fixed Return for any Member shall be equal to a non-cumulative annualized rate of **Eight Percent (8%)**, calculated and payable on a monthly basis. (See "Summary of the Offering – Distribution of profits below). The Manager reserves the right to adjust the interest rate return based on market conditions.
DISTRIBUTION OF PROFITS	Net Profits more than the Fixed Return shall be distributed as follows: One Hundred Percent (100%) of the Net Profits shall be distributed to the Manager. The Manager may choose to allow any net profits to remain in the fund to build net asset value. "Net Profits" means the Fund's monthly gross revenue less (1) the Fund's monthly operating expenses (including payment of outstanding debt, administrative costs, legal expenses, and accounting fees), (2) an allocation of income for a loan loss reserve and any applicable compensation to teh Manager, and (3) payment of the Fixed Return to the Members. All distributions of Net Profits will be made monthy, in arrears.

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REINVESTMENT	Each Member must elect to receive cash distributions for the distribution fo the Fund that is payable to the Member, or having such amount(s) credited to his, her or its capital accounts and reinvested in the Fund to purchase additional Membership Interests. Nothwithstanding the foregoing, the Manager reserves the right to commence making cash distributions at any time to any Member(s) in order for the Fund to remain expempt from the ERISA plan asset regulations. Members must elect to receive cash or reinvestment is permitted (See Erisa Considerations"). An election to reinvest the monthly Fixed Return is revocable at any time upon a written request to revoke such election. If o election is made, then the monthly Fixed Return will be a cash disbursement.
RETURN OF CAPITAL	The Manager reserves the right to return part or all of the Member's capital investment to the Member at any time during the investment, and to expel any Member for cause. (See "Exhibit A-2-Operating Agreement).
Loan Loss Reserve	A loan loss reserve may be maintained by the Fund. The loan loss reserve will be evaluated and established on a case-by-case basis at the sole and absolute discretion of the Manager. This loss reserve is intended to temporarily protect Members from potential unrecoverable losses from the Fund's business and operating activities. Although the loss reserve will help reduce the impact of defaults temporarily, ultimate repayment/resale of the loans will be jeopardized to the extend that any loans are in default and are not eventually repaid or resold, whether by the applicable borrower or by the Fund, to protect available collateral. Depending on reserve overages and the weighted risk levels of the portfolio, reserve amounts may be reduced, eliminated or increased accordingly in the sole and absolute discrestion of the Manager. The loss reserve may initially be funded from the proceeds of the Offering, and thereafter may be funded from Offering proceeds or cash flow and/or profits of the Fund as is determined by the Manager in its sole discretion).
WITHDRAWAL	Members may not withdraw or redeem their Membership Interests until Twelve (12) months from the purchase of said Membership Interests. Members who have been Members of the Fund for a period longer than Twelve (12) months may request withdrawal (the "***Withdrawal Request*"**) from the Fund by providing prior written notice no later than Ninety (90) days from the intended date of withdrawal from the Fund. All Withdrawal Requests must be made in writing and include the intended date of withdrawal (the "***Withdrawal Date***") and the specific balance of Membership Interests the Member seeks to withdraw and redeem (the "***Withdrawal Balance***"). The Withdrawal Date shall be effective upon the date of receipt of the Member's Withdrawal Request (the "***Effective Withdrawal Date***").

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	Members who invest in the Fund may not withdraw their capital until they have been members of the Fund for at least Twelve (12) months. Members who have been members of the Fund for a period longer than Twelve (12) months may request withdrawal from the Fund in writing and give the Fund at least Thirty (30) days' notice prior to expecting to be withdrawn from the Fund. The withdrawal date shall be effective upon the date of receipt of the Member's withdrawal request. The Fund will use its best efforts to return capital subject to, among other things, the Fund's then cash flow, financial condition, and prospective transactions in assets. The Manager may, in its sole and absolute discretion, waive, adjust, or modify the requirements for withdrawal. The Manager may at any time suspend the withdrawal of funds from the Fund, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Manager or the Fund, disposal of the assets of the Fund is not reasonably practicable without being detrimental to the interests of the Fund or its Members, determined in the sole and absolute discretion of the Manager; (ii) it is not reasonably practicable to determine the net asset value of the Fund on an accurate or timely basis; or (iii) if the Manager has determined to dissolve the Fund. Notice of any given suspension will be given within Ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a withdrawal request and to whom full payment of the redemption proceeds has not yet been remitted. If a redemption request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the last day of the calendar month in which the suspension is lifted, on the basis of the net asset value of the Fund at that time and in the order determined by the Manager in its sole and absolute discretion.

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

of

PACIFIC LENDING PARTNERS, LLC

a California limited liability company

This Limited Liability Company Operating Agreement ("Agreement") of Pacific Lending Partners, LLC, a California limited liability company ("LLC") is among Powell Street Partners, LLC, a California limited liability company (the "Initial Member," "Manager" and "Management Company"), and each of the additional Persons who become Members in accordance with the provisions of this Agreement. Any capitalized terms used in this Agreement but not defined herein shall have the meaning ascribed to them in the offering circular for Pacific Lending Partners, LLC (the "Offering Circular").

RECITALS

The LLC is a limited liability company formed under the California Revised Uniform Limited Liability Company Act. The parties to this Agreement are the LLC's Initial Member and those additional Persons who are subsequently admitted as Members in accordance with the provisions of this Agreement. The parties intend by this Agreement and the terms of the Offering Circular to define their rights and obligations with respect to the LLC's governance and financial affairs and to adopt regulations and procedures for the conduct of the LLC's activities. Accordingly, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

ARTICLE 1: DEFINITIONS

1.1 **Scope.** For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is intended thereby, capitalized terms have the meanings specified in this Article 1.

1.2 **Defined Terms.**

(a) "Act" means the California Revised Uniform Limited Liability Company Act.

(b) "Affiliate," with respect to a Person, means (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the subject Person, (2) a Person who owns or controls at least ten percent (10%) of the outstanding voting interests of the subject Person, (3) a Person who is an officer, director, manager or general partner of the subject Person, or (4) a Person who is an officer, director, manager, general partner, trustee or owns at least ten percent (10%) of the outstanding voting interests of a Person described in clauses (1) through (3) of this sentence.

(c) "Agreement" means this Agreement, including any amendments thereto.

(d) "Articles" means the Articles of Organization filed with the Secretary of State to organize the LLC as a limited liability company, including any amendments thereto.

(e) "Bankruptcy" means the filing of a petition seeking liquidation, reorganization, arrangement, readjustment, protection, relief or composition in any state or federal bankruptcy, insolvency, reorganization or receivership proceeding.

(f) "Capital Account" of a Member means the capital account maintained for the Member in accordance with Article 4 below.

(g) "Capital Investment" of a Member means a Member's original capital investment less any return of capital plus any additions to capital.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Contribution" means anything of value that a Member contributes to the LLC as a prerequisite for, or in connection with, membership including (without limitation) any combination of cash, property, services rendered, a promissory note or any other obligation to contribute cash or property or render services.

(j) "Dissociation" means a complete termination of a Member's membership in the LLC due to an event described in Article 3 below.

(k) "Distribution" means the LLC's direct or indirect transfer of money or other property to a Member with respect to a Membership Interest.

(l) "Effective Date" means the date on which the LLC's existence as a limited liability company begins, as prescribed by the Act.

(m) "Entity" means an association, relationship or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative or association.

(n) "Family," with respect to a Member, means those individuals who are related to the Member by blood, marriage or adoption. For the purposes of this definition, an individual is related to the Member by marriage if the person is related by blood or adoption to the Member's current spouse.

(o) "Initial Member" means an initial purchaser of Membership Interests.

(p) "Management Company" has the same meaning as Manager, defined in Section 1.2(q) of this Agreement.

(q) "Manager" means a Person who is vested with authority to manage the LLC in accordance with Article 5.

(r) "Member" means an Initial Member and any Person who is subsequently admitted as an additional or a substitute Member after the Effective Date, in accordance with Article 3.

(s) "Membership Interests" represent a Member's interests in the LLC, which consists of the member's right to share in profits, receive Distributions, participate in the LLC's governance, participate in the designation and removal of the Management Company and receive information pertaining to the LLC's affairs. The Membership Interests of the Initial Members is set forth

herein. Changes in Membership Interests after the Effective Date, including those necessitated by the admission and Dissociation of Members, will be reflected in the LLC's books and records. The allocation of Membership Interests as reflected in the LLC's records from time to time is presumed to be correct for purposes of this Agreement and the Act. Membership Interests do not represent any fixed or absolute percentage interest representing ownership in the LLC, but instead Membership Interests represent an interest in the LLC and the amount of any Member's actual percentage interest representing ownership in the LLC shall generally be determined by the number of Membership Interests that such Member owns divided by the total number of Membership Interests outstanding (it being understood that such total number of Membership Interests outstanding may fluctuate and change from time to time).

(t) "Minimum Gain" means minimum gain as defined in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

(u) "Permitted Transferee," with respect to a Member, means another Member, a member of the Member's Family, or a trust for the benefit of the Member or a member of the Member's Family.

(v) "Person" means a natural person or an Entity.

(w) "Profit," as to a positive amount, and "Loss," as to a negative amount, mean, for a Taxable Year, the LLC's income or loss for the Taxable Year, as determined in accordance with accounting principles appropriate to the LLC's method of accounting and consistently applied.

(x) "Regulations" means proposed, temporary or final regulations promulgated under the Code by the U.S. Department of the Treasury, as amended.

(y) "Taxable Year" means the LLC's taxable year as determined in Article 6 below.

(z) "Transfer," as a noun, means a transaction or event by which ownership of any Membership Interest is changed or encumbered, including, without limitation, a sale, exchange, abandonment, gift, pledge or foreclosure. "Transfer," as a verb, means to effect a Transfer.

(aa) "Transferee" means a Person who acquires any Membership Interest by Transfer from a Member or another Transferee not admitted as a Member in accordance with Article 3.

ARTICLE 2: THE LLC

2.1 **Status.** The LLC is a limited liability company organized in the State of California under the Act.

2.2 **Name.** The LLC's name is Pacific Lending Partners, LLC.

2.3 **Term.** The LLC's existence as a limited liability company will commence on the Effective Date and continue perpetually, unless sooner dissolved or terminated under the Act or as described in this Agreement.

2.4 **Purpose.** The purpose of the LLC is to engage in any lawful act or activity for which a limited liability company may be organized under the Act. Without limiting the generality of the

foregoing, the LLC intends to make, purchase, otherwise acquire, manage or sell loans ("Loans") secured by mortgages or deeds of trust on real or personal property located primarily in the State of California.

2.5 **Principal Place of Business.** The LLC's principal place of business is located at: 1475 Powell Street Emeryville, California 94608.

2.6 **Registered Agent and Registered Office.** The LLC's registered office in the State of California is located at 1555 Grant Avenue, Novato, California 94945, and its registered agent at that location is Geraci Legal Corporation. The LLC may change its registered agent or registered office at any time for any reason (or no reason).

ARTICLE 3: MEMBERSHIP

3.1 **Identification.**

(a) Initial Member. The Management Company will be the Initial Member, having made an initial contribution of One Thousand Dollars ($1,000). The Initial Member owns $1,000 of Membership Interests. Upon admission of additional Members, as set forth below, the Management Company may withdraw, and the LLC will redeem, its capital contribution. Nothing contained herein shall be deemed to prohibit the Management Company from increasing its interest in the LLC on the same basis as any other Person.

(b) Additional and Substitute Members. The LLC may admit additional or substitute Members, or increase the amount of the Offering, with the sole approval of the Management Company. Except as set forth herein, the Management Company may in its sole and absolute discretion withhold approval of the admission of any Person for any or no reason. The Management Company will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Operating Agreement as amended as of the date of the proposed admission, and the terms of the Offering Circular, and has delivered to the LLC a completed Subscription Agreement along with a check in the amount of the minimum investment as required by the LLC and pursuant to the Offering Circular and Subscription Agreement.

(c) Rights of Additional or Substitute Members. A Person admitted as an additional or substitute Member has all the rights and powers, and is subject to all the restrictions and obligations of, a Member under this Agreement and the Act.

3.2 **Withdrawal; Redemption**. Members may request withdrawal from the LLC in writing. Withdrawals will be processed on a monthly basis. Any written requests received by the last day of any month will be eligible for withdrawal processing by the last day of the following month (e.g. withdrawal request received by June 30 will be processed by July 31), but only to the extent that there is adequate cash available in the LLC. If the LLC does not possess adequate cash to process all withdrawal requests, each withdrawal request received prior to the withdrawal deadline will receive its pro rata share of available LLC monies for withdrawal. The LLC will use its best efforts to return capital subject to, among other things, the LLC's then cash flow, financial condition, and prospective loans and property acquisitions.

The Management Company may suspend the withdrawal of funds from the LLC, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Management Company or the LLC, disposal of

the assets of the LLC is not reasonably practicable without being detrimental to the interests of the LLC or its Members, determined in the sole and absolute discretion of the Management Company; (ii) it is not reasonably practicable to determine the net asset value of the LLC on an accurate and timely basis; or (iii) if the Management Company has determined to dissolve the LLC. Notice of any suspension will be given within ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a withdrawal request and to whom full payment of the redemption proceeds has not yet been remitted. If a redemption request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the next applicable withdrawal processing date/period in which the suspension is lifted, on the basis of the net asset value of the LLC at that time and in the order determined by the Management Company in its sole and absolute discretion.

As indicated in Section 3.5 below, the Management Company may at its sole and absolute discretion cause the LLC to repurchase Membership Interests from Members desiring to resign from membership or as a part of a plan to reduce the outstanding capital of the LLC. There is no guarantee that the LLC will have sufficient funds to cause the redemption of any Membership Interests. Therefore, any investment in the LLC should be considered illiquid. Although Members may not withdraw until they have been a member of the LLC for at least twenty four (24) months, Members can withdraw early after being a member for at least twelve (12) months ("Early Withdrawal"). Those Members who request Early Withdrawal shall be subject to a five percent (5%) Early Withdrawal Penalty in which any and all capital returned to the Member will be reduced by five percent (5%). The LLC may also expel a Member for cause as provided in Section 3.4 below.

Upon any expulsion, transfer of all of Membership Interests, withdrawal or resignation of any Member, an event of disassociation shall have occurred and (a) the Member's right to participate in the LLC's governance, receive information concerning the LLC's affairs and inspect the LLC's books and records will terminate and (b) unless such disassociation resulted from the transfer of the Member's Membership Interests, the Member will be entitled to receive the distributions to which the Member would have been entitled as of the effective date of the dissociation had the dissociation not occurred. The Member will remain liable for any obligation to the LLC that existed prior to the effective date of the dissociation, including, without limitation, any costs or damages resulting from the Member's breach of this Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the LLC unless the Management Company elects to return capital to a Member.

The effect of redemption or disassociation on Members who do not sell or return their Membership Interests will be an increase in the Members' percentage interest in the LLC and therefore an increase in the Members' proportionate interest in the future earnings, losses and distributions of the LLC and an increase in the relative voting power of each remaining Member. Notwithstanding anything to the contrary herein, redemption shall be at the sole and absolute discretion of the Management Company and the Management Company shall not be compelled to redeem or repurchase Membership Interests.

The redemption of Membership Interests shall be subject to the LLC's availability of sufficient cash to pay the expenses of the LLC, maintain the Loan Loss Reserve and pay the redemption or withdrawal amounts to other Members who requested withdrawal or redemption in the order of the request. No redemption may be made that would render the LLC unable to pay its obligations as they become due. The LLC shall not be required to sell its assets to raise cash to affect any redemption.

A redeeming Member shall have the rights of a Transferee until such time as the LLC has actually redeemed the Membership Interests, that is, the Member shall be entitled to receive distributions,

but shall not be entitled to vote. Redeemed Membership Interests revert to authorized but unissued Membership Interests and the former holder retains no interest of any kind in such Membership Interest

3.3 **Restrictions on Transfer.**

(a) Restrictions on Transfer. A Member may Transfer his, her or its Membership Interest only in compliance with this Article 3. Restrictions have been placed upon the ability of Investors to resell or otherwise dispose of any Membership Interests purchased hereunder including, without limitation, the following:

(1) No Member may resell or otherwise transfer any Membership Interests without the prior written consent of the Management Company, which may be withheld in its sole discretion. However, the Management Company will consider each resale carefully, and the new Member must meet the Investor Suitability Standards set forth in the Offering Circular.

(2) Membership Interests may not be sold or transferred without the prior written consent of any applicable State securities regulator or authority, such as (without limitation) California Department of Corporations and the California Corporations Commissioner, or as otherwise exempted or permitted by such regulatory or authority.

(3) Membership Interests have not been registered under the Securities Act of 1933, as amended (the "Federal Act").

(4) Legends shall be placed on all instruments or certificates evidencing ownership of Membership Interests in the LLC stating that the Membership Interests have not been registered under the Federal Act and setting forth the foregoing limitations on resale, and notations regarding these limitations shall be made in the appropriate records of the LLC with respect to all Membership Interests offered hereby. The foregoing steps will also be taken in connection with the issuance of any new instruments for any Membership Interests that are presented for transfer, to the extent the Management Company deems appropriate.

(5) Any Member who transfers any Membership Interests to another person shall pay the Management Company a transfer fee of at least Five Hundred Dollars ($500) to cover administrative costs.

(b) Null and Void. An attempted Transfer of all or a portion of a Membership Interest that is not in compliance with this Article 3 will be null and void. A Transferee may not become a substitute Member without the consent of the Management Company. Such consent may not unreasonably be withheld if the Transfer and the Transferee comply with all the provisions of this Agreement and applicable law. No Membership Interest may be transferred if, in the sole judgment of the Management Company, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the LLC as a LLC or, cause a termination of the LLC for federal income tax purposes.

(c) Permitted Transfers. A Member may at any time Transfer one or more Membership Interests to a Permitted Transferee if, as of the date the Transfer takes effect, the LLC is reasonably satisfied that all of the following conditions are met:

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(1) the Transferee is a person with the same qualifications as the original Member;

(2) the Transfer, alone or in combination with other Transfers, will not result in the LLC's termination for federal income tax purposes;

(3) the Transfer is the subject of an effective registration under, or exempt from the registration requirements of, applicable state and federal securities laws;

(4) the LLC receives from the Transferee the information and agreements reasonably required to permit it to file federal and state income tax returns and reports; and

(5) the LLC receives payment from the Transferee of a minimum transfer fee of Five Hundred Dollars ($500) for each Transferee. Where Transferees hold title together, as joint tenants, tenants in common, partners or otherwise, a Transfer to them shall only incur one transfer fee.

(d) Transferor's Membership Status. If a Member Transfers less than all of his, her, or its Membership Interest, the Member's rights with respect to the transferred portion of the Membership Interest, including the right to vote or otherwise participate in the LLC's governance and the right to receive Distributions, will terminate as of the effective date of the Transfer. However, the Member will remain liable for any obligation with respect to the transferred portion that existed prior to the effective date of the Transfer, including, without limitation, any costs or damages resulting from the Member's breach of this Agreement. If the Member Transfers all of his, her or its Membership Interest, the Transfer will constitute an event of Dissociation.

(e) Transferee's Status.

(1) Admission as a Member. A Member who Transfers one or more Membership Interests has no power to confer on the Transferee the status of a Member. A Transferee may be admitted as a Member only in accordance with the provisions of this Article 3. A Transferee who wishes to become a Member must make an application in writing to the LLC and provide evidence, as requested by the LLC, of compliance with all conditions to admission, as set forth above. Prior to admission, each proposed member must execute and deliver a counterpart of this Agreement, as amended to date, or a separate written agreement to be bound hereby. The LLC shall not, without cause, refuse the application for membership of a Transferee who has complied with all the provisions of this Agreement.

(2) Rights of Non-Member Transferee. A Transferee who is not admitted as a Member in accordance with the provisions of this Article (i) has no right to vote or otherwise participate in the LLC's governance, (ii) is not entitled to receive information concerning the LLC's affairs or inspect the LLC's books and records, (iii) with respect to the transferred Membership Interests, is entitled to receive the Distributions to which the Member would have been entitled had the Transfer not occurred, and (iv) is subject to the restrictions imposed by this Article 3 to the same extent as a Member. Any provision of the Agreement permitting or requiring the Members to take action by vote or written approval of a specified percentage of the Membership Interests shall be deemed to mean only Membership Interests then owned by Members.

3.4 **Expulsion of a Member.** At any time that there are more than two (2) Members, the LLC may expel a Member for cause. Cause for expulsion exists if the Member has materially breached

or is unable to perform the Member's material obligations under this Agreement. A Member's expulsion from the LLC will be effective upon the Member's receipt of written notice of the expulsion.

3.5 **Return of Capital.** The LLC may return all or a portion of a Member's capital at the Management Company's discretion. Any such return of capital would not be considered a distribution and would not be included in the determination of such Member's return on investment.

3.6 **Dissociation.** "Dissociation" from the LLC occurs upon a Member's expulsion, transfer of all of the Member's Membership Interests, withdrawal or resignation (an "Event of Dissociation"). Upon the occurrence of an Event of Dissociation (a) the Member's right to participate in the LLC's governance, receive information concerning the LLC's affairs and inspect the LLC's books and records will terminate and (b) unless the Dissociation resulted from the Transfer of the Member's Membership Interests, the Member will be entitled to receive the Distributions to which the Member would have been entitled as of the effective date of the Dissociation had the Dissociation not occurred. The Member will remain liable for any obligation to the LLC that existed prior to the effective date of the Dissociation, including any costs or damages resulting from the Member's breach of this Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the LLC unless the Management Company elects to return capital to a Member. The effect of such Dissociation on the remaining Members who do not sell will be to increase their percentage share of the remaining assets of the LLC, and thus their proportionate share of its future earnings, losses and distributions. The reduction in the outstanding Membership Interests will also increase the relative voting power of remaining Members.

3.7 **Verification of Membership Interests.** Within thirty (30) days after receipt of a Member's written request, the LLC will provide such Member with a statement evidencing his, her or its Membership Interest in the LLC. This verification will serve the sole purpose of verifying the Member's interest in the LLC and shall not constitute a certificated security, negotiable instrument or other vehicle by which to effectuate a transfer of Membership Interests.

3.8 **Manner of Action by Members.**

(a) Meetings.

(1) Right to Call. The Management Company, or any combination of Members holding in the aggregate more than twenty-five percent (25%) of the Membership Interest, may call a meeting of Members by giving written notice to all Members not less than thirty (30), or more than sixty (60) days prior to the date of the meeting. The notice must specify the date, time and place of the meeting and the nature of any business to be transacted. A Member may waive notice of a meeting of Members orally, in writing, or by attendance at the meeting.

(2) Time and Place. Unless otherwise specified in the notice of meeting, all meetings shall be held at 2:00 p.m. on a regular business day of the LLC, at the LLC's principal place of business. No meeting may be held on a Sunday or legal holiday; at a time that is before 7:30 a.m. or after 9:00 p.m.; or at a place more than sixty (60) miles from the LLC's principal place of business.

(3) Proxy Voting. A Member may act at a meeting of Members through a Person authorized by signed proxy.

(4) Quorum. Members whose aggregate holdings exceed sixty percent (60%) of the outstanding Membership Interests will constitute a quorum at a meeting of Members. No action may be taken in the absence of a quorum.

(5) Required Vote. Except for matters for which a greater minimum vote is required by the Act or this Agreement, any act of the Members at a meeting of the Members shall require a vote of a minimum of sixty percent (60%) of the outstanding Membership Interests except for a vote which calls for the removal of the Manager.

(b) Written Consent. The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate holdings of the Membership Interest equal or exceed the minimum that would be necessary to take the action at a meeting at which all Members were present.

3.9 **Limitation on Individual Authority.** A Member who is not also the Management Company has no authority to bind the LLC. A Member whose unauthorized act obligates the LLC to a third party will indemnify the LLC for any costs or damages the LLC incurs as a result of the unauthorized act.

3.10 **Negation of Fiduciary Duties.** A Member who is not also the Management Company owes no fiduciary duties to the LLC or to the other Members solely by reason of being a Member.

3.11 **Resignation of a Member.** A Member may resign from the LLC at any time by giving written notice to the LLC at least sixty (60) days prior to the effective date of resignation.

ARTICLE 4: FINANCE

4.1 **Contributions.**

(a) Initial Member. The Initial Member will make its initial contributions as specified herein for Membership Interests in the LLC.

(b) Additional Members. Upon raising the Minimum Offering Amount, as defined in the Offering Circular, investors' subscription funds will be released to the LLC and Membership Interests will be issued to such investors.

(c) Additional Contributions. The Manager may authorize additional Contributions at such times and on such terms and conditions as it determines to be in its best interest. Absent the LLC's authorization, no Member is permitted to make additional Contributions.

(d) Contributions Not Interest Bearing. A Member is not entitled to interest or other compensation with respect to any cash or property the Member contributes to the LLC.

(e) The price of Membership Interest shall be determined and set by the Manager by dividing (i) the adjusted book value of the LLC's assets minus its liabilities, by (ii) the total number of Membership Interests outstanding. At the sole discretion of the Manager, the fair market value of the LLC's assets and liabilities may be used in lieu of the adjusted book value, for purposes of (i) in the immediately preceding sentence. Once the Minimum Offering Amount has been achieved by the LLC, the Management Company, at its sole and absolute discretion, may set the membership interest value for

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additional Membership Interests by adjusting the book value of the assets of the LLC to reflect the fair market value of those assets and determining the liabilities of the LLC.

4.2 **Allocation of Profit and Loss.** After giving effect to special allocations, if any, the LLC's Profit or Loss for a Taxable Year, including the Taxable Year in which the LLC is dissolved, will be allocated among the Members in proportion to their Capital Account Balances during the applicable tax reporting period.

4.3 **Tax Allocations.** For federal income tax purposes, unless the Code otherwise requires, each item of the LLC's income, gain, loss or deduction will be allocated to the Members in proportion to their allocations of the LLC's Profit or Loss.

4.4 **Distributions.**

(a) Members will be generally be entitled to receive an annual preferred return (the "Preferred Return") on their investment, payable after the end of each calendar month (and prorated as applicable for the amount of time that a Member was a member of the LLC during such month). This Preferred Return will be payable prior to any other distributions to Members or profit participation by the Manager. However, all fees other than profit participation will be paid to the Manager after the Preferred Return. The Preferred Return for any Member shall be equal to an annualized rate of six percent (6.00%), calculated on a monthly basis.

(b) Members will also be eligible for regular monthly income distributions of the LLC's earnings, as follows: Members will be eligible for monthly income distributions of their pro rata share of fifty percent (50%) of the Net Profits of the LLC. These monthly distributions shall only be distributed to the extent cash is available and provided that the monthly income distributions will not impact the continuing operation of the LLC. "Net Profits" means the LLC's monthly gross income less (1) the LLC's monthly operating expenses and (2) an allocation of income for a loan loss reserve. All distributions will be made on a monthly basis, in arrears.

(c) The amount of income reported to each Member on his, her or its Schedule K-1 may differ somewhat from the actual cash distributions made during the fiscal year covered by the Schedule K-1 due to, among other things, the loan loss reserve and factors unique to the tax accounting of LLCs, such as the treatment of investment expense.

(d) Members must elect to (i) receive monthly cash distributions from the LLC in the amount of that Member's share of Net Profits available for distribution, or (ii) allow the monthly distributions to be reinvested by purchasing additional Membership Units. Members shall not be permitted to reinvest a portion of their monthly distributions by purchasing additional Membership Units ("Partial Reinvestment"). An election to reinvest all or a portion of the monthly distributions is revocable at any time, upon a written request to revoke such election. Such election shall become effective on the first (1st) day of the month following receipt of the election but in no event sooner than 15 days after receipt of notice. If no election is made, then the monthly distribution will be a cash distribution. The Manager reserves the right, at the Manager's sole and absolute discretion, to authorize Partial Reinvestment without a vote of the Members. If the Manager elects to permit Partial Reinvestment, the Manager shall notify the Members, in writing, of its authorization of Partial Reinvestment. The Management Company reserves the right to suspend reinvestment and commence making distributions in cash at any time to any Member(s) at the Management Company's sole and absolute discretion. The Management Company may suspend reinvestment in order for the LLC to remain exempt from the ERISA plan asset regulations.

4.5 **Capital Accounts.**

(a) General Maintenance. The LLC will establish and maintain a Capital Account for each Member. A Member's Capital Account balance ("Capital Account Balance") will be:

(1) increased by: (i) the amount of any money the Member contributes to the LLC's capital, and (ii) the Member's share of the LLC's Profits and any separately stated items of income or gain; and

(2) decreased by: (i) the amount of any money the LLC distributes to the Member, and (ii) the Member's share of the LLC's Losses and any separately stated items of deduction or loss.

(b) Adjustments for Acquisitions and Redemptions. The LLC shall adjust a Member's capital account to reflect profit or loss the LLC would have realized had the LLC liquidated its assets at fair market value on the date of the acquisition or redemption.

(c) Transfer of Capital Account. A Transferee of Membership Interests succeeds to the portion of the transferor's Capital Account that corresponds to the portion of the Membership Interest that is the subject of the Transfer.

(d) Compliance with Code. The requirements of this Article are intended and will be construed to ensure that the allocations of the LLC's income, gain, losses, deductions and credits have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code.

ARTICLE 5: MANAGEMENT

5.1 **Representative Management.** The LLC will be managed by the Management Company. By execution of this Agreement, and without prejudice to the right of the Members to remove the Management Company as set forth in this Article 5, the Initial Members and each Person hereafter admitted as a Member, other than Transferees, shall be deemed to have elected such Management Company. The initial manager of the LLC shall be Powell Street Manager, LLC, a California limited liability company.

5.2 **Time Devoted to Business.** The Management Company will devote to the LLC's activities the amount of time reasonably necessary to discharge the Management Company's responsibilities.

5.3 **Powers and Authority.**

(a) General Scope. Except for matters on which the Members' approval is required by the Act or this Agreement, the Management Company has full power, authority and discretion to manage and direct the LLC's business, affairs and properties, including, without limitation, the specific powers referred to in paragraph (b), below.

(b) Specific Powers.

(1) The Management Company is authorized on the LLC's behalf to make all decisions as to (i) the development, sale, lease or other disposition of the LLC's assets; (ii) the purchase or other acquisition of other assets of all kinds; (iii) the management of all or any part of the LLC's assets and business; (iv) the borrowing of money and the granting of security interests in the LLC's assets (including loans from Members) as, and only if, provided for in the Offering Circular; (v) the prepayment, refinancing or extension of any mortgage affecting the LLC's assets; (vi) the compromise or release of any of the LLC's claims or debts; (vii) the employment of Persons for the operation and management of the LLC's business; and (viii) all elections available to the LLC under any federal or state tax law or regulation.

(2) The Management Company on the LLC's behalf may execute and deliver (i) all contracts, conveyances, assignments, leases, subleases, franchise agreements, licensing agreements, management contracts and maintenance contracts covering or affecting the LLC's assets; (ii) all checks, drafts and other orders for the payment of the LLC's funds; (iii) all promissory notes, mortgages, deeds of trust, security agreements and other similar documents; (iv) all articles, certificates and reports pertaining to the LLC's organization, qualification and dissolution; (v) all tax returns and reports; and (vi) all other instruments of any kind or character relating to the LLC's affairs.

5.4 **Duties of Management Company.**

(a) Fiduciary Duty. The Management Company shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the LLC, whether or not in the Management Company's possession or control. Except as expressly permitted herein, or by subsequent approval of the Members, the Management Company shall not employ, or permit another to employ LLC funds or assets in any manner except for the exclusive benefit of the LLC.

(b) Standard of Care.

(1) Exculpation. The Management Company will not be liable to the LLC or any Member for an act or omission done in good faith to promote the LLC's best interests, unless the act or omission constitutes fraud, bad faith, or willful misconduct.

(2) Justifiable Reliance. The Management Company may rely on the LLC's records maintained in good faith and on information, opinions, reports or statements received from any Person pertaining to matters the Management Company reasonably believes to be within the Person's expertise or competence.

(c) Competing Activities. The Management Company may participate in any business or activity without accounting to the LLC or the Members. Each Member waives the benefit of the corporate opportunity doctrine, on his or her own behalf and on behalf of the LLC, and agrees that the Management Company may deal in other real estate transactions for its own account and/or for the accounts of others without any requirement to account to the LLC for such dealings.

(d) Self-Dealing. In addition to the transactions expressly permitted by this Agreement, the Management Company may enter into business transactions with the LLC, including (without limitation) selling loans to, and buying loans from, the LLC.

(e) Specific Transactions. Without limiting the generality of the foregoing, it is hereby acknowledged and agreed that the Management Company shall be permitted to bargain for and

accept the following transactions connected with the business of the LLC, subject to the terms of any other agreement among the Members.

(1) Loan Origination Fees. The Management Company shall serve as portfolio manager for the LLC, and in that connection may charge and retain a portion of all loan origination fees charged to borrowers by the LLC or paid directly to the Management Company or Affiliate. The Management Company will have the sole discretion to determine whether or not to enter into a particular transaction on behalf of the LLC. None of the Management Company's compensation will be negotiated at "arms' length."

(2) Real Estate Commissions. In the event the LLC acquires ownership of any real property in California, whether by foreclosure or otherwise, and the Management Company decides to sell it, the Management Company shall be allowed to receive such portion of the real estate commission as the real estate broker handling such sale is willing to share with the Management Company, provided the total real estate commission does not exceed the rate then prevailing in the area where the property is located. The Management Company may also bargain for and accept finder's fees, in lieu of a share of commission, from selling real estate brokers. The Management Company may also elect to use the services of an Affiliate in lieu of a third-party real estate broker, provided the total real estate commission payable to the Affiliate does not exceed the rate then prevailing in the area where the property is located.

(3) Sale of Real Property to Affiliates. In selling or otherwise disposing of real property owned by the LLC, the Management Company may sell the same to one or more of its Affiliates, or to other organizations in which Management Company or its Affiliates have an interest, provided the price and terms of such sale are at least as advantageous as the LLC could otherwise have obtained. The Management Company's decision will not be subject to review by any outside parties. The LLC may sell a foreclosed property to the Management Company or an Affiliate at a price that is fair and reasonable for all parties, but no assurance can be given that the LLC could not obtain a better price from an independent third party; provided, that the Management Company will use best efforts to obtain the most profitable transaction for the LLC.

(4) Reimbursement of Business Expenses. The LLC shall pay its own general administrative and operating expenses. It shall reimburse the Management Company for any expenses incurred by the Management Company that are properly considered ordinary and reasonable business expenses of the LLC, including without limiting the generality of the foregoing, stationery, office supplies, postage, accounting and legal fees related to the LLC's business, notary, document preparation fees and escrow fees payable by the lender, and other ordinary and reasonable business expenses.

5.5 **Indemnification of Management Company.** Except as limited by law, the LLC shall indemnify the Management Company for all expenses, losses, liabilities and damages the Management Company actually and reasonably incurs in connection with the defense or settlement of any action arising out of or relating to the conduct of the LLC's activities, except an action with respect to which the Management Company is adjudged to be liable for breach of a fiduciary duty owed to the LLC or the Members under the Act or this Agreement. The LLC shall advance the costs and expenses of defending actions against the Management Company arising out of or relating to the management of the LLC, provided it first receives the written undertaking of the Management Company to reimburse the LLC if ultimately it is finally judicially determined not to be entitled to the aforementioned indemnification.

5.6 **Compensation to Management Company and Affiliates.** The LLC will compensate the Management Company as follows for services rendered to or on behalf of the LLC:

(a) When the LLC makes a loan to a borrower or purchases an existing loan from a third party, the Management Company or Affiliate will be paid a fee comparable to a loan origination fee. Such fees average between one to four percent (1% to 4%) but could be as high as fifteen percent (15%) depending on market conditions. Fifty percent (50%) of the loan origination fees will be payable to the Management Company and the other fifty percent (50%) shall be payable to the LLC. All fees payable to brokers, for referrals and to loan agents shall be payable by the Management Company.

(b) The Management Company or Affiliate has a real estate sales department or business affiliate that may handle the resale of properties taken back in foreclosure by the LLC. If the Management Company or Affiliate elects to act as the listing agent, its compensation shall not exceed the prevailing rate in the area where the real property is located. Such fees are six percent (6%) of the sale price depending on the size of the property, cooperating brokers and a variety of other factors.

(c) Loan extension and modification fees are collected from borrowers and payable to the third party loan servicer (the "Servicer"). Such fees are typically between one and three percent (1-3%) of the original loan amount, but could be higher or lower depending on market rates and conditions. Such fees are not considered part of the Management Company's compensation. The Servicer will be a third party engaged by the Manager, as determined by the Manager in its sole and absolute discretion.

(d) The Management Company, Affiliate or Servicer will supervise the servicing of loans owned by the LLC. This consists of billing and collecting loans owned by the LLC. The Management Company's will earn loan fees (not including attorneys' fees, foreclosure fees and court costs, if needed) as follows:

(i) One hundred percent (100%) of all late fees incurred by borrowers on defaulted loans will be distributed to the Fund.

(ii) Zero Percent (0%) of all default interest incurred by borrowers on defaulted loans. Default interest means the amount of interest charged upon a default being declared that is above the contract interest rate. All one hundred percent (100%) of default interest will be distributed to the Fund.

(iii) Zero Percent (0%) of all prepayment penalties incurred by borrowers; all one hundred percent (100%) of prepayment penalties will be distributed to the Fund.

(v) The LLC currently intends to engage an Affiliate or third party to serve as loan document processor ("Loan Document Processor"). The Management Company, at its sole and absolute discretion, shall select, terminate, engage and supervise the Loan Document Processor. All Loan processing, documentation and other similar fees are collected from the borrower will be payable to the Loan Document Processor. Loan processing, documentation and similar fees may be payable to the Management Company or directly to the Loan Document Processor. The LLC currently expects that Pacific Private Money, Inc., a California corporation, and managing member of the Management Company shall serve as the initial Loan Document Processor.

(e) The Management Company shall earn an asset management fee equal to two percent (2.0%) of the Net Assets Under Management, calculated and payable at the discretion of the Manager, but generally on a monthly basis. The asset management fee will generally be paid on the last day of each calendar month with respect to Net Assets Under Management as of the first day of such month (provided, however, that the timing of calculation and payment of the asset management fee are subject to change and adjustment in the sole and absolute discretion of the Manager). "Net Assets Under Management" means the total Fund capital, including cash, notes (at book value), real estate owned (at book value), accounts receivable, advances made to protect loan security, unamortized organizational expenses and any other Fund assets valued at fair market value, less Fund liabilities.

(f) The LLC will bear the cost of the annual tax preparation of the LLC's tax returns, any state and federal income tax due, and any required independent audit reports required by agencies governing the business activities of the LLC.

(g) When the assets of the LLC reach One Million Dollars ($1,000,000), the Management Company may be reimbursed by the LLC for administrative expenses provided, however, that the Management Company may only be reimbursed at a rate of one-half of one percent (0.5%) per annum of the LLC's aggregate capital. This operating expense reimbursement fee will be calculated as of the first day of the month with regards to the aggregate capital in the LLC as of that day and paid out as of the first day of the following month. At the Management Company's discretion, the Manager may also be reimbursed for all of the LLC's expenses paid by the Management Company. If the LLC retains a third party fund administrator (the "Fund Administrator"), the LLC will be responsible for paying the Fund Administration fees. Fund Administration fees typically are about one half of one percent (0.5%) per annum of the LLC's aggregate capital.

(h) The definition of "Management Company's Fees" includes all of the fees described above.

(i) The Management Company shall receive fifty percent (50%) of the Net Profits, to the extent that cash is available, on a monthly basis. The Management Company will receive this distribution at the same time the Members receive their monthly income distributions.

(j) The Management Company may, but has no obligation to, defer all or a portion of the Management Company's Fees. In such event, the Management Company will be entitled to recover the deferred fees at a later date within the same calendar year.

5.7 **Tenure.**

(a) Term. The Management Company will serve until the earlier of (1) the Management Company's resignation; (2) the Management Company's removal; (3) the Management Company's Bankruptcy; (4) as to a Manager who is a natural person, the Manager's death or adjudication of incompetency; and (5) as to a Management Company that is an Entity, the Management Company's dissolution. In any such event, a majority of the Members, shall promptly elect a successor as Manager; provided, however if the then Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager without Member approval.

(b) Resignation. The Management Company at any time may resign by written notice delivered to the Members at least thirty (30) days prior to the effective date of the resignation.

(c) Removal. The Members may remove the Manager if: (1) the Manager commits an act of fraud or willful misconduct which materially adversely damages the LLC, or (2) the holders of at least eighty percent (80%) of the outstanding Membership Interests vote in favor of such removal.

ARTICLE 6: RECORDS AND ACCOUNTING

6.1 **Maintenance of Records.**

(a) Required Records. The LLC will maintain, at its registered office in California, such books, records and other materials as are reasonably necessary to document and account for its activities, including without limitation, those required to be maintained by the Act.

(b) Member Access. A Member and the Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records and other materials pertaining to the LLC or its activities. The exercise of such rights will be at the requesting Member's expense. Notwithstanding the foregoing, the inspection must occur at the LLC's principal place of business and may only be conducted following ten (10) business days' prior written notice to the LLC.

(c) Confidentiality. Except as set forth herein, no Member or the Management Company will disclose any information relating to the LLC or its activities to any unauthorized person or use any such information for his or her or any other Person's personal gain.

6.2 **Financial Accounting.**

(a) Accounting Method. The LLC will account for its financial transactions using the accrual method of accounting. The Management Company reserves the right to change such methods of accounting upon written notice to Members.

(b) Taxable Year. The LLC's Taxable Year is the LLC's annual accounting period, as determined by the Management Company in compliance with Sections 441, 444 and 706 of the Code.

6.3 **Reports.** As soon as practicable after the close of each Taxable Year, the LLC will complete and file any periodic reports required by the Act or the law of any other jurisdiction in which the LLC is qualified to do business. Annual reports concerning the LLC's business affairs, including the LLC's annual income tax return, will be provided to Members who request them in writing. Each Member will receive his, her, or its respective K-1 Form as required by applicable law. Annual audits prepared by independent CPAs will be made available to Members within a reasonable time after year-end (not to exceed 180 days). The Management Company will choose a firm to provide tax and accounting advice to the LLC. Such firm will prepare the annual audit and tax forms on behalf of the LLC.

6.4 **Tax Compliance.**

(a) Withholding. If the LLC is required by law or regulation to withhold and pay over to a governmental agency any part or all of a Distribution or allocation of Profit to a Member:

(1) the amount withheld will be considered a Distribution to the Member; and

(2) if the withholding requirement pertains to a Distribution in kind or an allocation of Profit, the LLC will pay the amount required to be withheld to the governmental agency and promptly take such action as it considers necessary or appropriate to recover a like amount from the Member, including offset against any Distributions to which the Member would otherwise be entitled.

(b) Tax Matters Partner. The Management Company, or a Person designated by the Management Company, shall act as the "Tax Matters Partner" pursuant to Section 6231(a)(7) of the Code. The Tax Matters Partner will inform the Members of all administrative and judicial proceedings pertaining to the determination of the LLC's tax items and will provide the Members with copies of all notices received from the U.S. Internal Revenue Service regarding the commencement of an LLC-level audit or a proposed adjustment of any of the LLC's tax items. The Tax Matters Partner may extend the statute of limitations for assessment of tax deficiencies against the Members attributable to any adjustment of any tax item. The LLC will reimburse the Tax Matters Partner for reasonable expenses properly incurred while acting within the scope of the Tax Matters Partner's authority.

ARTICLE 7: DISSOLUTION

7.1 **Events of Dissolution.** The LLC will dissolve upon the first of the following to occur: (a) the termination date stated in Article 2 or such later date if extended pursuant to Article 2; (b) the sale or other disposition of all or substantially all the assets of the LLC; (c) any event that makes the LLC ineligible to conduct its activities as a limited liability company under the Act; or (d) otherwise by operation of law.

7.2 **Effect of Dissolution.**

(a) Appointment of Liquidator. Upon the LLC's dissolution, the Management Company (unless unwilling or unable to serve as such) shall serve as liquidator, and as such it will bring to a close and liquidate the LLC in an orderly, prudent and expeditious manner in accordance with the following provisions of this Article. While serving as liquidator, the Management Company shall have the same authority, powers, duties and compensation as before dissolution, except that the liquidator shall not acquire any additional assets for the LLC, and shall use its best efforts to liquidate the LLC's existing assets as rapidly as is consistent with receiving the fair market value thereof. If the Management Company is unwilling or unable to serve as liquidator, or has resigned or been removed, the Members shall elect another person, who may be a Member, to serve as liquidator.

(b) Distributions Upon Dissolution. The LLC will not cease to exist immediately upon the occurrence of an event of dissolution, but will continue until its affairs have been brought to a close. Upon dissolution of the LLC, the Management Company will bring to a close the LLC's affairs by liquidating the LLC's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting rental payments under the terms of the loan(s) until a suitable sale can be arranged. All funds received by the LLC shall be applied to satisfy or provide for LLC debts and liabilities and the balance, if any, shall be distributed to Members on a pro-rata basis.

(c) Time for Liquidation. The LLC will not immediately cease to exist upon the occurrence of an event causing its dissolution, but will continue until its affairs have been wound up. It is acknowledged and agreed that the assets of the LLC are illiquid, and will take time to sell. The liquidator shall liquidate the LLC's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting rental payments under the terms of the properties. Due to high prevailing interest rates or other factors, the LLC could suffer reduced earnings

(or losses) if a substantial portion of its property portfolio remains and must be liquidated quickly during the closing period. Members who sell their Membership Interests prior to any such liquidation will not be exposed to this risk. Conversely, if prevailing interest rates have declined (or other factors are present) at a time when the loan or property portfolio must be liquidated, unanticipated profits could be realized by those Members who remained in the LLC until its termination.

(d) Final Accounting. The liquidator will make proper accountings to both: (1) the end of the month in which the event of dissolution occurred; and (2) the date on which the LLC is finally and completely liquidated.

(e) Duties and Authority of Liquidator. The liquidator will make adequate provision for the discharge of all of the LLC's debts, obligations and liabilities. The liquidator may sell, encumber or retain for distribution, in kind any of the LLC's assets. Any gain or loss recognized on the sale of assets will be allocated to the Members' Capital Accounts in accordance with the provisions of Article 4. With respect to any asset that the liquidator determines to retain for distribution in kind, the liquidator will allocate to the Members' Capital Accounts the amount of gain or loss that would have been recognized had the asset been sold at its fair market value.

(f) Final Distribution. The liquidator will distribute any assets, remaining after the discharge or accommodation of the LLC's debts, obligations and liabilities, to the Members in proportion to their Capital Accounts. The liquidator will distribute any assets distributable in kind to the Members in undivided interests as tenants in common. A Member whose Capital Account is negative will have no liability to the LLC, the LLC's creditors or any other Member with respect to the negative balance.

(g) Required Filings. The liquidator will file with the appropriate Secretary of State such statements, certificates and other instruments, and take such other actions, as are reasonably necessary or appropriate to effectuate and confirm the cessation of the LLC's existence.

ARTICLE 8: GENERAL PROVISIONS

8.1 **Amendments.** Except as otherwise provided herein, the Management Company or any Member may propose, for consideration and action, an amendment to this Agreement or to the Articles. Unless otherwise provided herein, a proposed amendment will become effective at such time as it is approved by the Members holding sixty percent (60%) of the outstanding Membership Interests. Notwithstanding the foregoing, the LLC and the Management Company will execute and file any amendment to the Articles required by the Act. If any such amendment results in inconsistencies between the Articles and this Agreement, this Agreement will be considered to have been amended in the specific areas (and only in such areas) necessary to eliminate inconsistencies.

8.2 **Power of Attorney.** Each Member appoints the Manager, with full power of substitution, as the Member's attorney-in-fact, to act in the Member's name to execute and file (a) all certificates, applications, reports and other instruments necessary to qualify or maintain the LLC as a limited liability company in the states and foreign countries where the LLC conducts its activities, (b) all instruments that effect or confirm changes or modifications of the LLC or its status, including, without limitation, amendments to the Articles or the Act, and (c) all instruments of transfer necessary to effect the LLC's dissolution and termination. The power of attorney granted by this Article is irrevocable, coupled with an interest and shall survive the death of the Member.

8.3 **Arbitration of Disputes; Time Limit: ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION OR VALIDITY THEREOF, INCLUDING (WITHOUT LIMITATION) THE DETERMINATION OF THE SCOPE OR APPLICABILITY OF THIS AGREEMENT TO ARBITRATE, OR ANY OTHER DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF ANY INTERACTION BETWEEN THE LLC, THE MANAGEMENT COMPANY AND/OR ANY MEMBER, SHALL BE BROUGHT WITHIN ONE YEAR OF ITS ACCRUAL AND BE DETERMINED BY CONFIDENTIAL AND BINDING ARBITRATION IN ALAMEDA COUNTY, CALIFORNIA, BEFORE ONE ARBITRATOR. THE ARBITRATION SHALL BE ADMINISTERED BY JAMS PURSUANT TO ITS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY EXCEEDS $250,000) OR ITS STREAMLINED ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY IS LESS THAN OR EQUAL TO $250,000). IF THE ARBITRATION IS A CLASS ARBITRATION, THE AGGREGATE AMOUNT, OF THE PURPORTED CLAIMS OF ALL PUTATIVE CLASS MEMBERS, SHALL BE USED TO DETERMINE WHICH RULES APPLY. JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THIS CLAUSE SHALL NOT PRECLUDE PARTIES FROM SEEKING PROVISIONAL REMEDIES IN AID OF ARBITRATION FROM A COURT OF APPROPRIATE JURISDICTION. THE PREVAILING PARTY IN ANY DISPUTE, CLAIM OR CONTROVERSY SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREOF. EACH PARTY HEREBY CONSENTS TO EXCLUSIVE PERSONAL JURISDICTION AND VENUE (AND WAIVES ANY OBJECTION TO VENUE, INCLUDING, BUT NOT LIMITED TO, INCONVENIENT FORUM) FOR ANY DISPUTE, CLAIM OR CONTROVERSY DESCRIBED ABOVE ALAMEDA COUNTY, CALIFORNIA.**

8.4 **Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, facsimile, email or private courier. The notice must be prepaid and addressed as set forth in the LLC's records. The notice will be effective on the date of receipt or, in the case of notice sent by first class mail, the fifth (5th) day after mailing.

8.5 **Resolution of Inconsistencies.** If there are inconsistencies between this Agreement and the Articles, the Articles will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent that the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement, in which event the Act will control. If there are inconsistencies between this Agreement and the Offering Circular, the Offering Circular will control. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the LLC's governance and financial affairs and the rights of the Members upon Dissociation and dissolution will supersede the provisions of the Act relating to the same matters.

8.6 **Provisions Applicable to Transferees.** As the context requires, and subject to the restrictions and limitations imposed by the provisions of this Agreement, anything herein pertaining to the rights and obligations of a Member also governs the rights and obligations of the Member's Transferee.

8.7 **Additional Instruments.** Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule or regulation governing the LLC's formation and activities.

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8.8 **Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run is not included. The last day of the period is included, unless it is a Saturday, Sunday or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m. in the time zone where the LLC then maintains its principal place of business.

8.9 **Entire Agreement.** This Agreement and the Articles comprise the entire agreement among the parties with respect to the LLC. This Agreement and the Articles supersede any prior agreements or understandings (whether oral, written, implied or otherwise) with respect to the LLC. No representation, statement or condition not contained in this Agreement or the Articles has any force or effect with respect to the subject matter hereof.

8.10 **Waiver.** No right under this Agreement may be waived, except by an instrument in writing signed by the party sought to be charged with the waiver.

8.11 **General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa. The headings and underlined paragraph titles are for guidance only and have no significance in the interpretation of this Agreement. This Agreement shall be construed to have been drafted and reviewed by each of the parties hereof. Each of the parties hereof has been adequately represented by legal counsel or has had adequate opportunity to consult with legal counsel and has affirmatively chosen to waive the right to do so.

8.12 **Binding Effect.** Subject to the provisions of this Agreement relating to the transferability of Membership Interests and the rights of Transferees, this Agreement is binding on and will inure to the benefit of the LLC, the Members and their respective distributees, heirs, legal representatives, executors, successors and permitted assigns.

8.13 **Governing Law.** The law of the State of California, excluding its conflict of laws rules, governs the construction and application of the terms of this Agreement.

8.14 **Severability**. If any provision of this Agreement shall be deemed invalid, unenforceable or illegal, then notwithstanding such invalidity, unenforceability or illegality: (a) the remainder of this Agreement shall continue in full force and effect; and (b) such invalid, unenforceable or illegal term shall, to the maximum extent permitted, be redrawn and reinterpreted by the arbiter so as to approximate the original intent of the parties with respect to such term.

8.15 **Counterparts; Facsimile.** This Agreement may be executed in counterparts, each of which will be considered an original as to the party signing it. Original signatures delivered via facsimile or electronic means shall have the same legal effect as the actual original signatures.

[*Signature Page to Operating Agreement Follows]*

[*Signature Page to Operating Agreement*]

POWELL STREET PARTNERS, LLC, a California limited liability company, as Manager of PACIFIC LENDING PARTNERS, LLC, a California limited liability company

By: _____
Name: _____
Title: _____

MEMBER

By: _____
Name: _____
Title: _____

BY PURCHASING A MEMBERSHIP INTEREST IN THE LLC AND EXECUTING A SUBSCRIPTION AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT, SUBSCRIPTION AGREEMENT AND OFFERING CIRCULAR.

[*Signature Page to Operating Agreement*]

POWELL STREET PARTNERS, LLC, a California limited liability company, as Manager of PACIFIC LENDING PARTNERS, LLC, a California limited liability company

By: _____
Name: Mark Hawf
Title: Manager

MEMBER

By: _____
Name: _____
Title: _____

BY PURCHASING A MEMBERSHIP INTEREST IN THE LLC AND EXECUTING A SUBSCRIPTION AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT, SUBSCRIPTION AGREEMENT AND OFFERING CIRCULAR.

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WRITTEN CONSENT OF THE MEMBERS OF PACIFIC SOUTHWEST NOTE FUND LLC

The undersigned, being such Members of Pacific Southwest Note Fund LLC, a Delaware limited liability company ("Company") as necessary to take such actions as are set forth herein ("Consenting Members"), hereby adopt the following resolutions by written consent (the "Consent"):

RECITALS:

A. All capitalized terms used in this Consent and not otherwise defined shall have the meanings set forth in the Operating Agreement of the Company, dated effective as of May 26, 2020 (the "Operating Agreement"),

B. Pursuant to Section 5.1 of the Operating Agreement, Pacific Southwest Management Group LLC, a Delaware limited liability company ("Existing Manager") is the current Manager of the Company.

C. Pursuant to Section 5.8(c) of the Operating Agreement, the Manager may be removed if, among other things, "the holders of at least a Majority of the outstanding Membership Interests vote in favor of such removal."

D. Pursuant to Section 5.8(a) of the Operating Agreement, upon the removal of Manager, a "Majority of the Membership Interests outstanding shall promptly elect a successor as Manager . . ."

E. Pacific Note Fund Management Group, LLC, a Delaware limited liability company ("New Manager") has been duly formed and is validly existing as a limited liability company under the laws and requirements of the State of Delaware.

F. Pursuant to Section 3.8(b) of the Operating Agreement, "The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate holdings of the Membership Interest equal or exceed the minimum that would be necessary to take the action at a meeting at which all Members were present."

G. The Consenting Members hold a Majority of the Membership Interests in the Company and have executed this Consent in lieu of a meeting in order to (i) wish to terminate the Existing Manager, (iii) wish to appoint the New Manager as successor Manager. The Consenting Members have determined that such actions are in the best interests of the Company.

RESOLUTIONS:

NOW THEREFORE, be it resolved:

1. Removal and Termination of Existing Manager. That the Existing Manager is hereby removed and terminated as Manager of the Company as of November 30, 2024 (the "Effective Date").

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2. Appointment of New Manager. That the New Manager is hereby elected and appointed to succeed the Existing Manager and the New Manager shall be the Manager of the Company commencing on the Effective Date.

3. Transition Actions. That the New Manager, as Manager of the Company, is authorized to take all actions reasonably contemplated by or in furtherance of effecting the foregoing change of Manager, including without limitation (i) updating or amending the Operating Agreement, (ii) updating or modifying signatory authority for all bank accounts and other financial accounts of the Company and (iii) notifying all Members of the change of Manger

4. Continuing Effect. That the authorizations, powers and duties set forth in this Consent shall be of continuing force and effect and all persons may rely on same until the Members shall by further resolution direct otherwise.

5. Counterparts. That this Consent may be executed and delivered to the Company in any number of counterparts (including by electronic scan or via signature validation) and, upon such execution and delivery, such counterparts shall have the same force and effect as an original and together shall constitute one and the same instrument.

[Signatures Appear on Next Page]

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IN WITNESS WHEREOF, the undersigned have executed this Consent of Members as of the Effective Date.

CONSENTING MEMBERS:

[_____]

By: Signed by: MARK HANF
FF3865A51DB4469...
Name: MARK HANF
Title: President

[_____]

By: Signed by: Edward Brown
A66FED542BB4472...
Name: Edward Brown
Title: Member

[_____]

By: _____
Name: _____
Title: _____

[_____]

By: _____
Name: _____
Title: _____

Unanimous Consent Resolution of the Members of

PACIFIC PRIVATE CAPITAL GROUP LLC, a California Limited Liability Company

Pursuant to the Operating Agreement of PACIFIC PRIVATE CAPITAL GROUP LLC, a California limited liability company ("Company") dated August 1, 2019, and resolution(s) thereto, the undersigned, constituting all Members of the Company, do hereby unanimously resolve and consent in lieu of a formal meeting to the following effective this 27th day of May, 2020:

WHEREAS, Mark Hanf is the Managing Member and sole Member of PACIFIC PRIVATE CAPITAL GROUP LLC, a California Limited Liability Company;

WHEREAS, the Company wishes to change its name to HANF CAPITAL LLC;

WHEREAS, no other changes to the legal structure, tax identification numbers or other corporate formalities will be made to the Company aside from the name change;

NOW THEREFORE, BE IT RESOLVED the undersigned, constituting all voting Members of the Company, do hereby resolve and consent in lieu of a formal meeting to the following:

1. In accordance with Section 5.2 of the Company's Operating Agreement, the Managing Member, under the authority granted him, shall change the legal name of PACIFIC PRIVATE CAPITAL GROUP LLC to HANF CAPITAL LLC by duly causing to be filed the appropriate documents with the State of California and any further acts necessary to accomplish said name change;

2. For a period not to exceed One Hundred and Eighty (180) days from the effective date of the name change, the Company does hereby authorize the use by HANF CAPITAL LLC of the PACIFIC PRIVATE CAPITAL GROUP LLC name in day-to day business activities as well as the use of such items still titled in the name of PACIFIC PRIVATE CAPITAL GROUP LLC such as bank accounts, checks, letterhead, operating documents, etc. to allow sufficient time for completion of such items necessary to fully effectuate the change of the business name;

3. This resolution may be relied upon by any third-party with no further authorization of the activities set forth herein required.

All Members hereby waive notice and a scheduled meeting with regard to the above action. This Resolution may be executed in counterparts each of which, when taken together, shall constitute the entire agreement, and facsimile or scanned copies shall be valid for all purposes.

IN WITNESS WHEREOF, the Managing Member of the Company has executed this Resolution by unanimous consent effective as of the date first shown above.

MANAGING MEMBER:

PACIFIC PRIVATE CAPITAL GROUP LLC, a California Limited Liability Company,

By: _____
Mark Hanf, Managing Member

ADDRESS OF RECORD:

1555 Grant Avenue
Novato, California 94945
Telephone: (415) 883-2150
Email: mark@pacificprivatemoney.com

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

PACIFIC PRIVATE MONEY GROUP LLC

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (the "**Agreement**") of PACIFIC PRIVATE MONEY GROUP LLC, a Delaware limited liability company (the "**Company**"), is entered into as of the 30th day of April, 2020, by and between Saluda Grade Alternative Lending & Fintech Growth Fund I LP, A Delaware Limited Partnership ("**SGALF**") and Pacific Capital Funding Group, Inc., a California corporation ("**Hanf Co**") and each other Person who is or becomes a party to this Agreement, as the Members.

WHEREAS, the Company was formed on April 14, 2020 pursuant to and in accordance with the LLC Law pursuant to the Certificate of Formation;

WHEREAS, SGALF previously entered into a Limited Liability Company Agreement with respect to the Company on April 14, 2020 (the "**Original Agreement**") and which it desires to amend and replace in its entirety as described herein; and

WHEREAS, each of the Members has contributed to the capital of the Company the money required to be contributed under SECTION 4.01 and listed on Schedule B and issued the Units in the Company described on Schedule B to this Agreement or will provide to the Company the services set forth on Schedule C to this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereafter set forth and for all good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, each Member agrees as follows:

ARTICLE I
CERTAIN DEFINITIONS

SECTION 1.01 Definitions. Capitalized terms used and not otherwise defined in this Agreement have the meanings ascribed to them in Exhibit A hereto.

ARTICLE II
GENERAL PROVISIONS

SECTION 2.01 Formation. The Company was formed on April 14, 2020, pursuant to and in accordance with the LLC Law.

SECTION 2.02 Name. The name of the Company is Pacific Private Money Group LLC.

SECTION 2.03 Term. The term of the Company commenced on the date the Certificate of Formation was filed in the office of the Secretary of State of Delaware, and shall continue until terminated as provided in Article XII.

SECTION 2.04 Registered Agent and Registered Office. The registered office of the Company required by the LLC Law to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Company's Certificate of Formation or such other office (which need not be a place of business of the Company) as the Board of Managers may designate in the manner provided by applicable law. The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Company's Certificate of Formation or such other Person or Persons as the Board of Managers may designate in the manner provided by applicable law. The Company may have such offices or places of business as the Board of Managers may designate.

SECTION 2.05 Purposes. The purpose of the Company is to engage in any lawful act or activity for which limited liability companies may be organized under the LLC Law.

SECTION 2.06 Fiscal Year. The fiscal year of the Company shall end on December 31 of each year except as otherwise required by the Code or the Regulations (each, a "**Fiscal Year**").

SECTION 2.07 Nature of Relationship. The relationship between the Members shall be limited to the carrying on of the business of the Company in accordance with the terms of this Agreement. Such relationship shall be construed and deemed to be a limited liability company for the sole and limited purpose of carrying on such business. Except as otherwise provided for, or contemplated in, this Agreement, nothing herein shall be construed to create a partnership or any other relationship between the Members or to authorize any Member to act as an agent for any other Member.

ARTICLE III
UNITS

SECTION 3.01 Authorization of Units. The membership interests in the Company shall be represented by the Units. The Units shall have the rights, powers, preferences and restrictions and be subject to terms and conditions as provided herein. Except as otherwise determined by the Board of Managers, Units shall not be certificated. The Members agree that the Units shall be deemed "securities" for purposes of the Uniform Commercial Code of the State of Delaware. The Members agree that the Units issued to SGALF and Hanf Co shall be deemed "Class A Units."

SECTION 3.02 Additional Issuances of Units. The Board of Managers shall be authorized to issue additional Units and additional classes of Units hereunder and admit additional Members to the Company, subject to the other provisions of this Agreement, including SECTION 5.07. In connection with the addition of any new Member, the Board of Managers will give due regard to any amendment or restatement that needs to be made to this Agreement in connection with the admission of such new Member.

ARTICLE IV

MEMBERS

SECTION 4.01 Capital Contributions. Each of the Members has made (or is deemed to have made) contributions to the capital of the Company in the form of cash or other property, including intangible property, as is set forth in the records of the Company.

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SECTION 4.02 Members. The Members' membership interest in the Company shall be represented by the Units held by such Member. The name and the address of each Member and their respective Sharing Percentages and Units held are set forth in Exhibit B, as the same may be amended from time to time.

SECTION 4.03 Liability of Members. No Member or any member, officer, agent, representative, partner, trustee, shareholder, director, employee, incorporator or organizer of any Member, will be liable for the debts, obligations and liabilities of the Company, any Affiliate or Subsidiary of the Company, or any other Member, whether arising in contract, tort or otherwise, which debts, obligations and liabilities shall be solely the debts, obligations and liabilities of the Company, any Affiliate or Subsidiary of the Company or such other Member, as applicable. Except as otherwise expressly provided in the LLC Law, the liability of each Member shall be limited to the amount of capital contributions, if any, made (or deemed made) by such Member in accordance with the provisions of this Agreement.

SECTION 4.04 Additional Contributions. No Member shall be required to make additional capital contributions to the Company.

SECTION 4.05 Return of Capital Contributions. The Members shall not receive their respective capital contributions, and no distribution shall constitute a return or repayment of a capital contribution, except pursuant to SECTION 10.08, or with the consent of the Board of Managers.

SECTION 4.06 Loans. No Member may, at any time, make or cause a loan to be made to the Company without the prior written consent of the Board of Managers.

SECTION 4.07 Services Provided. Members or their officers, directors, shareholders, members or employees may provide certain services to the Company upon the agreement of by a Supermajority Vote of the Managers.

SECTION 4.08 Issuance of Additional Units. If the Company issues any Units to any Person (other than pursuant to a Permitted Issuance) during the twelve (12) month period commencing on the date of this Agreement at a price per Unit below $935.14, the Company will simultaneously issue additional Units to SGALF (without any additional capital contribution) to cause SGALF to own the number of Units that it would have owned on the date of this Agreement if SGALF had paid such lower price for each of its Units and based on its total actual capital contribution of $2,000,000.

MANAGEMENT OF THE COMPANY

SECTION 5.01 Authority of the Board of Managers. The overall management and control of the Company shall be vested in the Board of Managers (the "**Board of Managers**"), which shall make all decisions and is authorized to take any action of any kind and to do anything and everything it reasonable deems necessary in connection with the business of the Company. The Board of Managers may delegate authority to officers appointed by it in accordance with the provisions set forth below. No Member is an agent of the Company solely by virtue of being a Member and no Member has authority to act for, represent or bind the Company without the Board

of Managers expressly granting such authority. This SECTION 5.01 supersedes any authority granted to the Members pursuant to Section 18-401 of the LLC Law. Except as otherwise provided herein, any Member who purports to act for, represent or bind the Company in violation of this SECTION 5.01 shall be solely and personally responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company and the other Members harmless with respect to the loss or expense.

SECTION 5.02 Board of Managers; Classes and Term of Office.

(a) From and after the date of this Agreement and until the provisions of this SECTION 5.02 shall cease to be effective, as provided herein, each Member shall vote or cause to be voted, all Units and any other voting securities of the Company over which such Member has beneficial ownership or voting control and shall take all other necessary or desirable actions within its control (whether in its capacity as a unitholder, manager, officer, member of the Board of Managers or otherwise and including, without limitation, attendance at meetings in person or by proxy for purposes of obtaining a quorum and execution of written consents in lieu of meetings), and the Company shall take all necessary and desirable actions within its control (including, without limitation, calling special board and member meetings), so that the number of managers which shall constitute the entire Board of Managers of the Company (such Persons, the "**Managers**") shall be five (5) Managers.

(b) The following Persons shall at all times constitute the members of the Board of Managers (and any committee thereof, if any) and shall be elected as the Board of Managers at each annual meeting of the Members of the Company:

(i) Two (2) Persons shall be designated by SGALF as Managers (the "**SGALF Designees**"), who shall initially be Timothy Carr and Ryan Craft; *provided, however*, that in the event less than two (2) Persons have been designated pursuant to this SECTION 5.02(b)(i), then any Persons who have been designated shall have two (2) votes allocated among them.

(ii) Two (2) Persons shall be designated by **Hanf Co** as Managers (the "**Hanf Co Designees**"), who shall initially be Mark Hanf and Hoainam Chu Phan; *provided, however*, that in the event less than two (2) Persons have been designated pursuant to this SECTION 5.02(b)(ii), then any Persons who have been designated shall have two (2) votes allocated among them.

(iii) One (1) Person, who shall be mutually designated by SGALF and Hanf Co as a Manager. Until such Person is be mutually designated by SGALF and Hanf Co, this Manager position shall remain vacant.

(c) The removal from the Board of Managers or any committee thereof (with or without cause) of any representative designated hereunder by any Person or group of Persons at any time while such Person or group shall be entitled to serve on, or designate a representative to serve on, the Board of Managers or any committee thereof, under SECTION 5.02(b)(i), SECTION 5.02(b)(ii) or SECTION 5.02(b)(iii) shall only be at such Person's or group's written request.

(d) If any representative designated hereunder by any Person or group for any reason ceases to serve as a member of the Board of Managers during his or her term of office at any time while such Person or group shall be entitled to serve on, or designate a representative to serve on, the Board of Managers or any committee thereof, under clause SECTION 5.02(b)(i), SECTION 5.02(b)(ii) or SECTION 5.02(b)(iii), the resulting vacancy shall be filled by a representative designated by such Person or group, as provided hereunder.

(e) Each Manager shall devote such time to the business and affairs of the Company as is necessary to carry out his or her duties set forth in this Agreement. Except as otherwise expressly provided in SECTION 8.02, nothing in this Agreement shall be deemed to restrict in any way the rights of the Members, as members of the Board of Managers or as Members, to conduct any other business or activity whatsoever, and no Member shall be accountable to the Company or to any other Member with respect to that business or activity.

(f) The Company will maintain at all times directors' and officers' liability insurance coverage for each of the members of the Board of Managers in amounts satisfactory to the Board of Managers; *provided, however*, that the Company shall not be obligated to purchase or maintain such insurance in the event the Board of Managers agrees that reasonable terms and pricing are not commercially available.

SECTION 5.03 Meetings.

(a) Regular Meetings. Regular meetings of the Board of Managers shall be held at such times and places as the Board of Managers shall from time to time determine.

(b) Special Meetings. Special meetings of the Board of Managers shall be held whenever called by any Manager at such times and places as the Board of Managers shall from time to time determine. Any and all business may be transacted at a special meeting that may be transacted at a regular meeting of the Board of Managers.

(c) Location of Meetings. The Board of Managers may hold its meetings at such place or places as the Board of Managers may from time to time by resolution determine or as shall be designated in the respective notices or waivers of notice thereof.

(d) Notices of Meetings. Notices of regular meetings of the Board of Managers or of any adjourned meeting shall be given at least one week prior to such meeting, unless otherwise agreed by each Manager at the prior meeting; provided that shorter notice may be provided, but in no event less than twenty four (24) hours in advance of the meeting, under exigent circumstances. Notices of special meetings of the Board of Managers, or of any meeting of any committee of the Board of Managers that has not been fixed in advance as to time and place by such committee, shall be mailed by the Secretary or an assistant Secretary, if any, or the President if there is no Secretary or Assistant Secretary, to each Manager, addressed such Manager's residence or usual place of business, so as to be received at least two (2) business days before the day on which such meeting is to be held, or shall be sent to a Manager by e-mail or other form of recorded communication so as to be received not later than two (2) business days before the day on which such meeting is to be held. Such notice shall include the purpose, the time and place of such meeting; provided that under exigent circumstances, such notice must be received at least

twenty four (24) hours before the meeting. However, notice of any such meeting need not be given to any Manager if such notice is waived by such Manager in writing or by e-mail or other form of recorded communication, whether before or after such meeting shall be held, or if such Manager shall be present at such meeting.

(e) Action by Communication Equipment. The Board of Managers may participate in a meeting of the Board of Managers by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting and such notice provide instructions for participating in such meeting by conference telephone or similar communications equipment.

(f) Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Managers, or of any committee thereof, may be taken without a meeting if all of the members of the Board of Managers required to effect any such action consent thereto in writing, and such writing is filed with the minutes of the proceedings of the Board of Managers or such committee.

(g) Organization. Mark Hanf, or another nominee of Hanf Co shall act as Chairman at each meeting of the Board of Managers for so long as he is a Member.

(h) Compensation. Managers shall not receive any stated salary for their services as Managers, but Managers who are not also employees of the Company shall be reimbursed by the Company for all reasonable documented out-of-pocket expenses incurred for or on behalf of the Company or in attending meetings of the Board of Manager.

SECTION 5.04 Quorum. At all meetings of the Board of Managers, a majority of the Managers shall be required to constitute a quorum for the transaction of business, which majority must include at least one (1) SGALF Designee and at least one (1) Hanf Co Designee. In the absence of a quorum at any such meeting or any adjournment or adjournments thereof, a majority of the Managers present in person or by proxy and entitled to vote thereat, may reschedule such meeting from time to time until the Managers requisite for a quorum, as aforesaid, be present in person or by proxy. At any such rescheduled meeting at which a quorum may be present, any business may be transacted that might have been transacted at the meeting as originally called.

SECTION 5.05 Order of Business. The order of business at each meeting of the Board of Managers shall be determined by the members of the Board of Managers.

SECTION 5.06 Voting. Any vote of the Board of Managers may be given at any meeting of the Board of Managers by the Managers entitled to vote thereat, either in person or by proxy, appointed by an instrument in writing, delivered to the Secretary or an Assistant Secretary of the Company or the secretary of the meeting, or by execution of a written consent signed in accordance with SECTION 5.03(f) above. The attendance at any meeting of a Manager who had theretofore given a proxy shall not have the effect of revoking same unless he or she shall, in writing, so notify the secretary of the meeting prior to the voting of the proxy. At all meetings of the Board of Managers, all matters shall be decided by a vote of at least a majority of the Managers who are present, either in person or by proxy, and entitled to vote thereat, a quorum being present, unless

the vote or consent of a greater number of Members is required by law or this Agreement, *provided, however*, that the actions to be taken by the Board of Managers of the type referred to or in respect of the matters described in SECTION 5.07 must be approved by a Supermajority Vote of the Managers.

SECTION 5.07 Actions Requiring Supermajority Vote of the Managers. The Company and each Member hereby covenants and agrees that, notwithstanding any other provision of this Agreement to the contrary, the Board of Managers shall not consent to, authorize or vote for, any of the following events or actions, unless such has been approved by a Supermajority Vote of the Managers:

(a) The incurrence by the Company after the date hereof of indebtedness for borrowed money or the imposition of any liens securing indebtedness for borrowed money in excess of $1,000,000;

(b) The application of any assets of the Company to redemption, retirement, purchase or other acquisition, directly or indirectly, of any units of capital equity of the Company;

(c) The authorization of a new class or series of capital equity of the Company which ranks senior to the Units, either as to the right to receive proceeds of the sale, liquidation, dissolution or winding up of the Company, the payment of distributions, or both;

(d) Hiring, terminating, or changing the compensation of the executive officers of the Company or any Subsidiary of the Company, other than any annual salary increases or annual bonus payments that are implemented in the ordinary course of business consistent with past practice;

(e) Any change the principal business of the Company or any Subsidiary of the Company, enter new lines of business, or exit the current line of business;

(f) Any issuance of additional Units or equity interests in the Company;

(g) Making, or permitting any Subsidiary of the Company, to make, any investment inconsistent with any investment policy approved by the Board of Managers;

(h) Any Transfer of Units or admission of any new Member (except in connection with Transfers to Immediate Family Members or Permitted Transferees):

(i) Any amendment to the Certificate of Formation;

(j) Any Liquidity Event;

(k) Any decision not to pursue a business opportunity pursuant to SECTION 7.02;

(l) Any appointment of a liquidator pursuant to SECTION 13.01.

(m) The dissolution of the Company;

(n) The conversion of the Company into a corporation or other form of entity or any initial public offering of the securities of the Company; or

(o) The entry into any contract, agreement or arrangement (including any employment relationship) with any Affiliate of a Member or a Manager.

SECTION 5.08 Books and Records. The Board of Managers shall keep or cause to be kept complete and accurate books of account and records with respect to the Company's business and the businesses of any Subsidiaries of the Company. The Board of Managers shall at all times maintain the books of the Company. The Members and their duly authorized representatives shall have the right to examine the books, records and documents of the Company and any Subsidiaries of the Company during normal business hours and to inspect the property of the Company at reasonable times. The Company's and any Subsidiaries of the Company's independent auditors shall be an independent public accounting firm selected by the Board of Managers.

SECTION 5.09 Officers.

(a) The Board of Managers may appoint one or more officers of the Company (the "**Officers**") who shall have the rights and obligations hereinafter set forth in this Section subject, in each case, to the supervision and authority of the Board of Managers and the other terms and conditions of this Agreement. Each Officer shall serve at the pleasure of the Board of Managers and may be removed by the Board of Managers with or without cause at any time. Each Officer shall serve until his or her successor is duly appointed and qualified or his or her earlier death, incompetence, resignation or removal. Any number of offices may be held by the same individual.

(i) *President*: Unless the Board of Managers shall otherwise determine, the President shall serve as the chief operating officer of the Company and shall be responsible for the day-to-day operations of the Company reporting to and under the supervision of the Board of Managers and shall have such other duties as may from time to time be designated by the Board of Managers. The initial President shall be Hanf Co.

(ii) *Vice President*: The Vice Presidents, including any Executive Vice President, shall perform such duties and have such powers as may from time to time be assigned to them by the President or the Board of Managers. In the absence of the President, any Vice President may perform the duties of the President.

(iii) *Secretary*: The Secretary shall attend to the giving of notice of each meeting, and shall act as secretary at each such meeting. The Secretary shall keep and account for all books, documents, papers and records of the Company except those for which some other officer or agent is properly accountable. In addition, the Secretary shall have such other duties as may from time to time be designated by the President or the Board of Managers. The initial Secretary shall be Hanf.

(iv) *Treasurer*: The Treasurer shall have the care and custody of all the funds of the Company and shall deposit such funds in such banks or other depositories as the Board of Managers or any officer hereunto duly authorized by the Board of Managers shall from time to time direct or approve. In addition, the Treasurer shall have such other duties as may from time

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to time be designated by the President or the Board of Managers. The initial Treasurer shall be Hanf.

(b) The Board of Managers may also employ, on behalf of and at the expense of the Company, such individuals, firms or corporations as they shall deem advisable in the operation and management of the business of the Company.

ARTICLE VI
MEETING OF MEMBERS

SECTION 6.01 Annual Meetings. The Members may, by unanimous vote, hold an annual meeting for the transaction of such business as may properly come before the meeting. Such annual meeting shall be held on the first day in May if not a Saturday, Sunday or legal holiday (and if a Saturday, Sunday or legal holiday, then on the first day following that is not a Saturday, Sunday or legal holiday) or at such other date and hour as shall be designated in the notice thereof, except that, to the extent permitted by applicable law, no annual meeting need be held if all actions to be taken at an annual meeting of Members are taken by written consent in lieu of a meeting pursuant to SECTION 6.07.

SECTION 6.02 Special Meetings. Special meetings of the Members for any purpose or purposes may be called by the Board of Managers or the holders of a majority in interest of the Units, and such meeting shall be held at such place, date and hour as shall be designated in the notice thereof.

SECTION 6.03 Notice of Meetings. Notice of each meeting of the Members or of any adjourned meeting shall be given at least ten (10) but not more than sixty (60) days prior to such meeting, unless otherwise agreed by each Member at the prior meeting; provided that shorter notice may be provided, but in no event less than twenty-four (24) hours in advance of the meeting, under exigent circumstances. Notices of meetings of the Members shall be sent to each Member by e-mail or other form of recorded communication or be delivered personally, by overnight courier or by telephone. Such notice shall include the purpose, the time and place of such meeting. However, notice of any such meeting need not be given to any Member if such notice is waived by such Member in writing or by e-mail or other form of recorded communication, whether before or after such meeting shall be held, or if he shall be present at such meeting.

SECTION 6.04 Quorum. At each meeting of the Members, except as otherwise expressly required by law, all Members shall be present in order to constitute a quorum for the transaction of business.

SECTION 6.05 Order of Business. The order of business at each meeting of the Members shall be determined by the Members attending such meeting.

SECTION 6.06 Voting.

(a) Each Member shall be entitled to attend all special and annual meetings of the Members of the Company.

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(b) Members shall have the voting rights provided by applicable law and this Agreement, which shall exclude all of the actions set forth in SECTION 5.07.

(c) Any vote of the Members may be made at any meeting of the Members by the Members entitled to vote thereon either in person or by proxy appointed by an instrument in writing delivered to the Secretary or an Assistant Secretary of the Company or the secretary of the meeting. The attendance at any meeting of a Member who may theretofore have given a proxy shall not have the effect of revoking the same unless he shall in writing so notify the secretary of the meeting prior to the voting of the proxy.

(d) All matters to be decided by the Members at a meeting, except as otherwise provided by applicable law, this Agreement, or non-waivable provisions of the LLC Law, shall be decided by Members having an aggregate of at least 51% of the Voting Rights of the Company, voting together as a single class. Except as otherwise expressly required by law, the vote at any meeting of the Members on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot, each ballot shall be signed by the Member voting, or by his proxy, if there be such proxy, and shall state the number of votes cast.

SECTION 6.07 Action by Written Consent. Except as otherwise provided by law or by this Agreement, any action required or permitted to be taken at any annual or special meeting of the Members may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed by the Members otherwise required to consent to such action.

ARTICLE VII
COVENANTS

SECTION 7.01 Confidential Information; Trade Secrets.

(a) Each Member acknowledges and agrees that all Confidential Information (as defined in SECTION 7.01(b)), Trade Secrets and other property delivered to or compiled by such Member by or on behalf of the Company or its representatives, vendors or customers that pertain to the Business of the Company shall be and remain the exclusive property of the Company, be subject at all times to the discretion and control of the Company, and be used only for the benefit of and as otherwise directed by the Company. Each Member agrees that he shall maintain strictly the confidentiality of, and shall not, during, or for a period of two (2) years after such Member ceases to be a Member of the Company, disclose, any such Confidential Information or Trade Secrets without the express written permission of the Company.

(b) For purposes hereof, the parties agree that "**Confidential Information**" means and includes:

(i) All business or financial information, plans, processes and strategies, market research and analyses, projections, financing arrangements, consulting and sales methods and techniques, expansion plans, forecasts and forecast assumptions, business practices, operations and procedures, marketing and merchandising information, distribution techniques, customer information and other business information, including records, designs, patents, business

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plans, financial statements, manuals, memoranda, lists and other documentation relating to the Business and the Company;

(ii) All information and materials that are known by the recipient to be proprietary and confidential to a third party and that have been provided to the Company by such third party for the Company's use; and

(iii) All information derived from such Confidential Information. Confidential Information shall not include information and materials that is or becomes generally available to the public without restriction on disclosure, other than as a result of an act or omission by a Member in breach of the provisions of this Agreement or any other applicable agreement between the Members and the Company.

(c) Notwithstanding the foregoing, each Member may divulge or communicate Confidential Information to officers, directors, shareholders, members or employees of such Member, and to auditors, counsel and other professional advisors to such Persons and such Member; provided, however, that such Person has a need to know and have been informed of the confidential nature of the information.

(d) In the event that the disclosure of Confidential Information is compelled by judicial or administrative process, or by other requirements of applicable law, each receiving Member shall give advance notification to the Company to the extent legally permitted, or otherwise as soon as practical, and shall consult with the Company on the advisability of taking legally available steps to resist or to narrow such disclosure request, cooperating with the Company (at the Company's expense), and using his/her commercially reasonable efforts to protect Confidential Information from disclosure.

(e) For purposes hereof, the term "**Trade Secret**" shall have the meaning given in the Delaware enactment of the Uniform Trade Secrets Act, and shall include, without limitation, the whole or any portion or phase of any scientific or technical information, design, process, formula, concept, data organization, manual, other system documentation, or any improvement of any thereof, in any case that is valuable and secret (in the sense that it is not generally known to the Company's competitors).

SECTION 7.02 Business Opportunities. Hanf Co agrees that so long as Hanf Co is a Member, Hanf Co shall not, and shall cause its Affiliates not to, pursue or refer to another Person any business opportunity directly competitive with the Business without first offering such opportunity to the Company. In the event the Company (through the Board of Managers) determines not to pursue any such business opportunity, then Hanf Co shall be permitted to pursue the opportunity either individually or as part of another entity or group or offer such opportunity to another Person.

SECTION 7.03 Information Rights.

(a) Delivery of Financial Statements and Compliance Report. The Company shall deliver to each Member:

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(i) as soon as practicable, but in any event within one hundred and eighty (180) days after the end of each fiscal year of the Company (i) a consolidated balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of members' equity as of the end of such year;

(ii) as soon as practicable, but in any event within thirty (30) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited consolidated balance sheet and statement of members' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(iii) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year, approved by the Board of Managers and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company; and

(iv) as soon as practicable, but in any event within twenty (20) days after the end of each fiscal year of the Company, a report setting forth in detail all equity and debt holders of the Company.

(b) The Company shall use commercially reasonable efforts to provide such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Member may from time to time reasonably request; provided that the Company shall provide such reasonably requested information in a manner and in a timeframe that the Company determines to be appropriate to prevent any management distraction from the Company's ordinary course of operations.

(c) If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

SECTION 7.04 Inspection. The Company shall permit each Member, at such Member's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by such Member.

SECTION 7.01 Right to Conduct Activities. The Company hereby agrees and acknowledges that SGALF is an entity (together with its affiliates) may have numerous investments, some of which may be deemed competitive with the Company's business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that SGALF shall not be liable to the Company for any claim arising out of, or based upon, (a) the investment by SGALF in any entity competitive with the Company, or (b) actions taken by any partner, officer or other representative of SGALF to assist any such competitive company, whether

or not such action was taken as a member of the Board of Managers of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve SGALF from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement.

SECTION 7.01 FCPA. The Company shall not (and shall not permit any of its Subsidiaries or any of its or their respective managers, directors, officers or employees to) promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, to any third party, including any Non-U.S. Official (as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**")), in each case, in violation of the FCPA or any other applicable anti-bribery or anti-corruption law. The Company shall (and shall cause each of its Subsidiaries to) cease all of its or their respective activities, as well as remediate any actions taken by the Company, its subsidiaries, or any of their respective directors, officers or employees in violation of the FCPA or any other applicable anti-bribery or anti-corruption law.

ARTICLE VIII
TRANSFER OF UNITS

SECTION 8.01 Limitations on Transfer of Units.

(a) With the exception of Transfers to Immediate Family Members or Permitted Transferees or Transfers made in compliance with SECTION 9.01, no Transfer of Units shall be effective without the approval of the Board of Managers; provided that in the event of a Transfer of Units to a member of a Member's Immediate Family, such Member shall retain his or her Voting Rights with respect to the transferred Units. Each Member hereby acknowledges the reasonableness of this view for the purposes of the Company and the relationship of the Members. The purported voluntary Transfer of any Units, including the right to receive the economic benefits of the Units, in violation of the prohibition contained in this SECTION 8.01 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Units are attempted to be transferred in violation of this SECTION 8.01 shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Units. Any withdrawal or purported Transfer in violation of this Agreement shall entitle the Company to damages for breach, which may be offset against the amounts otherwise distributable to such Member.

(b) Notwithstanding anything to the contrary in this Agreement, no Transfer will be deemed effective unless and until (1) the relevant transferee (other than the Company or an existing Member) executes and delivers to the Company, in the capacity of a Member, an agreement to be bound by all of the terms and conditions of this Agreement in a form acceptable to the Company, (2) such Transfer is in compliance with the federal securities laws, all applicable state, local and foreign securities laws and, upon its request, the Company shall have received satisfactory evidence of such compliance (including an opinion of counsel to the Transferor) and (3) upon its request, the Company is indemnified for any reasonable costs and expenses actually incurred by the Company in connection with such Transfer.

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(c) Pursuant to Section 1446(f) of the Code, the Managers may be required to withhold taxes from, and subsequent distributions to, any transferee that acquires its Units from a Member that is a "foreign partner" for purposes of Section 1446(e) of the Code and fails to withhold or pay such required taxes attributable to the acquisition of such transferee's Units.

SECTION 8.02 Certain Transfers Prohibited. Notwithstanding anything to the contrary in this Agreement, no Member shall be permitted to Transfer all or any portion of that Member's Units if the Board of Managers reasonably determines that such Transfer could cause the Company to be treated as a "publicly traded partnership" taxable as a corporation for U.S. Federal tax purposes.

ARTICLE IX
TAG ALONG RIGHTS; PREEMPTIVE RIGHTS

SECTION 9.01 Tag Along Rights.

(a) In the event that Hanf Co or his permitted assigns (each, an "**Transferor**") proposes to Transfer all, or any portion, of its Units other than to an Immediate Family Members (a "**Proposed Transfer**") pursuant to a bona fide written offer from a third party (a "**Purchase Offer**"), Hanf Co shall first notify the other Members (each, an "**Optionee**") of such Proposed Transfer (the "**Transfer Notice**"). The Transfer Notice shall, in reasonable detail, set forth the percentage of the Transferor's Units proposed to be Transferred (the "**Subject Interests**"), the identity of the proposed transferee of the Subject Interests (the "**Offeror**") and the other proposed terms and conditions of the Proposed Transfer (the "**Proposed Terms**"), and shall have a true copy of the Purchase Offer attached thereto. Receipt by the Optionees of a Transfer Notice shall be deemed the irrevocable grant by the Transferor to the Optionee of the option, exercisable irrevocably by notice to the Transferor (an "**Exercise Notice**") within fifteen (15) days of the Optionee's receipt of the Transfer Notice (such 15-day period, the "**Exercise Period**"), to participate in the Proposed Transfer by selling to the Offeror, upon the Proposed Terms, the same percentage of the Optionee's Units as the percentage of the Transferor's Units proposed to be sold by the Transferor (the "**Tag-Along Option**"). If upon the expiration of the Exercise Period, the Optionee has failed to exercise the Tag-Along Option, the Optionee shall be deemed to have elected not to exercise the Tag-Along Option and the Transferor and Offeror shall be free to consummate the Proposed Transfer upon the Proposed Terms; *provided, however*, that if the Proposed Transfer is not consummated within forty-five (45) days of the expiration of the Exercise Period, the Tag-Along Option shall be reinstated and the Proposed Transfer shall not thereafter be consummated until the Transferor has once again delivered an Exercise Notice to the Optionee and otherwise complied with the terms of this Section.

(b) If the Optionee duly exercises the Tag-Along Option, the closing of the Transfer of the Optionee's Units shall be held, unless the Transferor and Optionee otherwise agree, contemporaneously with the closing of the Transfer of the Subject Interests to the Offeror. Such closing shall be upon the same terms as those of the Transfer of the Subject Interests by the Transferor, which terms shall be no less favorable to the Transferor than the Proposed Terms. The Transferor shall notify the Optionee at least ten (10) days in advance of the time and place of the closing of the Proposed Transfer with the Offeror. In no event, however, shall the Transferor be liable to the Optionee hereunder in the event that the Transferor or Offeror terminates the Proposed

Transfer prior to closing.

SECTION 9.02 Preemptive Rights.

(a) If at any time the Board of Managers proposes to cause the Company to issue equity securities of any kind (the term "equity securities" shall include for these purposes any warrants, options or other rights to acquire equity securities and debt securities convertible into, or issued with options or warrants to acquire, equity securities) of the Company (other than the issuance of equity securities (i) through a Permitted Issuance or (ii) pursuant to the acquisition of another Person by the Company by merger, purchase of substantially all of the assets or outstanding capital stock or other form of transaction which has been approved by the Members), then, as to each Member, the Company shall: (A) give written notice setting forth in reasonable detail (1) the designation and all of the terms and provisions of the securities proposed to be issued (the "**Proposed Securities**"), (2) the price and other terms of the proposed sale of such securities, (3) the amount of such securities proposed to be issued and (4) such other information as any Member may reasonably request in order to evaluate the proposed issuance; (B) offer to issue to each such Member that is an "accredited investor" (as defined in the regulations promulgated by the Securities Exchange Commission under the Securities Act of 1933, as amended), a portion of the Proposed Securities equal to a percentage determined by dividing (x) the number of Units owned by such Member by (y) the total number of Units then outstanding. Each Member must exercise its applicable purchase right hereunder within fifteen (15) Business Days after receipt of such notice from the Company (the "**Preemption Period**").

(b) Upon expiration of the Preemption Period, the Company will be free to sell such Proposed Securities that have not been sold pursuant to this SECTION 9.02 during the 120 days following such expiration on terms and conditions materially not more favorable and at a purchase price not less than offered to the Members. Any Proposed Securities offered or sold by the Company to Persons after such 120 day period must be reoffered to the Members pursuant to this SECTION 9.02.

ARTICLE X
TAXES, CAPITAL ACCOUNTS AND ALLOCATIONS

SECTION 10.01 Certain Tax Matters.

(a) The Members intend for the Company to be treated as a partnership for U.S. federal and applicable state and local income tax purposes and, except as otherwise expressly contemplated in this Agreement, agree not to take any action or position, or to make any election, for U.S. federal, state or local income tax purposes, in a tax return or otherwise, inconsistent with the classification of the Company as a partnership for such purposes unless approved by the Board of Managers.

(b) Subject to SECTION 10.01(a), the Board of Managers shall have the authority to make any and all tax elections for U.S. federal, state and local tax purposes and shall determine in good faith whether or not to make any available election.

SECTION 10.02 Partnership Representative.

(a) Hanf Co shall be the initial "partnership representative" under Section 6223 of the Code, as amended by the Revised Partnership Audit Procedures ("**Partnership Representative**") and shall act in a similar capacity under state or local law. Hanf Co's appointment as the Partnership Representative shall continue until such time as the Managers appoint a successor Partnership Representative. The Partnership Representative shall appoint a natural person to serve as the "designated individual" within the meaning of the Revised Partnership Audit Procedures (the "**Designated Individual**") to act on behalf of the Partnership Representative. The Partnership Representative will apply the Revised Partnership Audit Procedures with respect to any audit, imputed underpayment, other adjustment, or any such decision or action by the Internal Revenue Service (the "**IRS**") with respect to the Company or the Members for such Fiscal Years, in the manner determined by the Partnership Representative in consultation with the Managers and in accordance with the terms of this Agreement. At the Company's expense, the Partnership Representative shall exercise in good faith any and all authority of the partnership representative under the Code, including making any elections under Sections 6221(b) and 6226(a), and in all cases, in accordance with this Agreement.

(b) The financial burden of any imputed underpayment (as determined under Section 6225 of the Code) or other Tax assessment imposed on the Company and associated interest, adjustments to tax and penalties arising from an adjustment that are imposed on the Company shall be borne by the Members and former Members of the Company based on their proportionate interest in the Company during the applicable tax year under review.

(c) The Partnership Representative shall give Hanf Co and SGALF prompt written notice of any inquiry, examination, audit, investigation, proceeding or other communication received from the IRS or other applicable tax authority regarding the tax treatment of the Company or the Members, and shall provide Hanf Co and SGALF with timely and reasonably detailed accounts of developments. The Partnership Representative shall give Hanf Co and SGALF prior notice of and a reasonable opportunity to review and comment upon any significant communication the Partnership Representative intends to make to any such taxing authority in connection with any examination, audit, investigation, proceeding or other inquiry of the Company. Each of Hanf Co and SGALF shall have the right, at its election and cost and expense, to participate in any such examination, audit, investigation, proceeding or other inquiry, to the extent permitted by applicable law (provided that the Partnership Representative shall use reasonable best efforts to take steps required under applicable law to enable Hanf Co or SGALF (as applicable) to participate in any such examination, audit, investigation, proceeding or other inquiry, including: (i) by using reasonable best efforts to obtain any consent required of a taxing authority under Treasury Regulation Section 301.6223-2(d) or other rule or regulation, or otherwise, and (ii) by executing, or causing the Company to execute, a power of attorney that would permit Hanf Co and/or SGALF (as applicable) to participate in such examination along with (but not in lieu of) the Partnership Representative, in which event the Partnership Representative shall control the conduct of such proceeding on behalf of the Company) and the Partnership Representative shall consult with and keep Hanf Co and/or SGALF (as applicable) reasonably informed of any such examination).

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(d) Notwithstanding anything to the contrary in this Agreement, where such action would be reasonably likely to have a material economic impact on Hanf Co or SGALF, the Partnership Representative will not, without the consent of Hanf Co and SGALF:

(i) agree to extend any statute of limitations with respect to the Company under Section 6229 of the Code (or any similar or analogous provision under state or local tax law);

(ii) file a request for administrative adjustment (including a request for substituted return treatment) under Section 6227 of the Code (or any similar or analogous provision under state or local tax law);

(iii) file a petition for judicial review, or any appeal with respect to any judicial determination, under Section 6234 of the Code (or any similar or analogous provision under state or local tax law);

(iv) take any action to consent to, or to refuse to consent to, a settlement reflected in a decision of a court; or

(v) enter into any tax settlement agreement or settle or compromise any tax proceeding affecting the Company or the Members.

(e) Subject to the other terms of this Agreement, the Members agree to take all actions and provide any information reasonably requested by the Company or the Partnership Representative to comply with the Revised Partnership Audit Procedures; provided, however, that the Partnership Representative shall not take any action that would require Hanf Co or SGALF to file any amended returns as provided in Sections 6225 or 6226 of the Code (or any other provision of the Code or any similar or analogous provision under state or local tax law) without the prior written consent of Hanf Co or SGALF, as applicable.

(f) Notwithstanding the foregoing, and, to the extent permitted by applicable law and Treasury Regulations, the Company will annually elect out of the Revised Partnership Audit Procedures pursuant to Section 6221(b) of the Code. For any year in which applicable law and Treasury Regulations do not permit the Company to elect out of the Revised Partnership Audit Procedures, within forty-five (45) days of any notice of final partnership adjustment, the Company will elect the alternative procedure under Section 6226 of the Code, and furnish to the IRS and each Member during the year or years to which the notice of final partnership adjustment relates a statement of the Member's share of any adjustment set forth in the notice of final partnership adjustment; provided, that no election under Section 6226 of the Code shall be made without the prior written consent of Hanf Co and SGALF, which consent shall not be unreasonably withheld, conditioned or delayed. The imputed underpayment subject to such election under Section 6226 of the Code shall be allocated among the current or former Members of the Company for the "reviewed year" to which the assessment relates in a manner that reflects the current or former Members' respective interests in the Company for the reviewed year based on such Members' shares of such assessment as would have occurred if the Company and, to the extent applicable, the Members had amended the tax returns for such reviewed year and such Members incurred the assessment directly (using the tax rates applicable to the Company under Section 6225 of the

Code), including for this purpose any part of the assessment that is solely a liability of a Member that would have been reported on its tax returns rather than the Company's information return.

(g) Any deficiency for Taxes imposed on any Member (including penalties, additions to tax or interest imposed with respect to such Taxes and Taxes imposed pursuant to Section 6226 of the Code will be paid by such Member and if required to be paid (and actually paid) by the Company, will be recoverable from such Member as provided in SECTION 10.07.

(h) Neither the Partnership Representative nor the Designated Individual shall be liable to the Company or the Members for any action that it takes or fails to take in its capacity as partnership representative, in connection with any judicial or administrative proceeding, including the agreement to or failure to agree to a settlement or the extension of or failure to extend the relevant statutes of limitations, unless such action or failure constitutes willful misconduct, fraud or gross negligence. The Partnership Representative may hire counsel, at the expense of the Company, to assist the Partnership Representative in its responsibilities as Partnership Representative hereunder.

(i) The Managers shall cooperate with the Members in good faith to amend this Agreement if the Members determine that an amendment is required to maintain the intent of the parties with respect to the obligations and limitations of the Partnership Representative.

(j) For the avoidance of doubt, all references to "Code" in this SECTION 10.02 are to Sections of the Code as amended by the Revised Partnership Audit Procedures.

(k) The provisions contained in this SECTION 10.02 shall survive the termination of the Company and the withdrawal of any Member

SECTION 10.03 Capital Accounts.

(a) There shall be established for each Member on the books of the Company a separate capital account (a "**Capital Account**"), which shall be maintained and adjusted as provided in this Article X. The Capital Account of a Member shall be credited with (i) the amount of all cash capital contributions by such Member to the Company, (ii) the Fair Market Value of the assets contributed by such Member to the Company (net of any liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code), (iii) the amount of any Company liabilities assumed by the Member (other than liabilities that are secured by any Company property distributed to such Member), and (iv) the amount of any Net Income (or items thereof) allocated to such Member pursuant to this Article X. The Capital Account of a Member shall be debited by (A) the amount of any Net Loss (or items of loss or deduction) allocated to such Member pursuant to this Article X, (B) the amount of any cash distributed to such Member pursuant to this Agreement, (C) the Fair Market Value of any asset distributed in kind to such Member (net of any liabilities secured by such asset that such Member is considered to assume or take subject to under Section 752 of the Code), and (D) the amount of any liabilities of the Member assumed by the Company (other than liabilities that are secured by property contributed by such Member). The Capital Account of the Member also shall be adjusted appropriately to reflect any other adjustment required pursuant to Treasury Regulation Section 1.704-1 or 1.704-2.

(b) Upon the occurrence of any event specified in Treasury Regulation Section 1.704-1(b) (2) (iv) (f), the Board of Managers may cause the Capital Accounts of the Members to be adjusted to reflect the Fair Market Value of the Company's assets at such time (as determined by the Board of Managers in its sole discretion) in accordance with such Regulation.

(c) In the event that any interest in the Company is transferred by a Member, the transferee of such interest shall succeed to the portion of the transferor's Capital Account attributable to such interest and the portion of the transferor's minimum gain attributable thereto.

(d) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Sections 1.704-1 and 1.704-2 and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Board of Managers upon the advice of the Company's tax advisors, shall determine that it is prudent to modify the manner in which the Capital Accounts are computed in order to comply with Treasury Regulation Section 1.704-1(b)(2)(iv), the Board of Managers may make such modification; provided, however, that the Members shall not have any liability to any other Member for any exercise of or failure to exercise any such discretion to make any modifications permitted under this SECTION 10.03.

SECTION 10.04 General Allocations.

(a) After giving effect to the allocations set forth in SECTION 10.05, Net Income (and items thereof) or Net Loss (and items thereof) of the Company for any Fiscal Year (or other applicable period) shall be allocated to the Members in a manner such that the Capital Account of each Member, immediately after making such allocation is, as nearly as possible, equal (proportionately) to the distributions that would be made to a Member during such Fiscal Year (or other applicable period) pursuant to SECTION 10.08, based on the assumptions that (i) the Company is dissolved and terminated, (ii) its affairs are wound-up and each asset of the Company is sold for cash equal to its Book Value, (iii) all Company liabilities are satisfied (limited with respect to each nonrecourse liability to the Book Value of the asset(s) securing such liability) and (iv) the net assets of the Company are distributed to the Members in accordance with SECTION 10.08(c) minus such Member's share of Company Minimum Gain and Member Minimum Gain, computed immediately prior to the hypothetical sale of assets.

(b) In the event of a Liquidity Event, Net Income (and items thereof) and Net Losses (and items thereof) shall be allocated among the Members in the manner that causes the balance of the Capital Account of each Member to be equal to the amount which will be distributed to such Member pursuant to SECTION 13.01 after all the assets of the Company are sold immediately prior to such Liquidity Event.

SECTION 10.05 Special Allocations.

(a) Notwithstanding SECTION 10.04, special allocations of Net Income, Net Loss or specific items of income, gain, loss or deduction may be required for any Fiscal Year (or other period) as follows:

(i) Company Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(f), if there is a net decrease in Company

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Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(f)(6) and 1.704-2(j)(2). This SECTION 10.05(a)(i) is intended to comply with the partnership minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted and applied consistently therewith.

(ii) Member Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year, any Member with a share of that Member Minimum Gain attributable to such a Member Nonrecourse Debt (as determined under Treasury Regulation Section 1.704-2(i)(5)) as of the beginning of the year shall be allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(f)(6) and 1.704-2(j)(2). This SECTION 10.05(a)(ii) is intended to comply with the partner minimum gain chargeback requirements in the Treasury Regulations and shall be interpreted and applied consistently therewith.

(iii) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit as quickly as possible; provided, however, that an allocation pursuant to this SECTION 10.05(a)(iii) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided in this Article X have been tentatively made as if this SECTION 10.05(a)(iii) were not in this Agreement. This SECTION 10.05(a)(iii) is intended to comply with the qualified income offset provision in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted and applied consistently therewith.

(iv) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Fiscal Year that is in excess of the amount that such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in an amount and manner sufficient to eliminate such deficit as quickly as possible; provided, however, that an allocation pursuant to this SECTION 10.05(a)(iv) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided in this Article X have been tentatively made as if SECTION 10.05(a)(iii) and this SECTION 10.05(a)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Members in the manner determined by the Board of Managers and each Member's share of excess Nonrecourse Debt shall be in the same manner.

(vi) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.752-3. If more than one Member bears the economic risk of loss for a Member Nonrecourse Debt, any Member Nonrecourse Deductions attributable to that Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss.

(vii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Sections 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Sections of the Treasury Regulations.

(b) The allocations set forth in SECTION 10.05(a) (the "**Regulatory Allocations**") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset in the current year or, if necessary in the following years with special allocations of Company income, gain, loss or deduction pursuant to this SECTION 10.05(b). Therefore, notwithstanding any other provision of this Article X (other than Regulatory Allocations and the following sentence), such offsetting special allocations of Company income, gain, loss or deduction shall be made in whatever manner the Board of Managers determines appropriate so that, after such special allocations are made, each Members' Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to SECTION 10.04. Notwithstanding the preceding sentence, the Board of Managers shall not make special allocations of income or gain under this SECTION 10.05(b) to offset Regulatory Allocations previously made under SECTION 10.05(a)(ii) or SECTION 10.05(a)(iv).

SECTION 10.06 Allocations of Net Income and Net Loss for Federal Income Tax Purposes. Items of Company income, gain, loss and deduction shall be allocated, for U.S. federal, state and local income tax purposes, among the Members in the same manner as the items of income, gain, loss and deduction were allocated pursuant to SECTION 10.04 and SECTION 10.05; provided, however, that notwithstanding any other provision of this Agreement, the Members shall cause income, gain, loss and deductions (including any depreciation or cost recovery deductions) attributable to property contributed by a Member or revalued by the Company to be allocated among the Members for income tax purposes in accordance with Section 704(c) of the Code and the Treasury Regulations promulgated thereunder. Such allocations shall be made in such manner and utilizing such permissible tax elections as determined by the Board of Managers. Allocations pursuant to this SECTION 10.06 are solely for purposes of U.S. federal, state and local tax

purposes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of items of income, gain, loss and deduction. The Members are aware of the tax consequences of the allocations made by this SECTION 10.06 and agree to be bound by the provisions of this SECTION 10.06 in reporting their shares of items of Company income, gain, loss and deduction.

SECTION 10.07 Withholding Requirements. Notwithstanding any provision herein to the contrary, the Board of Managers is authorized to take and shall take any and all actions that it determines to be necessary or appropriate to insure that the Company satisfies any and all withholding and tax payment obligations under Section 1441, 1445, 1446 or any other provision of the Code or other applicable law. Without limiting the generality of the foregoing, the Board of Managers may cause the Company to withhold any amount that it determines is required to be withheld from any amounts otherwise distributable to any Member pursuant to SECTION 10.08; *provided, however,* that such amount shall be deemed to have been distributed to such Member for purposes of applying this Article X. In the event that the Board of Managers causes the Company to withhold or pay tax in respect of any Member for any period in excess of the amount otherwise distributable to such Member for such period (or there is a determination by any taxing authority that the Company should have withheld or paid any tax for any period in excess of the tax, if any, that it actually withheld or paid for such period), such excess amount (or such additional amount) shall be treated as a recourse loan to such Member that shall bear interest at a rate equal to five percent (5%) per annum and be payable on demand.

SECTION 10.08 Distributions.

(a) General. Distributions shall be made to the Members of the Company out of Available Cash at the times and in the amounts determined by the Board of Managers subject to the applicable provisions of Section 18-607 of the LLC Law.

(b) Tax Distributions. The Company shall, subject only to the Minimum Cash Requirements, unless otherwise determined by the Board of Managers, be required to distribute Available Cash to enable each Member to pay income taxes, including estimated taxes ("**Tax Distribution**"), in an amount equal to the product of (A) the Assumed Tax Rate and (B) the net amount (or estimated net amount) of taxable income allocated or allocable to such Member in respect of such Member's interest in respect of such Tax Period (excluding taxable income related to Issuance Items, taxable income related to payments made under an employment agreement or otherwise made pursuant to Section 707(a) or 707(c) of the Code, and taxable income allocated pursuant to Section 704(c) of the Code, but taking into account such Member's allocable share of taxable losses from all prior periods to the extent such prior losses are of a character that would permit such losses to be deducted against the income of the taxable period and have not previously been taken into account pursuant to this SECTION 10.08(b)), then subtracting all previous distributions (if any) made to such Member pursuant to this SECTION 10.08 in respect of such applicable Fiscal Year (as determined by the Board of Managers); provided that if there are not sufficient funds available to make such Tax Distribution, then the amount so available shall be distributed to the Members pro rata based on the respective Tax Distribution amounts, which shall not be deemed an advance against distributions. Amounts distributed to a Member pursuant to this SECTION 10.08(b) shall be deemed to be advances against other amounts otherwise distributable to such Member, first under SECTION 10.08(c) and then under SECTION 10.08(d).

(c) Pre-Liquidation Event Distributions. Except for the for amounts distributed as Tax Distributions under SECTION 10.08(b), and amounts distributed pursuant to SECTION 10.08(d), the Company shall make all distributions to the Members pro rata in proportion to the number of Units held by the Members.

(d) Liquidation Event Distributions. Subject to applicable law and any limitations contained elsewhere in this Agreement, immediately following a Liquidity Event, all of the Company property legally available for distribution shall be distributed to the members in the following manner and priority:

(i) *First*, SGALF and its Permitted Transferees shall be entitled to be paid out of the assets of the Company available for distribution to its Members, and before any payment shall be made to the other Members, an aggregate amount equal to $2,000,000. If the assets of the Company available for distribution to its Members shall be insufficient to pay SGALF and its Permitted Transferees the full amount to which they shall be entitled under this SECTION 10.08(d)(i), SGALF and its Permitted Transferees shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the Units held by SGALF and its Permitted Transferees upon such distribution if all amounts payable on or with respect to such Units were paid in full.

(ii) *Second*, Hanf Co and its Permitted Transferees shall be entitled to be paid out of the assets of the Company available for distribution to its Members, and before any payment shall be made to the other Members, an amount equal to $7,000,000. If the assets of the Company available for distribution to its Members shall be insufficient to pay Hanf Co and its Permitted Transferees the full amount to which they shall be entitled under this SECTION 10.08(d)(ii), Hanf Co and its Permitted Transferees shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the Units held by Hanf Co and its Permitted Transferees upon such distribution if all amounts payable on or with respect to such Units were paid in full.

(iii) *Third*, the balance shall be distributed to the Members pro rata in proportion to the number of Units held by each Member.

(iv) *Allocation of Escrow*. If any portion of the consideration payable to the holders of Units of the Company pursuant to any Liquidity Event is placed into escrow and/or is payable subject to contingencies or is otherwise paid on a deferred basis, the relevant agreement governing such escrow, contingency or deferral shall provide that (1) the portion of such consideration that is not placed in escrow and not subject to any contingencies (the "**Initial Consideration**") shall be allocated among the holders of Units in accordance with this SECTION 10.08(d) as if the Initial Consideration were the only consideration payable in connection with such Liquidity Event and (2) any additional consideration which becomes payable to the holders of Units of the Company upon release from escrow or satisfaction of contingencies shall be allocated among the holders of Units of the Company in accordance with this SECTION 10.08(d) after taking into account the previous payment of the Initial Consideration as part of the same transaction.

SECTION 10.09 Allocations Relating to Taxable Issuance of Units. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest in the Company to a Member (the "**Issuance Items**") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

ARTICLE XI
EXCULPATION AND INDEMNIFICATION

SECTION 11.01 Exculpation and Indemnification.

(a) Neither the Members nor any officer, employee or agent of the Company nor any employee, representative, agent or Affiliate of any Member (collectively, the "**Covered Persons**") shall, to the fullest extent permitted by law, be liable to the Company or any other Person that is a party to or is otherwise bound by this Agreement, for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence or willful misconduct.

(b) To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of such Covered Person's gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Article XI by the Company shall be provided out of and to the extent of Company assets only, and the Members shall not have personal liability on account thereof.

(c) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in this Article XI.

(d) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, or any other facts pertinent to the existence and amount of assets from which distributions to the Member might properly be paid.

(e) Managers of the Company shall have the same fiduciary duties to the Company that would apply if the Company were a Delaware corporation and such Managers were a member of its board of directors.

(f) The provisions of this Article XI shall survive any termination of this Agreement or the dissolution of the Company.

ARTICLE XII
DISSOLUTION AND TERMINATION

SECTION 12.01 Dissolution and Termination. The Company shall be dissolved and its affairs shall be wound up upon the first to occur of the following:

(a) the bankruptcy or dissolution of any Member, unless within ninety (90) days after such event, the remaining Members elects in writing to continue the business of the Company;

(b) the affirmative vote or written consent of all of the Members; or

(c) the sale of all or substantially all of the assets of the Company.

SECTION 12.02 Resignation of Members. A Member may not resign or withdraw from the Company prior to the dissolution and winding up of the Company except upon the Transfer of its Units in accordance with Article IX.

SECTION 12.03 Distribution Upon Resignation. Except as provided under Article IX, upon withdrawal or resignation, any resigning or withdrawing Member shall not be entitled to receive any liquidating distribution in accordance with SECTION 10.08(d), and shall not otherwise be entitled to receive any amounts from the Company in connection therewith.

ARTICLE XIII
LIQUIDATION

SECTION 13.01 Liquidation. Upon a dissolution pursuant to SECTION 12.01, the Company's Business and assets shall be liquidated in an orderly manner. The liquidator shall be appointed by the Board of Managers. In performing its duties, the liquidator is authorized to sell, convert into cash, distribute, exchange or otherwise dispose of Company assets and distribute the cash proceeds thereof in accordance with the law and in accordance with SECTION 10.08(d).

ARTICLE XIV
MISCELLANEOUS

SECTION 14.01 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested,

postage prepaid. Such communications must be sent to the Company and the Members at the following addresses (or at such other address for a Member as shall be specified in a notice given in accordance with this SECTION 14.01):

To the Company:

Pacific Private Money Group LLC
1555 Grant Avenue
Novato, CA 94945
Attn: Mark Hanf
Email: mark@pacificprivatemoney.com

To Hanf Co:

Pacific Private Money Group LLC
1555 Grant Avenue
Novato, CA 94945
Attn: Mark Hanf
Email: mark@pacificprivatemoney.com

With a copy to:

Nam Phan
1555 Grant Avenue
Novato CA 94945
Email: Nam@pacificprivatemoney.com

To SGALF:

Saluda Grade Alternative Lending & Fintech Growth Fund LP
One Rockefeller Plaza Suite 1280
New York, NY 94123
Attn: Timothy Carr
Email: alfupdates@saludagrade.com

With a copy to:

Dentons US LLP
1221 Avenue of the Americas
New York, NY 10020
Attention: Ilan Katz, Esq.
E- mail: ilan.katz@dentons.com

SECTION 14.02 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is found to be invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision shall be substituted therefor in order to carry

out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

SECTION 14.03 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

SECTION 14.04 Entire Agreement; No Third Party Beneficiaries. This Agreement and the other agreements and instruments referred to herein (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof, including the Original Agreement and (b) are not intended to confer upon any Person other than the parties hereto (and any Covered Person) any rights or remedies hereunder.

SECTION 14.05 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF DELAWARE IN EACH CASE LOCATED IN THE COUNTY OF TRAVIS AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY

OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 14.05(C).

SECTION 14.06 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expense.

SECTION 14.07 Assignment. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective heirs, executors and legal representatives.

SECTION 14.08 Waivers. The failure of any party hereto to give notice of the breach or non-fulfillment of any term or condition of this Agreement shall not constitute a waiver thereof, nor shall the waiver of any breach or non-fulfillment of any term or condition of this Agreement constitute a waiver of any other breach or non-fulfillment of that or any other term or condition of this Agreement.

SECTION 14.09 Section Headings. The section headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation hereof.

SECTION 14.10 Amendments. This Agreement may be modified or amended only by a written instrument signed by all of the Members.

SECTION 14.11 Representations and Warranties of Members. Each Member (as to itself only) upon its execution of this Agreement and upon becoming a Member, represents and warrants to the Company and each other Member, severally and not jointly, as follows:

(a) Such Member has full power and authority to execute and deliver this Agreement, to become a Member of the Company as provided in this Agreement and to perform its obligations hereunder as a Member, and the execution, delivery and performance by such Member of this Agreement has been duly authorized by all necessary action (including all necessary notices, consents, approvals and filings).

(b) This Agreement has been duly and validly executed and delivered by such Member and constitutes the binding obligation of such Member, enforceable against such Member in accordance with its terms.

(c) The execution, delivery and performance by such Member of this Agreement will not, with or without the giving of notice or the lapse of time, or both, (i) violate any provision of law to which such Member is subject, (ii) violate any order, judgment, or decree applicable to such Member or (iii) conflict with, or result in a breach or default under any agreement or other instrument to which such Member is a party, which conflict, breach or default

would have a material adverse change in, or effect upon, the financial condition or results of operation on the Member or the Company.

(d) Such Member: (i) has acquired its Units solely for such Member's own account for investment and not with a view to resale in connection with any distribution thereof; (ii) agrees not to, directly or indirectly, Transfer any of the Units (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of any of the Units) or any interest therein or any rights relating thereto or offer to Transfer, except in compliance with the Securities Act of 1933, as amended (the "**Securities Act**"), all applicable state securities or "blue sky" laws and this Agreement; and (iii) acknowledges that any attempt, directly or indirectly, to Transfer, or offer to Transfer, any Units or any interest therein or any rights relating thereto without complying with the provisions of this Agreement, shall be void and of no effect.

(e) Such Member acknowledges that (i) the Units have not been registered under the Securities Act or qualified under any state securities or "blue sky" laws; (ii) it is not anticipated that there will be any public market for the Units; (iii) the Units must be held indefinitely and such Member must continue to bear the economic risk of the investment in the Units unless the Units are subsequently registered under the Securities Act and such state laws or an exemption from registration is available; (iv) Rule 144 promulgated under the Securities Act ("**Rule 144**") is not presently available with respect to sales of any securities of the Company and the Company has made no covenant to make Rule 144 available and Rule 144 is not anticipated to be available in the foreseeable future; (v) when and if the Units may be disposed of without registration in reliance upon Rule 144, such disposition can be made, if at all, only in limited amounts and in accordance with the terms and conditions of Rule 144 and the provisions of this Agreement; (vi) if the exemption afforded by Rule 144 is not available, public sale of the Units without registration will require the availability of an exemption under the Securities Act; (vii) restrictive legends shall be placed on any certificate representing the Units; and (viii) a notation shall be made in the appropriate records of the Company indicating that the Units are subject to restrictions on transfer and, if the Company should in the future engage the services of a transfer agent, appropriate stop-transfer instructions will be issued to such transfer agent with respect to the Units.

(f) Such Member's financial situation is such that such Member can afford to (i) bear the economic risk of holding the Units for an indefinite period and (ii) suffer the complete loss of such Member's investment in the Units.

(g) Such Member (i) is familiar with the Business and financial condition, properties, operations and prospects of the Company and has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Company and the terms and conditions of the purchase of the Units and to obtain any additional information that such Member deems necessary to evaluate whether or not to make an investment in the Company; (ii) has the knowledge and experience in financial and business matters to be in able to evaluate the merits and risk of the investment in the Units; and (iii) has carefully reviewed the terms and provisions of this Agreement and has evaluated the restrictions and obligations contained herein and therein.

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(h) Such Member (i) has relied upon such Member's own independent appraisal and investigation, and the advice of such Member's own counsel, tax advisors and other advisors, regarding the risks of an investment in the Company and (ii) will continue to bear sole responsibility for making its own independent evaluation and monitoring of the risks of its investment in the Company.

SECTION 14.12 Waiver of Partition and Certain Other Rights. Except as otherwise expressly provided in this Agreement, each Member irrevocably waives any right or power that such Member might have to: (a) cause the Company or any of the assets of the Company to be partitioned; (b) cause the appointment of a receiver for all or any portion of the assets of the Company; (c) compel any sale of all or any portion of the assets of the Company; or (d) file a complaint, or to institute a proceeding at law or in equity, to cause the dissolution or liquidation of the Company.

SECTION 14.13 Author; Conflict of Interest. Each Member acknowledges that Dentons US, LLP ("**Dentons**") has an existing attorney-client relationship with SGALF, and prepared this Agreement on behalf of and in the course of its representation of SGALF. Each Member acknowledges that (a) it has been advised that a conflict of interest may exist between its/his interests and those of such Persons and the other Members, (b) it consents to the representation by Dentons of SGALF, (c) it has been advised by Dentons to seek the advice of independent counsel or tax counsel, and (d) it has had the opportunity to seek the advice of independent counsel or tax counsel.

SECTION 14.14 Construction. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Schedules and Exhibits mean the Articles and Sections of, and Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The schedules and exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed, all as of the date first written above.

PACIFIC PRIVATE MONEY GROUP LLC

By:_____
Name: Mark Hanf
Title: President

SALUDA GRADE ALTERNATIVE LENDING & FINTECH GROWTH FUND I LP

By:_____
Name:Timothy Carr
Title: CIO

PACIFIC CAPITAL FUNDING GROUP, INC.

By:_____
Name: Mark Hanf
Title: President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed, all as of the date first written above.

PACIFIC PRIVATE MONEY GROUP LLC

By:_____
Name: Timothy Carr
Title: Authorized Representative

SALUDA GRADE ALTERNATIVE LENDING & FINTECH GROWTH FUND I LP

By:_____
Name: Timothy Carr
Title: CIO

PACIFIC CAPITAL FUNDING GROUP, INC.

By:_____
Name: Mark Hanf
Title: President

APPENDIX A

CERTIFICATE OF FORMATION

STATE OF DELAWARE

LIMITED LIABILITY COMPANY

CERTIFICATE OF FORMATION

FIRST: The name of the limited liability company is Pacific Private Money Group LLC.

SECOND: The address of its registered office in the State of Delaware is 251 Little Falls Drive, New Castle County, Delaware 19808. The name of its Registered agent at such address is Corporation Service Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation this 14th day of April, 2020.

By: /s/ Ilan Katz
Ilan Katz
Authorized Person

EXHIBIT A

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings. All financial references in this Agreement and all accounting definitions herein shall be determined from the Company's financial statements prepared in accordance with GAAP, consistently applied and the audited financial statements for any period shall be final and binding upon the parties for all purposes.

"**Adjusted Capital Account Deficit**" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant taxable year or other relevant period, after (i) crediting to such Capital Account any amounts that such Member is obligated to restore pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Section 1.704-2(g)(1) and 1.704-2(i)(5)) and (ii) debiting to such Capital Account the items described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6). This definition is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and be interpreted consistently with such intent.

"**Affiliate**" means, with respect to any Person, (i) any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, or any of the Persons referred to in clauses (ii) or (iii) below, (ii) such Person's spouse, siblings of such Person or such Person's spouse, such Person's adoptive or natural descendants or their spouses, or parents or a trust established for the benefit thereof, and (iii) such Person's estate or legal representative, in the case of death or incompetence, respectively. Without limitation, in the case of any Member that is an entity, any Person who is an Affiliate of any managing member, general partner or executive officer of such entity shall be an Affiliate of such Member. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), means the possession, directly or indirectly, of the power, alone or together with others, to direct or cause the direction of the management and policies of such party, whether through the ownership of voting securities, by contract or otherwise.

"**Assumed Tax Rate**" means forty-seven percent (47%) or such other rate as the Board of Managers in good faith determines from time to time to be the maximum combined U.S. federal, state and local income tax rate applicable to any Member (including any self-employment tax under Section 1402 of the Code), taking into account the deductibility of state and local income tax for federal income tax purposes, if applicable. For the avoidance of doubt, the Assumed Tax Rate that is applied to Company taxable income for purposes of determining Tax Distributions owed to the Members shall be the same for each Member and the income tax rate of a Member that is a partnership or other flow-through entity for U.S. federal income tax purposes shall be determined as if the Member were an individual member of Company with the same Units as the Member.

"**Available Cash**" means the gross income of the Company on hand from time to time after (without duplication) provision for: (i) payment of all outstanding and unpaid current obligations

of the Company as of such time; (ii) reserves for working capital expenditures, contingent obligations and other future requirements in excess of reasonably anticipated revenues, such reserves to equal such amount as shall be approved by the Board of Managers; and (iii) the Minimum Cash Requirements.

"**Book Value**" means, with respect to any Company asset, the adjusted tax basis of the asset for U.S. federal income tax purposes, except that the book value of all Company assets shall be adjusted to equal their respective Fair Market Values, in accordance with the rules set forth in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), except as otherwise provided herein, immediately prior to the following: (a) the date of the acquisition of any additional Units by any new or existing Member in exchange for more than a de minimis capital contribution; (b) the date of the distribution of more than a de minimis amount of Company property (other than a pro rata distribution) to a Member; (c) the date of the actual liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); (d) the date of the acquisition of any additional Units (other than a de minimis interest) by any new or existing Member as consideration for the performance of services to or for the benefit of the Company; or (e) any other time at which revaluations of property are permitted to be made under Treasury Regulation Section 1.704-1(b)(2)(iv); provided that adjustments pursuant to the foregoing clauses (a) and (b) shall be made only if the Board of Managers determines in good faith that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members.

"**Business**" means acting as an alternative real estate finance provider specializing in loans to consumers and real estate investors in California and any related activities.

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in California are authorized or required by applicable law to be closed for business.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, as interpreted by all applicable regulations thereunder.

"**Company Minimum Gain**" means "partnership minimum gain" as set forth in Treasury Regulation Section 1.704-2(b)(2).

"**Fair Market Value**" means the amount determined, in good faith, by the Board of Managers to be the fair market value of the Company or the property or assets contributed to the Company, as applicable.

"**GAAP**" means United States generally accepted accounting principles then in effect, consistently applied.

"**Immediate Family**" means an individual's spouse, children (including adopted children), grandchildren, or other descendants, the parents and siblings of such individual or such individual's spouse, and the spouse of an individual's children, grandchildren, or other descendants (collectively, "**Immediate Family Members**"), any trust solely for the benefit of such individual or such individual's Immediate Family Members, and any entity in which all beneficial interests are owned beneficially by such individual, such individual's Immediate Family Members, such trust or other entity.

"**Liquidity Event**" shall mean (i) any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or (ii) any transaction or series of transactions resulting in any of the following: (1) a sale, lease, license, transfer, exchange or other disposition of all or substantially all the assets of the Company, or the sale or disposition (whether by merger or otherwise) of one or more Subsidiaries of the Company, or of substantially all of the assets of one or more Subsidiaries, if substantially all of the assets of the Company and its Subsidiaries taken as a whole are held by such Subsidiary or Subsidiaries, (2) a merger, consolidation, or reorganization as a result of which Members of the Company immediately prior to such merger, consolidation, or reorganization either possess (on account of the securities received or retained in such transaction on account of the equity securities of the Company owned by them prior to the consummation of such transaction or transactions) less than 50% of the voting power of the acquiring, surviving or successor entity immediately following such merger, consolidation, or reorganization, or (3) the Transfer to any Person by one or more Members of the Company of securities of the Company representing 50% or more of the combined voting power of the then-outstanding securities of the Company.

"**LLC Law**" means the Delaware Limited Liability Company Act, as amended from time to time.

"**Member Minimum Gain**" has the meaning ascribed to "partner nonrecourse debt minimum gain" under Treasury Regulation Section 1.704-2(i)(2) and 1.704-2(i)(3).

"**Member Nonrecourse Debt**" has the meaning ascribed to "partner nonrecourse debt" under Treasury Regulation Section 1.704-2(b)(4).

"**Member Nonrecourse Deductions**" has the meaning ascribed to "partner nonrecourse deductions" in Treasury Regulation Section 1.704-2(i)(2). The amount of Member Nonrecourse Deductions shall be determined as set forth in Treasury Regulation Section 1.704-2(i).

"**Members**" means those members of the Company that own Units, as the same shall be set forth on Exhibit B hereto, as such Exhibit may be amended from time to time in accordance with the terms hereof.

"**Minimum Cash Requirements**" means an aggregate amount of cash on hand that is sufficient to fund the operating costs of the Company for a period of ninety (90) days.

"**Net Income**" or "**Net Loss**," means the net taxable income or net taxable loss of the Company for federal income tax purposes, in accordance with Section 703(a) of the Code, for each Fiscal Year of the Company, including each item of Company income, gain, loss or deduction, taking into account the following adjustments, and any other adjustments necessary in order to comply with Treasury Regulation Section 1.704-1(b)(2)(iv): (a) any income that is exempt from federal income tax and not otherwise taken into account shall be added to such taxable income or loss; (b) any expenditure that is not deductible in computing federal taxable income and not properly chargeable to capital accounts and not otherwise taken into account shall be subtracted from such taxable income or loss; (c) any adjustments to the Book Value of Company property pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv) shall be treated as an item of gain or loss; (d) all items of income, gain, loss and deduction specially allocated pursuant to SECTION

10.05 shall not be taken into account in computing such taxable income and loss; and (e) other than for federal income tax purposes, depreciation with respect to, and gain or loss from the disposition of, Company property shall be computed by reference to the adjusted Book Value of the Company's property, rather than their adjusted tax bases.

"**Nonrecourse Debt**" has the meaning ascribed to "nonrecourse liability" in Treasury Regulation Section 1.704-2(b)(3).

"**Nonrecourse Deductions**" has the meaning ascribed to "nonrecourse deductions" in Treasury Regulation Section 1.704-2(b) and 1.704-2(c). The amount of Nonrecourse Deductions shall be determined as set forth in Treasury Regulation Section 1.704-2(b) and 1.704-2(c).

"**Permitted Issuances**" means any of the following: (i) the issuance of Units pursuant to the Company's employee equity incentive program, provided such program has been approved by the Members; or (ii) options or warrants which are issued after the date hereof in respect of (1) debt, the incurrence of which has been approved by the Board of Managers or (2) in conjunction with acquisitions approved by the Members or (3) joint ventures or strategic partnerships which have been approved by the Members, so long as any such transactions do not involve a cash investment for Units in the Company.

"**Permitted Transferee**" means (a) a corporation, partnership or limited liability company, the stockholders, partners or members of which are only such Member or an Affiliate of such Member, or (b) with respect to up to 10 of the Units held by Hanf Co in the aggregate, an employee of the Company or any Subsidiary of the Company who is reasonably acceptable to SGALF.

"**Person**" means any corporation, limited liability company, partnership, trust, organization, association, other entity or individual.

"**Revised Partnership Audit Procedures**" means the provisions of Subchapter C of Subtitle A, Chapter 63 of the Code, as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 (together with any subsequent amendments thereto, Treasury Regulations promulgated thereunder, and published administrative interpretations thereof).

"**Sharing Percentage**" means, as to any Member and as of any date of determination thereof, a fraction (expressed as a percentage), the numerator of which is the number of Units held by such Member and the denominator of which is the number of Units held by all Members. The Sharing Percentage for each Member shall be set forth on Exhibit B, as such Exhibit may be amended from time to time in accordance with the terms hereof.

"**Subsidiary**" means, with respect to any Person, (i) a corporation, a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by one or more subsidiaries of such party or by such Person and one or more subsidiaries of such Person or (ii) any other Person (other than a corporation) in which such Person, a subsidiary of such Person or such Person and one or more subsidiaries of such Person, directly or indirectly, individually or with another party, at the date of determination thereof, has (a) at least a majority ownership interest or (b) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"**Supermajority Vote of the Managers**" means the vote of a majority of the Managers which must include at least one (1) of the SGALF Designees and at least one (1) of the Hanf Co Designees.

"**Tax Period**" means any Fiscal Year or any other period for which Members are required to pay income taxes (including any period for which estimated taxes are required to be paid).

"**Transfer**" means, when used as a noun, any sale, participation, hypothecation, pledge, assignment, attachment or other transfer or encumbrances (whether by operation of law or otherwise) and, when used as a verb, means to sell, participate, hypothecate, pledge, assign or otherwise transfer or encumber (whether by operation of law or otherwise).

"**Treasury Regulations**" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"**Unit**" means a membership interest in the Company issued to a Member as provided in this Agreement. The Company may from time to time issue fractional Units and all references in this Agreement to "Units" shall be deemed to include Units and fractions thereof.

"**Voting Rights**" means, as to any Member and as of any date of determination thereof, a fraction (expressed as a percentage), the numerator of which is the number of Units held by such Member and the denominator of which is the number of Units held by all Members. The Voting Rights for each Member shall be set forth on Exhibit A, as such Exhibit may be amended from time to time in accordance with the terms hereof.

EXHIBIT B

Membership Interests

Member	Class A Units	Voting Rights/ Sharing Percentage
Saluda Grade Alternative Lending & Fintech Growth Fund I LP	2,222	22.22%
Pacific Capital Funding Group, Inc.	7,778	77.78%
TOTALS	**10,000**	**100%**

OPERATING AGREEMENT

OF

PACIFIC MORTGAGE CAPITAL, LLC

(A CALIFORNIA LIMITED LIABILITY COMPANY)

MAY 1, 2020

THE UNITS (AS DEFINED HEREIN) GOVERNED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH UNITS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

CERTAIN OF THE UNITS GOVERNED BY THIS LIMITED LIABILITY COMPANY AGREEMENT MAY ALSO BE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER, VESTING PROVISIONS, REPURCHASE OPTIONS, OFFSET RIGHTS AND FORFEITURE PROVISIONS SET FORTH HEREIN AND/OR IN SEPARATE AGREEMENTS. A COPY OF ANY SUCH AGREEMENT MAY BE OBTAINED FROM THE COMPANY BY THE HOLDER OF ANY SUCH UNITS UPON WRITTEN REQUEST AND WITHOUT CHARGE.

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OPERATING AGREEMENT

This OPERATING AGREEMENT (the "Agreement") of Pacific Mortgage Capital, LLC, a California limited liability company (the "Company"), dated as of February 20, 2020 (the "Effective Date"), is adopted, executed and agreed to, for good and valuable consideration, by the signatories hereto and shall be binding on the Company and all of the Members (as defined below), whether admitted before, on or after the date hereof.

SECTION ONE
DEFINITIONS AND CONSTRUCTION

1.1 Definitions. In addition to terms defined in the body of this Agreement, capitalized terms used herein shall have the meanings given to them below.

"***Act***" means the California Limited Liability Company Act, and any successor statute, as the same may be amended from time to time.

"***Affiliate***" of a Person means any Person Controlling, Controlled by, or Under Common Control with such Person.

"***Appraisal Procedure***" means where the Board cannot unanimously agree on a mutually acceptable Fair Market Value of an asset, then the Board shall cause the matter to follow the Appraisal Procedure, as follows:

(i) Two Appraisers. Within ten (10) days after giving written notice to the other party of its intention to have the matter submitted to appraisal, each party, at its own cost and by giving notice to the other party, shall appoint a qualified appraiser who shall have at least ten years' full-time appraisal experience in the relevant industry, to appraise and determine the fair market value. The two (2) appraisers shall independently, and without consultation, prepare a written appraisal of the fair market value within thirty (30) days. Each appraiser shall seal its respective appraisal after completion. After both appraisals are completed, the resulting estimates of the fair market value shall be opened by the parties and compared. If the values of the appraisals differ by no more than five percent (5%) of the value of the higher appraisal, then the fair market value shall be the average of the two (2) appraisals.

(ii) Three Appraisers. If the values of the appraisals differ by more than five percent (5%) of the value of the higher appraisal, the two (2) appraisers shall designate in writing a third appraiser meeting the qualifications set out in (i) above. The third appraiser shall be a person who has not previously acted in any capacity for either party. The third appraiser shall make an appraisal of the fair market value within thirty (30) days after selection and without consultation with the first two (2) appraisers. The fair market value shall be the value determined by one of the first two (2) appraisers that is closest, on a dollar basis, to the fair market value determined by the third appraiser. This determination of fair market value shall be binding and conclusive on both parties.

"***Available Cash***" means, as of any applicable date, all cash funds of the Company on hand (other than Capital Contributions and the proceeds of loans made by the Members to the Company and its Subsidiaries), after (a) payment of all costs and expenses of the Company that are due and payable as of such time, and (b) provision for such reserves as the Board deems necessary or appropriate for the operation and growth of the business of the Company (including the payment of any anticipated costs and the making of any anticipated capital or other expenditures) or as required by applicable law.

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"***Business Day***" means any day other than a Saturday, a Sunday or any other day on which national banking associations in the State of California are authorized by Law to close.

"***Capital Contribution***" means, with respect to any Member, the amount of money and the initial fair market value of any property other than money (net of any liabilities) contributed to the Company by the Member.

"***Code***" means the United States Internal Revenue Code of 1986, as amended from time to time.

"***Confidential Information***" means any information which is acquired, developed or used by the Company or its Subsidiaries relating to their owners, capital structure, business, operations, properties or prospects, whether before or after the date hereof, and whether oral or in written form; *provided* that Confidential Information shall not include (a) information that is or becomes generally available to the public, other than as a result of disclosure by a Member in violation of this Agreement, (b) information that is or becomes available to a Member or its Representatives from a Person other than the Company or any of its Subsidiaries on a non-confidential basis; *provided* that such Person was not known by the Member or its Representatives to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Company with respect to such information, or (c) information that is independently acquired or developed by a Member or its Representatives without the use of any Confidential Information.

"***Control***," including the correlative terms "***Controlling***," "***Controlled by***" and "***Under Common Control with***" means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person. For the purposes of the preceding sentence, control shall be deemed to exist when a Person possesses, directly or indirectly, through one or more intermediaries (a) in the case of a corporation, more than ten percent (10%) of the outstanding voting securities thereof; (b) in the case of a limited liability company, partnership, limited partnership or venture, the right to more than ten percent (10%) of the distributions therefrom (including liquidating distributions); or (c) in the case of any other Person, more than ten percent (10%) of the economic or beneficial interest therein.

"***Covered Person***" means (a) each current and former (i) Member and each of its Affiliates (excluding, for purposes of this definition, the Company and its Subsidiaries), and its and their respective officers, directors, partners, stockholders, managers, members and employees, (ii) Director (solely in such Person's capacity as a Director), and (iii) Officer (solely in such Person's capacity as an Officer) and (b) each Person not identified in clause (a) of this definition who is a current or former manager, director or officer who served in such a capacity (in each case, solely in such Person's capacity as such) for any other entity or enterprise at the request of the Company and whom the Board expressly designates as a Covered Person in a written resolution, in each case of clause (a) or (b) of this definition, whether or not such Person continues to have the applicable status.

"***Entity***" means any Person other than a natural person.

"***Fair Market Value***" of any property means, as of the time of determination, the then fair market value of such property as determined in good faith by the unanimous agreement by the Board. If the Board fails to obtain unanimous agreement, the fair market value shall be determined by the Appraisal Procedure.

"***Family Member***" means an individual's spouse, children, parents and siblings.

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"***Law***" means any applicable constitutional provision, statute, act, code (including the Code), law, regulation, rule, ordinance, order, decree, ruling, proclamation, resolution, judgment, decision, declaration or interpretative or advisory opinion or letter of a governmental authority.

"***Majority Board Approval***" means in the case of a meeting, or an action taken by written consent, of the Board, the affirmative vote of the Directors holding a majority of the number of votes of the Directors.

"***Member***" means any Person (a) that is reflected on Exhibit A as a Member or (b) that is hereafter admitted to the Company as a Member, but such term does not include any Person who has ceased to be a Member of the Company in accordance with the terms of this Agreement.

"***Person***" means any natural person, limited liability company, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal Entity, and any government or agency or political subdivision thereof.

"***Representatives***" means, with respect to any Person, any director, officer, employee, Affiliate, advisor (including any financial advisor, legal counsel, accountant or consultant), agent or other representative of such Person.

"***Transfer***" means the sale, assignment, encumbrance, pledge, hypothecation, conveyance, transfer or other voluntary disposition (by gift or otherwise, and whether as security or otherwise) by a Member of all or a portion of his, her or its Units.

"***Unanimous Board Approval***" means in the case of a meeting of the Board or an action by written consent of the Board, the affirmative vote of the Directors holding all of the votes of the Directors.

1.2 Construction. Unless the context requires otherwise: (a) the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine and neuter; (b) references to Sections refer to sections of this Agreement; (c) references to Exhibits and Schedules are to exhibits and schedules attached to this Agreement, each of which is made a part of this Agreement for all purposes; (d) references to money refer to legal currency of the United States of America; (e) the word "including" means "including, without limitation"; and (f) references to laws, regulations and other governmental rules shall mean such laws, regulations and other rules as in effect at the time of determination (taking into account any amendments thereto effective at such time without regard to whether such amendments were enacted or adopted after the Effective Date) and shall include all successor laws, regulations and other rules thereto.

SECTION TWO
ORGANIZATION

2.1 Formation. The Company was formed as a California limited liability company by filing with the Secretary of State of the State of California Articles of Organization under and pursuant to the Act (such Articles of Organization, as amended or restated from time to time in accordance with this Agreement, is referred to herein as the "Articles"). All actions by any Member or any authorized person of the Company in making such filing are hereby ratified, adopted and approved.

2.2 Name. The name of the Company is "Pacific Mortgage Capital, LLC."

2.3 Offices. The principal office of the Company is located at 1555 Grant Ave., Novato, California 94945, or such other location as may from time to time be determined by the Directors.

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2.4 Purpose. The purposes of the Company shall be to originate and sell non-qualified mortgages, originate other mortgage products for its own portfolio as well as to sell to investors, any other mortgage-related activities the Company deems appropriate, and to engage in any other lawful acts or activities for which limited liability companies may be organized under the Act and any and all activities necessary or incidental to any of the foregoing.

2.6 Term. The term of the Company commenced on the date the Articles of Organization were filed with the Secretary of State of the State of California and shall continue in existence perpetually until the Company is dissolved in accordance with the provisions of this Agreement or as provided by law.

2.7 Title to Company Assets. Title to the Company's assets, whether real, personal or mixed and whether tangible or intangible, shall be vested in the Company as an entity, and no Member, Director, Officer or employee, individually or collectively, shall have any ownership interest in the Company's assets or any portion thereof. Each Member hereby waives any right such Member may at any time have to cause the Company's assets to be partitioned among the Members or to file any complaint or to institute any proceeding at law or in equity seeking to have any one or all of the Company's assets partitioned.

SECTION THREE
MEMBERS; UNITS

3.1 Units.

(a) Units; Class and Series. Interests in the Company shall be represented by Units, comprised of a single class of Common Units. The Board may create one or more classes or series of Common Units or preferred Units at their discretion.

(b) Unit Certificates. Ownership of Units may, but need not, be evidenced by certificates similar to customary stock certificates. As of the date hereof, Units are uncertificated, but the Board may determine to certificate all or any Units at any time by resolution thereof.

(c) Unit Ledger. The Company shall maintain a Unit ledger and transfer registry to record all issuances and permitted Transfers of Units.

(d) Authorized Units. The Company is authorized to issue Units as are approved from time to time by the Board. Any Unit issued in accordance with this Agreement shall be deemed to have been duly authorized and validly issued.

(e) Voting Rights. Each Voting Unit shall entitle the holder thereof to one vote.

3.2 Preemptive Rights. Except for preemptive rights approved by the Board of Directors pursuant to a resolution approved by a majority of the directors then in office, no holder of Units, options, warrants or other rights to purchase Units of the Company shall have any preemptive right to purchase or subscribe for any unissued Units or other securities convertible into or exchangeable for Units of the Company.

3.3 No Withdrawal. Except as may be expressly provided in this Agreement, no Member has the right or power to withdraw from the Company as a Member.

3.4 Liability to Third Parties. No Member shall be liable for the debts, obligations or liabilities of the Company, nor shall any Member be obligated to guarantee any debt, obligation or liability of the Company.

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3.5 Member Representations and Warranties.

(a) Each Member hereby severally, and not jointly, represents and warrants to the Company and each other Member that the following statements are true and correct solely with respect to such representing Member as of the date such Person is first admitted as a Member and shall be true and correct at all times while such Person remains a Member:

(i) if such Member is a corporation, limited liability company, partnership or other entity, such Member is duly incorporated, organized or formed, validly existing, and in good standing under the laws of the jurisdiction of its formation; and such Member has full power and authority to execute and deliver this Agreement and perform its obligations hereunder;

(ii) such Member has duly executed and delivered this Agreement and the other documents contemplated herein, and such documents constitute the legal, valid and binding obligation of such Member in accordance with the terms therein;

(iii) such Member's authorization, execution, delivery and performance of this Agreement does not and shall not conflict with, or result in a breach, default or violation of any contract, obligation or agreement to which such Member is a party or is otherwise subject;

(iv) if such Member is employed by the Company, he or she does not have any agreements with any current or prior employer or any other Person that will prohibit such Member from working for or providing services to the Company or fulfilling such Member's duties and obligations to the Company pursuant to this Agreement.

SECTION FOUR
CAPITAL CONTRIBUTIONS; TAX MATTERS

4.1 Initial Capital Contributions.

(a) Initial Contributions. The Members have contributed to the Company the amounts, in the form of cash, property, services, or a promissory note or other obligation (as such amounts may be amended herein from time to time, the "**Capital Contributions**") set out in the Members Schedule. No Member shall be entitled to receive any interest on his, her or its Capital Contributions or Capital Account.

(b) Amendments to Exhibit A. The Board may from time to time, without the approval of any other Person, amend Exhibit A to reflect each Capital Contribution made by Members.

4.2 Return of Capital Contributions. A Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of its Capital Contributions except as otherwise provided herein. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

(a) Start-Up Costs and Services Contributed by Pacific Private Money, Inc. Pacific Private Money, Inc. shall provide the following services and contributions to the Company, which are to be reimbursed pursuant to Section 5.2 below:

(i) start-up costs, including entity formation costs;

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(ii) the cost to have the Operating Agreement drafted;

(iii) open bank accounts, secure lines of credit, apply for a California Lender's License;

(iv) acquisition of necessary software, establishing a Company website;

(v) initial start-up costs and establishment of a capital reserve for the Company;

(vi) corporate and personal guarantees of Mark Hanf, at the discretion of the guaranteeing party;

(vii) creation of marketing collateral and content;

(viii) accounting needs of the Company, including preparation of financial reports, bill payment, cash management, obtaining professional tax assistance, filing of required reports and taxes;

(ix) pursuit of new capital an investor resources, including the potential engagement of Saluda Grade and Ryan Craft to assist in procuring warehouse lines and credit facilities, in addition to strategic introductions for the benefit of the Company;

(x) ongoing capital needs, including payroll, member draws, marketing, promotion, and other overhead, until the Company is financially independent, where all contributions are at the sole and absolute discretion of Pacific Private Money, Inc.;

(xi) provide human resources support, including, but not limited to marketing, administrative support, accounting support, compliance;

(xii) and other related services as needed by the Company.

SECTION FIVE
DISTRIBUTIONS

5.1 Distributions. Subject to the provisions herein, distributions shall be made to the Members pro rate and to the extent of any Available Cash and solely at such times and in such amounts as the Board shall declare and approve from time to time.

5.2 Repayment of Start-Up Costs. Following a period of eighteen (18) months from the Effective Date, Fifty Percent (50%) of all Distributions of Available Cash of the Company shall be paid to Pacific Private Money, Inc. until all start-up costs and ongoing expenses provided to the Company by Pacific Private Money, Inc. have been repaid in full, unless otherwise agreed in writing by Pacific Private Money, Inc. and the Company in advance. A monthly accounting of expenses and/or funds provided by Pacific Private Money, Inc. to the Company shall be provided to the Company on a monthly basis by the fifteenth day of the month following any month when funds are advanced and/or expenses are paid on behalf of the Company.

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5.3 Withholding. The Company may withhold and pay to any applicable tax authority all amounts required by any local, state, federal or foreign law to be withheld by the Company from distributions to a Member or from a Member's distributive share of Company taxable income or loss (or any item thereof). All amounts withheld shall be treated as amounts distributed to the Member.

SECTION SIX
MANAGEMENT

6.1 Board of Directors. The Company shall be authorized to establish a board of directors ("Board of Directors" or "Board"), which shall be comprised of Five (5) directors (each a "Director" and collectively "Directors"), including a chairperson ("Chairperson") of the Board. The Chairperson shall be elected by the Board. The names of Board of Directors are provided in Exhibit C, as amended from time to time, subject to the terms and provisions of this Agreement. The Five (5) Directors will be elected by the Members as follows: One (1) Director will be elected by William Aubrey, One (1) Director will be elected by Tammy Blanchard, and Three (3) Directors shall be elected by Mark Hanf. All Directors elected by the Company shall serve at the pleasure of the respective electing Members, and have the powers and duties customarily held by such directors in private business, but their powers and duties may be expanded, reduced, or altered in any way by a majority of the Members' votes. Notwithstanding the foregoing, no Director may be removed without the written consent of his or her electing Member.

6.2 Role of Board of Directors.

(a) Composition; Initial Directors.

(i) The Board shall consist of natural persons who need not be Members or residents of the State of California. Subject to the remaining provisions of this Section 6.2, the Board shall initially consist of five (5) Directors. The initial Directors designated to serve on the Board are as provided and updated by the Board in Exhibit C; provided that, in the event that William Aubrey or Tammy Blanchard's employment with the Company is terminated for any reason, then, in either such case, William Aubrey or Tammy Blanchard, whomever is terminated, and whomever they elect as a Director, shall be deemed to have immediately resigned from the Board, and William Aubrey or Tammy Blanchard's right to appoint, or vote in or consent to the appointment of any Director shall automatically be terminated. The Board, with Majority Approval, may at any time in its sole and absolute discretion increase or decrease the number of Directors that constitute the Board, and any new Director shall be appointed by the Board with Majority Board Approval.

(ii) Each individual designated to serve on the Board in accordance with this Section 6.2 shall serve until his or her voluntary resignation, death, disability or removal in accordance with the provisions of this Agreement.

(b) Vacancies. If a Member with the power to appoint a Director is no longer employed by the Company, any Board seat that has become vacant shall remain vacant until the Board, with Majority Board Approval, designates a replacement Director. However, the fact that a vacant Board seat exists at any time for any reason shall not affect the validity of any action taken by the Board at any duly convened Board meeting or pursuant to any written consent of the Directors in accordance with this Agreement.

(c) Votes per Director; Quorum; Required Vote for Board Action. Each Director shall have one (1) vote. Unless provided otherwise in this Agreement, any action (including the giving of consent, waivers or approvals) by the Board shall require Majority Board Approval.

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(d) Location; Order of Business. The Board may hold its meetings and may have an office and keep the books of the Company, in such place or places, within or outside the State of California, as the Board may from time to time determine by resolution. At all meetings of the Board, business shall be transacted in such order as shall from time to time be determined by resolution of the Board.

(e) Meetings of the Board; Notices. Regular meetings of the Board shall be held at such places or by telephone as shall be designated from time to time by resolution of the Board. Any Director shall be entitled to attend any Board meeting by telephone. Special meetings of the Board may be called by any Director with at least 48-hours' notice to each other Director, with such notice containing a statement of the purposes for such special meeting.

(f) Reimbursement; Compensation. All Directors shall be entitled to be reimbursed by the Company for their respective reasonable out-of-pocket costs and expenses incurred in the course of their services as such, including travel expenses in accordance with the Company's travel reimbursement policies.

(g) Reliance on Books, Reports and Records. Each Director shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or reports made to the Company by any of its Officers or by an independent certified public accountant or by an appraiser selected with reasonable care by the Board, or in relying in good faith upon other records of the Company.

6.3 Members.

(a) Operating Members. Unless expressly provided otherwise in this Agreement, William Aubrey and Tammy Blanchard (the "Operating Members"), shall have the power, right and authority on behalf of and in the name of the Company to carry out any and all of the objects and purposes of the day-to-day operations of the Company and to perform all acts which the Board, in its sole and absolute discretion, may deem necessary or desirable. The Board may add or take away any of the rights and authority of the Operating Members in any capacity and at any time.

(b) Limitations on Authority. Notwithstanding anything to the contrary in this Agreement or the Act, without the Board's majority approval, the Operating Members may not do or bind the Company to do any of the following:

(i) Confess any judgment against the Company;

(ii) Enter into or obligate the Company to any transactions, which over time or immediately results in liabilities to the Company in excess of $25,000 (excluding mortgage loans in the normal course of business);

(iii) Undertake any act that would cause a Member to incur personal liability for the Company's obligations;

(iv) Modify or amend this Agreement or any Employment Agreement;

(v) To undertake any other act that by this Agreement requires the Board of Director's approval;

(vi) Remove or elect Directors;

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(vii) For the Company to sell or otherwise dispose of all or substantially all of the Company's business and/or assets, whether as part of a single transaction or plan or in multiple transactions, except in the orderly liquidation and winding up of the Company's business upon its duly authorized dissolution;

(viii) For the Company to merge, consolidate, or combine the Company with another entity, or acquire all or substantially all of another entity's business and/or assets, stock, or other ownership interests;

(ix) Approve, authorize, commence and oversee windup and dissolution of the Company as provided herein; or

(x) Approve audit companies and execute audited financials.

6.4 Meetings of the Members.

(a) Meetings of the Members may be called by Forty Percent (40%) of the Membership Interests.

(b) Written notice stating the place, date, and time of the meeting, the means of communication and describing the general nature of the business to be conducted at the meeting, shall be delivered not fewer than Ten (10) days and not more than Twenty (20) days before the date of the meeting to each Member, by or at the direction of the Member(s) calling the meeting. The business to be conducted at such meeting shall be limited to the business described in the notice. The Members may hold meetings at the Company's principal office or at such other place, within or outside the State of California, as the Member(s) calling the meeting may designate in the notice for such meeting.

(c) Any Member may participate in a meeting of the Members by telephone if all Persons participating in the meeting can talk to and hear each other.

(d) Attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(e) A quorum of any meeting of the Members shall require a majority of Membership Interests. No action may be taken by the Members unless the appropriate quorum is present at a meeting.

(f) Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if a written consent thereto is signed by all members of the Board and such written consent is filed with the minutes of proceedings of the Board.

6.5 Officers. The Directors may appoint one or more individuals as officers of the Company (the "Officers") as the Directors deem necessary or desirable to carry on the business of the Company and may delegate to such Officers such power and authority as the Directors deem advisable. An Officer is not required to be a Member of the Company. Any individual may hold two or more offices of the Company. Each Officer shall hold office until his or her successor is designated by the Directors or until his or her earlier death, resignation, or removal. Any Officer may resign at any time upon written notice to the Company. Any Officer may be removed by the Directors at any time, with or without cause, subject to the terms of any applicable Employment Agreement. The initial Officers of the Company are (a) Mark Hanf as

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Chief Executive Officer, (b) William Aubrey as President, and (c) Tammy Blanchard as Senior Vice President.

6.6 Unanimous Board Approval.

(a) Notwithstanding anything in this Agreement to the contrary, the Company may not enter into any of the following actions without Unanimous Board Approval:

(i) make any material revisions to its business plan or materially change its business activities as currently conducted, or enter into the ownership, active management or operation of any business that is not reasonably related to the current business activities of the Company and its Subsidiaries;

(ii) adopt or amend any Operating Budget for any Fiscal Year or make any material expenditure during any Fiscal Year other than in accordance with the Operating Budget for such Fiscal Year;

(iii) create, incur, assume or suffer to exist any indebtedness for borrowed money except as set forth in an Operating Budget, provide any pledge of Company assets, guaranty or other credit support with respect to any such indebtedness or amend, modify, supplement or waive any provision of the documents, agreements or instruments evidencing, securing or otherwise pertaining to any such indebtedness or pledge, guaranty, credit support, or refinance, substitute or replace any such indebtedness or credit support;

(iv) amend, modify or waive any of the rights, obligations, designations or preferences of the Units;

(v) authorize, create, issue, sell, or enter into any agreement providing for the issuance or sale of any Units;

(vi) adopt, amend or modify any incentive plan, employee equity ownership plan, profit sharing plan, phantom equity plan, equity appreciation rights plan or any similar plan, program, agreement or arrangement;

(vii) acquire substantially all of the assets, equity interests, shares or securities in any company or business from any Person (whether by a purchase of assets, purchase of stock or other equity interests, merger or otherwise);

(viii) consent to any Transfer of Units by a Member for which Board consent is required;

(ix) amend or modify this Agreement;

(x) dissolve or wind-up the Company; or

(xi) redeem or acquire any Units (other than repurchases of Units approved by the Board in connection with the termination of an individual's employment with the Company).

6.7 Operating Budget. From time to time in the Board's sole discretion, the Board may request that the Operating Members submit to the Board for its approval the proposed budget of the Company for

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the following Fiscal Year (once so approved, the "Operating Budget"). Nothing in any Operating Budget shall be construed to require any Member to make any Capital Contributions or loans to the Company.

SECTION SEVEN
ADDITIONAL COVENANTS

7.1 Books, Records and Access. The Company shall keep and maintain proper and complete books and records of accounts, taxes, financial information and all matters pertaining to the Company and its Subsidiaries.

7.3 Inspection Rights. Each holder of Units shall be permitted, during normal business hours and upon reasonable advance notice to the Company, to inspect the books, records, contracts and agreements of the Company for any proper purpose and to make copies thereof, subject to reasonable restrictions, procedures and confidentiality measures as may be adopted by the Board from time to time.

7.4 Confidentiality. Each Member will keep confidential and will not disclose, divulge or use any Confidential Information except for disclosures compelled by law or approved by the Board. Breach of the provisions may cause irreparable injury to the Company or the other Members for which monetary damages are inadequate and the Members agree that the provisions of this Section 7.4 may be enforced by specific performance.

7.5 Business Opportunities. Except as provided to the Company in advance and approved by the Board, the Members acknowledges and agree that any business opportunity primarily involving the Purpose of the Company (a "Company Opportunity") shall belong to the Company. In the event the Board decides not to pursue a Company Opportunity, the respective Member shall be permitted to submit a request to the Board stating that he or she desires to pursue such Company Opportunity, and the Board shall consider such request and determine whether to permit the Member to pursue, or to participate. The approval of the Board shall not be unreasonably withheld.

7.6 Transactions with Affiliates. The Company shall not without the approval of the Board enter into, or permit any Affiliates to enter into, any agreement, transaction, commitment or arrangement with any Officer, Director or Member, or any of their respective Affiliates, except as provided herein and as otherwise approved by the Board in writing.

(a) Compensated Services of Pacific Private Money, Inc. Pacific Private Money, Inc., a Member of the Company, shall provide the Company with the following services at industry standard rates:

(i) Documentation fees where Pacific Private Money Inc.'s employees prepare documents for Company loans; and

(ii) Underwriting fees where Pacific Private Money Inc.'s employees underwrite Company loans.

(b) No-Cost Services Provided to Company. Pacific Private Money, Inc. shall provide, at no cost to the Company, the following services:

(i) general overhead expenses for incidental or part-time activities of its staff in general support of the Company; and

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(ii) accounting, reporting, and cash management services for one year from the Effective Date of this Agreement. Following this one year period, these services may be reduced or discontinued as determined in the sole and absolute discretion of Mark Hanf.

Notwithstanding the foregoing, the Company and Pacific Private Money, Inc. may mutually engage service providers for cost-saving purposes. In such circumstances the parties shall each pay their proportionate share (based on use of the service) of any such expenses as agreed upon by the parties in writing.

7.7 Non-Disparagement. Neither the Company (or its representatives) nor the Members shall make any oral or written statement about the other party which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in the business community or in the real estate industry. The obligation shall continue after a Member is no longer a Member of the Company.

SECTION EIGHT
EXCULPATION AND INDEMNIFICATION

8.1 **No Personal Liability: Members.**

(a) Except as otherwise provided by Applicable Law, or expressly in this Agreement, no Member will be obligated personally for any debt, obligation, or liability of the Company or other Members, whether arising in contract, tort, or otherwise, solely by reason of being or acting as a Member, exercising management powers or responsibilities, or acting as an agent of the Company.

8.2 **Indemnification.**

(a) To the fullest extent permitted under the Act (after waiving all Act restrictions on indemnification, other than those which cannot be eliminate), the Company shall indemnify, hold harmless, defend, pay, and reimburse any Covered Person against any and all losses, claims, damages, judgments, fines, or liabilities, including reasonable legal fees or other expenses, and any amounts expended in settlement of any claims (collectively, "Losses") to which such Covered Person may become subject by reason of:

(i) any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company or any Member in connection with the business of the Company; or

(ii) such Covered Person being or acting in connection with the business of the Company as a member, director, officer, employee, agent, or representative of the Company, any Member or such Covered Person serving or having served at the request of the Company as a member, director, officer, employee, agent, or representative of any Person including the Company;

provided, that such Loss did not arise from the Covered Person's conduct involving bad faith, willful or intentional misconduct, or a knowing violation of law or a transaction from which such Covered Person derived an improper personal benefit.

(b) The Company shall promptly reimburse (or advance to the extent reasonably required) each Covered Person for reasonable legal or other expenses (as incurred) of such Covered Person in connection with investigating, preparing to defend, or defending any claim, lawsuit, or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 8.2; provided, that if it is finally judicially determined that such Covered Person is not entitled to the indemnification provided under this Section, then such Covered Person shall promptly reimburse the Company for any reimbursed or advanced expenses.

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(c) The provisions of this Section Seven shall survive the dissolution, liquidation, winding up, and termination of the Company.

SECTION NINE
TAX, ACCOUNTING, BOOKKEEPING, AND RELATED PROVISIONS

9.1 Tax Returns. The Company shall prepare and timely file all U.S. federal, state, local and foreign tax and information returns required to be filed by the Company. Unless otherwise determined by the Board, any income tax return of the Company shall be prepared by an independent public accounting firm selected by the Board. Each Member shall furnish to the Company all pertinent information in its possession relating to the Company's operations that is reasonably necessary to enable the Company's tax returns to be timely prepared and filed. The Company shall use its best efforts to deliver to each Member before March 15 of the subsequent year, or as soon as practicable thereafter, such information as may be required by the Members (or their owners) in order to file their individual returns reflecting the Company's operations. The Company shall bear the costs of the preparation and filing of such Company tax returns and forms.

9.2 Bank Accounts. The Company may establish one or more separate bank and investment accounts and arrangements, which shall be maintained in the Company's name with financial institutions and firms that the Board may determine. The Company shall not commingle the Company's funds with the funds of any Member or any Affiliate of a Member.

9.3 Fiscal Year. The fiscal year of the Company (the "Fiscal Year") shall be the calendar year or such other Fiscal Year as the Board designates. The Company shall have the same Fiscal Year for U.S. federal income tax purposes and for accounting purposes.

SECTION TEN
TRANSFER OF UNITS

Section 10.1 General Restrictions on Transfer.

(a) No Member shall Transfer all or any portion of his, her or its Membership Interest in the Company, except with the written consent of all Members (excluding the Membership Interest held by the Transferring Member and, if the Transfer is between Members, also excluding the Membership Interest held by the Transferee Member).

(b) Any Transfer or attempted Transfer of any Membership Interest (in full or in part) in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books, and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue to be treated) as the owner of such Membership Interest for all purposes of this Agreement.

(c) No Transfer (including a Permitted Transfer) of Membership Interests to a Person not already a Member of the Company shall be deemed completed until the prospective Transferee is admitted as a Member of the Company.

Section 10.02 Permitted Transfers. The provisions of Section 10.1 shall not apply to any Transfer by any Member of all or any portion of his, her or its Membership Interest to any of the following (each, a "Permitted Transferee" and any such Transfer to a Permitted Transferee, a "Permitted Transfer"):

(a) Any Affiliate of such Member; or

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(b) (i) such Member's spouse, children, parents, and siblings (collectively, "Family Members"); (ii) a trust under which the distribution of Membership Interests may be made only to such Member or any Family Member of such Member; (iii) a charitable remainder trust, the income from which will be paid to such Member during his or her life; (iv) a corporation, partnership, or limited liability company, the shareholders, partners, or members of which are only such Member or Family Members of such Member; or (v) to such Member's executors, administrators, testamentary trustees, legatees, or beneficiaries by will or by the laws of intestate succession.

Section 10.3 Right of First Refusal.

(a) Each Member shall have a right of first refusal if any other Member (the "Offering Member") receives and desires to accept an offer from an independent third party to purchase all or any portion of the Offering Member's Membership Interest (the "Offered Interest").

(b) Within five (5) days of receipt of the offer from the independent third party, the Offering Member shall give written notice to all other Members of the third party offer, which notice shall include (i) the amount of the Offered Interest to be sold; (ii) the name of the independent third party; (iii) the purchase price; (iv) the proposed date, time, and location of the closing of the Transfer, which shall not be less than sixty (60) days from the date of the Offering Member's notice; and (v) any other material terms of the Transfer.

(c) Upon receipt of the Offering Member's notice, each Member will have ten (10) days to give written notice to the Offering Member that the other Member elects to purchase all (but not less than all) of the Offered Interest upon the terms and conditions of the third-party offer. If more than one other Member gives notice electing to purchase the Offered Interest, each of the purchasing Members shall purchase his, her or its pro rata share (based on that Member's Membership Interest in the Company) of the Offered Interest.

If no other Member delivers notice as required by Section 10.03(b) electing to purchase the Offered Interest, then the Offering Member may, during the sixty (60) day period immediately following the expiration of the period described in Section 10.03(b), Transfer the Offered Interest to the independent third party upon the terms and conditions of the third-party offer.

Section 10.4 Purchase by Member Upon Termination of Marital Relationship.

(a) If the Marital Relationship of a Member is terminated by the death of the Member's Spouse or by Divorce, and the Member does not succeed to all of the Spouse's interest in the Membership Interest held by the Member at such time (the "Spouse's Interest," regardless of whether the interest is characterized as community, quasi-community, marital, nonmarital, or separate property, or as property held as joint tenants or tenants in common), then the Spouse, the Spouse's estate, or, the trustee of any trust to which the Spouse's Interest passes, as the case may be, shall sell to the Member, and the Member shall purchase, the Spouse's Interest for Fair Market Value of the Membership Interest, as determined by a third-party appraisal. The buyer and seller shall use their best efforts to mutually agree in good faith on the Fair Market Value.

(b) Any Membership Interest held by a Member as a trustee of a trust as a result of the death of the Member's Spouse or the Member's Divorce from the Spouse shall be treated as owned by the Member for purposes of this Agreement. Where applicable insurance is available upon the death of a Member, the Company must purchase the Membership interests of the surviving spouse using the proceeds of any such policy that provides a payout to the Company.

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SECTION ELEVEN
DISSOLUTION, WINDING-UP, AND TERMINATION

Section 11.1 Events of Dissolution. The Company shall be dissolved and its affairs wound up only upon the occurrence of any of the following events:

(a) An election to dissolve the Company made by Members holding a majority of the voting Membership Interests;

(b) The sale, exchange, involuntary conversion, or other disposition or Transfer of all or substantially all the assets of the Company;

(c) The passage of 90 consecutive days during which the Company has no Members; provided that upon the death of a natural person who is the sole Member of the Company, the status of the Member, including a Membership Interest, may pass to one or more heirs, successors, and assigns of the Member by will or applicable law; or

(d) As required by law.

Section 11.2 Winding Up and Liquidation.

(a) Upon dissolution, the Company shall immediately commence to wind up its affairs in accordance with the provisions of this Article.

(b) The Members shall wind up the Company's affairs (the "**Liquidators**") of the Company. The Liquidators shall have full power and authority to sell, assign, and encumber any or all of the Company's assets (including the discretion to defer the liquidation of any asset if the immediate sale of the asset would be impractical or cause undue loss to the Members) and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(c) The Liquidators shall give written notice of the commencement of winding up by mail to all known creditors of the Company and claimants against the Company whose addresses appear on the records of the Company.

Section 11.3 Distribution of Assets. The Liquidators shall liquidate the assets of the Company and distribute the proceeds in the following order of priority, unless otherwise required by law:

(a) First, to the payment of the Company's known debts and liabilities to its creditors (including Members, if applicable);

(b) Second, to the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(c) Third, to the establishment of, and additions to, reserves that are determined by the Liquidators to be reasonably necessary for any contingent unknown liabilities or obligations of the Company; and

(d) Fourth, to the Members, on a pro rata basis, in accordance with the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments for the taxable year of the Company in which the liquidation occurs.

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Section 11.4 Required Filings. Upon the occurrence of an event described in Section 11 and upon completion of the distribution of assets as provided, the Liquidators shall make all necessary government filings including any required certificate of dissolution or certificate of cancellation.

SECTION TWELVE
GENERAL PROVISIONS

Section 12.1 Governing Law. All issues and questions arising out of or concerning the application, construction, validity, interpretation, and enforcement of this Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction).

Section 12.2 Submission to Jurisdiction. The parties hereby agree that any suit, action, or proceeding based on any matter arising out of or in connection with this Agreement or the transactions contemplated hereby, shall be brought in the federal courts of the United States of America or the courts of the State of California, in each case located in County of Marin. Each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action, or proceeding.

Section 12.3 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

Section 12.4 Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses:

If to the Company:	15555 Grant Avenue Novato, California 94945 Email: mark@pacificprivatemoney.com Attention: Mark Hanf
If to a Member:	To the Member's respective mailing address or email address as set forth on the Members Schedule.

Section 12.5 Remedies. In the event of any actual or prospective breach or default by any party, the other parties shall be entitled to equitable relief, including remedies in the nature of injunction and specific performance, awarded by a court of competent jurisdiction (without being required to post a bond or other security or to establish any actual damages). In this regard, the parties acknowledge and agree that they will be irreparably damaged in the event this Agreement is not specifically enforced, since (among

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other things) the Membership Interests are not readily marketable. All remedies hereunder are cumulative and not exclusive, may be exercised concurrently, and nothing herein shall be deemed to prohibit or limit any party from pursuing any other remedy or relief available at law or in equity for any actual or prospective breach or default, including recovery of damages. In addition, the parties hereby waive and renounce any defense to such equitable relief that an adequate remedy at law may exist.

Section 12.6 Severability. If any term or provision of this Agreement is held to be invalid, illegal, or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 12.7 Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, and permitted assigns.

Section 12.8 Amendment. Except as otherwise provided by this Agreement, no provision of this Agreement may be amended or modified except by an instrument in writing executed by the Company and the number of Members hereof. Any such written amendment or modification will be binding upon the Company and each Member.

Section 12.9 Headings. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision of this Agreement.

Section 12.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email, or other means of Electronic Transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 12.11 Entire Agreement. This Agreement, together with the Articles of Organization and all related exhibits and schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, records, representations, and warranties, both written and oral, whether express or implied, with respect to such subject matter.

Section 12.12 No Third-Party Beneficiaries. Except as provided in Section 8.2, which shall be for the benefit of and enforceable by Covered Persons as described therein, this Agreement is for the sole benefit of the parties hereto (and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person, including any creditor of the Company, any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.13 Spousal Consent. Each Member who has a Spouse on the date of this Agreement shall cause such Member's Spouse to execute and deliver to the Company a Spousal Consent, pursuant to which the Spouse acknowledges that he or she has read and understood the Agreement and agrees to be bound by its terms and conditions. If any Member should marry or engage in a Marital Relationship following the date of this Agreement, such Member shall cause his or her Spouse to execute and deliver to the Company a Spousal Consent within sixty (60) days thereof.

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IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first written above.

MEMBERS:

PACIFIC PRIVATE MONEY, INC.

Name: Mark Hsnf
Title: President

WILLIAM AUBREY

Name: Tammy Blanchard

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EXHIBIT A

MEMBERS, CAPITAL CONTRIBUTIONS AND UNITS

as of [●], 2020

Member	Address	Effective Date Capital Contributions	Common Units
Pacific Private Money, Inc.			600
William Aubrey			200
Tammy Blanchard			200
Totals		**$[_____]**	**1,000**

EXHIBIT B

SPOUSAL JOINDER

I, the undersigned spouse of _____, one of the Members of Pacific Mortgage Capital, LLC, a California limited liability company (the "***Company***"), hereby acknowledge that I have read the Operating Agreement of the Company, dated September 9, 2019 (the "***Agreement***"), as amended, restated or supplemented from time to time in accordance with its terms, and that I understand its contents. I hereby consent to and approve of the provisions of the Agreement, as it may be amended, restated or supplemented from time to time in accordance with its terms, and agree that the Units (as defined in the Agreement) held by my spouse and my interest in such Units, if any, are subject to such provisions. I hereby agree, for the benefit of the Company (which is relying hereupon) that (i) my spouse's interest in the Company is subject to the Agreement and the other agreements referred to therein and any interest I may have in the Company or its equity shall be irrevocably bound by the Agreement and the other agreements referred to therein and any marital, elective share or community property interests I may have in the Company or its equity shall be similarly bound and (ii) I will take no action at any time to hinder the operations of the Company.

Dated: _____

Signature: _____

Name: _____

Address: _____

_____

_____

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EXHIBIT C

Board of Directors

Appointed By	Appointee	Date of Appointment
William Aubrey		
Tammy Blanchard		
Mark Hanf		
Mark Hanf		
Mark Hanf		

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OPERATING AGREEMENT

OF

ARRIVAL HOME LOANS, LLC

Dated as of April 27, 2022

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OPERATING AGREEMENT
OF ARRIVAL HOME LOANS, LLC

This OPERATING AGREEMENT (this "Agreement") of Arrival Home Loans, LLC, a Delaware limited liability company (the "Company"), dated as of April 27, 2022 (the "Effective Date"), is executed by Pacific Private Money Group, LLC a Delaware limited liability company, as the sole member of the Company (the "Member"), and Mark Hanf, an individual, as manager (the "Manager") with reference to the following facts.

A. On April 27, 2022, a Certificate of Formation for the Company was filed with the Secretary of State of Delaware (the "Certificate"), pursuant to the provisions of the Delaware Limited Liability Company Act, Delaware Corporations Code Section 18-101 et seq. (the "Act").

B. The Member wishes to execute this Agreement to provide for (i) the purposes for which the Company is formed, (ii) the allocation and distribution of profits and losses from the operations of the Company, (iii) the management of the Company, and (iv) other matters related to the operations, management, affairs and conduct of the business of the Company.

NOW, THEREFORE, the Member sets forth this operating agreement for the Company under the laws of the State of Delaware, upon the terms and subject to the conditions set forth below.

SECTION 1. PURPOSE; POWERS; DURATION

1.1 Name of the Company. The name of the Company shall be Arrival Home Loans, LLC. The Manager may change the name of the Company or adopt any one or more trade names of the Company under which to conduct business.

1.2 Purpose. The Company has been, is, and will be organized for the purpose of purpose of originating, holding and managing mortgage loans to third parties and for any other legally permitted purpose.

1.3 Registration. The Manager will cause the Company to be registered to do business in the State of California.

1.4 Principal Place of Business. The Company's principal place of business shall be 1555 Grant Avenue, Novato, CA 94945. The Manager may change the Company's principal place of business from time to time in the Manager's sole and absolute discretion.

1.5 Duration of the Company. The duration of the Company shall be from the date of the Certificate to the earlier of the date (the "Termination Date") (a) on which the Company ceases to exist under the Act; (b) on which the Company ceases to exist under this Agreement; and (c) on which the Member dissolves the Company pursuant to Section 8.

1.6 Powers of the Company. Except as expressly otherwise provided in this Agreement, the Company shall have all powers provided to limited liability companies under the Act.

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1.7 Registered Agent. The Company shall have a registered agent in each of the State of Delaware and the State of California. The Company's initial registered agent in the State of Delaware shall be as set forth in the Certificate. The Company's initial registered agent in the State of California shall be the Manager at 1555 Grant Avenue, Novato, CA 94945. The Member may change such registered agents from time to time in the Member's sole and absolute discretion.

1.8 Identity of the Member. The Member shall be the only initial member of the Company. A replacement or substitute member may only be admitted to the Company in accordance with Section 5 of this Agreement.

1.9 Limited Liability of the Member. The Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company, except to the extent otherwise expressly provided in the Act.

1.10 Reservation of the Company's Management to the Manager. The Company shall be managed exclusively and solely by the Manager. All decisions required or permitted to be made by the Manager under this Agreement, and all decisions required or permitted to be made by the Company shall be made by, and all actions proposed to be taken by or on behalf of the Company shall be taken by, the Manager.

1.11 Effect of the Act. Except as otherwise provided in this Agreement or by applicable law, the business and internal affairs of the Company shall be governed by (a) this Agreement, and (b) the Act as in effect on the Effective Date. In the event of any inconsistency between the Act and this Agreement, to the extent permitted by the Act, this Agreement shall control.

1.12 Amendment of Agreement and Certificate. No amendment of this Agreement or of the Certificate shall be valid except as set forth in a writing signed by the Member.

SECTION 2. CAPITAL CONTRIBUTIONS

2.1 Contributions of Cash and Non-Cash Property. As of the Effective Date, the Member will be deemed to have contributed to the capital of the Company the amount set forth on **Exhibit A** (the "Contribution").

2.2 No Duty to Make Additional Contributions. Except for the Contribution or to the extent required by the Act, the Member shall have no obligation to make any advances or contributions to the capital of the Company or to endorse any obligations of the Company.

SECTION 3. PROFITS AND LOSSES

3.1 Profits, Losses and Distributions. Except as otherwise determined by the Manager:

(a) The Member shall have the sole right and entitlement to receive allocations of Company profits and losses and to distributions of profits and other Company assets; and

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(b) No other Person shall have any right to any allocations or distributions of Company profits, losses or other assets.

3.2 Allocations. It shall be within the sole and absolute discretion of the Manager to decide:

(a) Whether or not to make allocations of Company profits and losses to the Member;

(b) Whether or not to make distributions of profits and other Company assets to the Member; and

(c) When and in what amounts to make any such allocation or distribution.

Notwithstanding the foregoing, the Manager shall not cause the Company to make any distributions that, immediately after the distribution, would cause the Company's liabilities to exceed its assets.

SECTION 4. MANAGEMENT

4.1 Authority of the Manager. The Manager shall have the sole right, authority and power, to the fullest extent permitted by applicable law, to (a) make decisions concerning the business and affairs of the Company, and (b) act as the Company's agent.

4.2 No Fiduciary Duties. The Manager shall have no fiduciary duties to the Company. In particular (but without limitation), the Manager shall have no duty:

(a) Not to compete with the Company; or

(b) To disclose business opportunities to the Company.

The Manager shall have no liability to the Company or to any successor member of the Company.

4.3 Indemnification of the Manager. The Company shall indemnify and hold harmless the Manager and each of the Manager's employees, agents, attorneys, affiliates, subsidiaries and assigns from and against any claims, demands, losses, costs (including reasonable attorneys' fees), liabilities, damages, actions and rights of action incurred by any such Person or by the Company by reason of any act or omission in connection with the business of the Company, and any amounts expended in the settlement of any claims of liability, loss or damage; provided that the Person whose act or omission caused the liability, loss or damage must have determined, in good faith, that such course of conduct was in the best interests of the Company, and such conduct did not constitute fraud, gross negligence or willful misconduct. Any indemnification under this Section shall be recoverable only from the assets of the Company and not from the assets of the Manager. All judgments against the Company and the Manager, wherein the Manager is entitled to indemnification, must first be satisfied from Company assets before the Manager is responsible for such obligations.

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4.4 Reliance by Third Parties. Any Person dealing with the Company or with the Manager in the Manager's capacity as a Manager of the Company may rely on a certificate signed by the Manager as to:

(a) The identity of the Manager as the manager of the Company;

(b) The right, power and authority of the Manager or other Persons to execute and deliver any instrument or document of or on behalf of the Company or otherwise to act as the Company's agent; and

(c) The existence or non-existence of any fact that constitutes a condition precedent to acts by the Manager or are in any other manner relevant to the business or affairs of the Company.

4.5 Compensation. The Company may compensate the Manager in exchange for the Manager's services to the Company pursuant to a written compensation agreement, as approved by the Manager in his sole and absolute discretion. No compensation made pursuant to said written compensation agreement, if any, shall be deemed to be a distribution to the Manager for purposes of any applicable law relating to unlawful distributions or to creditors' remedies against the Company or the Manager.

4.6 Failure to Observe Formalities. The Manager shall not be liable for the liabilities of the Company.

SECTION 5. TRANSFERS AND PLEDGES OF MEMBERSHIP INTERESTS

5.1 Transfers of Interests. The Member, in the Member's sole and absolute discretion, may transfer (whether by sale, gift or otherwise) all or any part of the Member's membership rights and interests, including both economic and non-economic rights and interests, in and to the Company (collectively, "LLC Interests") to any Person at any time. The Member may make any such transfer under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion.

5.2 Pledge of Interests. The Member shall have sole and absolute discretion to pledge all or any part of the Member's LLC Interests to any Person at any time as collateral for any debt of the Member. The Member may make any such pledge under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion.

SECTION 6. CESSATION OF MEMBERSHIP.

Except as provided in Section 5 or elsewhere in this Agreement, the Member shall cease to be a member of the Company only upon the Member's dissolution and shall not cease to be a member for any other reason, including the Member's bankruptcy.

SECTION 7. BOOKS AND RECORDS

The Company shall maintain on a current basis accurate books of account in accordance with financial standards normally applied to business organizations generally similar to the

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Company in size and business activities. The books and records shall be kept at the principal place of business of the Company.

SECTION 8. DISSOLUTION

8.1 Definitions.

(a) "Dissolution" shall mean the cessation of the Company's normal business activities and the beginning of the process of winding it up and liquidating it.

(b) "Winding Up" shall mean the process of concluding the Company's external business activities and internal affairs and preparing for its liquidation.

(c) "Liquidation" shall mean the sale, distribution or other disposition of all of the Company's assets, including the distribution of the proceeds of such sale or other disposition.

8.2 Dissolution. The Manager shall have the right, in his sole and absolute discretion, to elect whether and when to cause the Dissolution of the Company. On the Termination Date, the Manager shall file a Certificate of Dissolution with the Secretary of State of Delaware.

8.3 Winding Up and Liquidation; **Distribution of Assets**. Promptly after the Termination Date, the Manager shall commence and diligently pursue to completion all activities required, necessary and appropriate under applicable law and this Agreement to complete the Winding Up and Liquidation of the Company.

8.4 Satisfaction of Debts. In connection with the Winding Up of the Company, the Manager shall take all appropriate measures:

(a) To comply with applicable federal and state tax laws and other laws relating to the Dissolution of the Company; and

(b) To the extent possible under the laws of the State of Delaware, to bar known and unknown claims against the Company.

SECTION 9. MISCELLANEOUS PROVISIONS

9.1 Entire Agreement. This Agreement constitutes the entire operating agreement of the Company and supersedes any and all prior agreements and representations, either oral or in writing, with respect to the subject matter contained herein.

9.2 Incorporation of Exhibits. All exhibits expressly identified in this Agreement as exhibits to this Agreement are hereby incorporated herein and made integral parts hereof.

9.3 Governing Law. This Agreement shall be governed exclusively by the laws of the State of Delaware.

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9.4 Assignments and Delegations. This Agreement shall benefit and bind the Member and its successors and permitted assigns.

9.5 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement.

9.6 Number and Gender; Interpretation. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, as the masculine, feminine and neuter genders shall each include the others. Any term defined in this Agreement by reference to any other agreement or instrument has such meaning whether or not such other agreement or instrument is in effect. The words "including" and "includes" and terms of similar import shall be deemed to mean "including, without limitation". References to a Person are also to its successors and permitted assigns.

9.7 Waivers. No waiver by any party of any breach of, or default under, this Agreement by any other party shall be construed or deemed a waiver of any other breach of or default under this Agreement, and shall not preclude any party from exercising or asserting any rights under this Agreement with respect to any other breach or default.

9.8 Imaged Documents. This Agreement may be imaged and stored electronically and (a) such imaged Agreement may be introduced as evidence in any proceeding as if it was an original, and (b) no party shall contest the admissibility of such imaged document as evidence in any proceeding.

9.9 Severability of Provisions. If any term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

[signature page follows]

This Operating Agreement of Arrival Home Loans, LLC, is entered into as of the Effective Date.

MEMBER:

PACIFIC PRIVATE MONEY GROUP, LLC.
a Delaware limited liability company

By: DocuSigned by: _____
Mark Hanf
Manager

MANAGER:

DocuSigned by: _____
Mark Hanf

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EXHIBIT A

CONTRIBUTION

Pacific Private Money Group, LLC	$1,000.00

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LIMITED LIABILITY COMPANY OPERATING AGREEMENT

of

PACIFIC SOUTHWEST NOTE FUND LLC

a *Delaware limited liability company*

This Limited Liability Company Operating Agreement ("Agreement") of Pacific Southwest Note Fund LLC, a Delaware limited liability company ("Company"), is by and among Pacific Southwest Management Group LLC, a Delaware limited liability company ("Initial Member" or "Manager"), and each of the additional Person who becomes a Member in accordance with the provisions of this Agreement. Any capitalized terms used herein but not defined herein shall have the meaning ascribed to them in the Private Placement Memorandum dated August 1, 2020 ("Memorandum").

RECITALS

The Company is a limited liability company formed under the Delaware Limited Liability Company Act, Del. Code Ann. Tit. 6, § 18-101, *et seq*., as amended. The parties to this Agreement are the Initial Members and those additional Persons who are subsequently admitted as Members in accordance with the provisions of this Agreement. The parties intend by this Agreement to define their rights and obligations with respect to the Company's governance and financial affairs and to adopt regulations and procedures for the conduct of the Company's activities. Accordingly, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

ARTICLE 1: DEFINITIONS

1.1 **Scope.** For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is expressed or intended, all capitalized terms used herein have the meanings specified in this Article 1.

1.2 **Defined Terms.**

(a) "Act" means the Delaware Limited Liability Company Act, Del. Code Ann. Tit. 6, § 18-101, *et seq*., as amended.

(b) "Affiliate," with respect to a Person, means (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Affiliate, (2) a Person who owns or controls at least Ten Percent (10%) of the outstanding voting interests of the Affiliate, (3) a Person who is an officer, director, manager or general partner of the Affiliate, or (4) a Person who is an officer, director, manager, general partner, trustee or owner of at least Ten Percent (10%) of the outstanding voting interests of an Affiliate described in clauses (1) through (3) of this sentence.

(c) "Agreement" means this Agreement, including any subsequent amendments thereto.

(d) "Assets Under Management" means the total Company capital, including cash, notes (at book value), real estate owned (at the lower of cost or fair market value), accounts receivable,

advances made to protect loan security, unamortized organizational expenses and any other Company assets valued at fair market value.

(e) "Bankruptcy" means the filing of a petition seeking liquidation, reorganization, arrangement, readjustment, protection, relief or composition in any state or federal bankruptcy, insolvency, reorganization or receivership proceeding.

(f) "Capital Account" of a Member means the capital account maintained for such Member. The balance of the Capital Account of a Member, determined as set forth in Section 4.6 below, shall herein be referred to as the "Capital Account Balance."

(g) "Certificate" means the Certificate of Formation filed with the Secretary of State to organize the Fund as a limited liability company, including any subsequent amendments thereto.

(h) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(i) "Contribution" means anything of value that a Member contributes to the Company as a prerequisite for, or in connection with, membership including (without limitation) any combination of cash, property, services rendered, a promissory note or any other obligation to contribute cash or property or render services.

(j) "Dissociation" means a complete termination of a Member's membership in the Company due to an event described in Article 3 hereof.

(k) "Distribution" means the Company's direct or indirect transfer of money or other property to a Member with respect to a Membership Interest.

(l) "Effective Date" means the date on which the Company's existence as a limited liability company begins, as prescribed by the Act.

(m) "Entity" means an association, relationship or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative or association.

(n) "Family," with respect to a Member, means any individual(s) who are related to the Member by blood, marriage or adoption. For the purposes of this definition, an individual is related to the Member by marriage if the person is related by blood or adoption to the Member's current spouse.

(o) "Initial Member" means the persons identified above as the Initial Member.

(p) "Majority" means more than Fifty Percent (50%) of the outstanding Membership Interests in the Company.

(q) "Manager" means a Person who is vested with authority to manage the Company in accordance with Article 5 hereof.

(r) "Member" means any Initial Member or any Person who is admitted as an additional or a substitute Member after the Effective Date, in accordance with Article 3 hereof.

(s) "Membership Interest" means a Member's percentage interest in the Company.

(t) "Memorandum" shall mean the Private Placement Memorandum of the Company, dated as of August 1, 2020.

(u) "Minimum Gain" means minimum gain as defined in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

(v) "Net Profits" means the Company's monthly gross revenue less (1) the Company's monthly operating expenses (including, without limitation, payment of outstanding debt (if any), administrative costs, legal expenses, and accounting fees), (2) an allocation of income for a loan loss reserve, (3) payment of the Asset Management Fee and other compensation to the Manager, and (4) payment of the Preferred Return to the Members.

(w) "Permitted Transferee," with respect to a Member, means another Member, a member of the Member's Family, or a trust for the benefit of the Member or a member of the Member's Family.

(x) "Person" means a natural person or an Entity.

(y) "Profit," as to a positive amount, and "Loss," as to a negative amount, mean, for a Taxable Year, the Company's income or loss for the Taxable Year, as determined in accordance with accounting principles appropriate to the Company's method of accounting and consistently applied.

(z) "Regulations" means proposed, temporary or final regulations promulgated under the Code by the U.S. Department of the Treasury, as amended from time to time.

(aa) "Servicer" refers to the servicer of the Company loans.

(bb) "Subscription Agreement" means the Subscription Agreement included as Exhibit B to the Memorandum.

(cc) "Taxable Year" means the Company's taxable year as determined in Article 6 hereof.

(dd) "Transfer," as a noun, means a transaction or event by which ownership of any Membership Interest is changed or encumbered, including, without limitation, a sale, exchange, abandonment, gift, pledge or foreclosure. "Transfer," as a verb, means to affect a Transfer.

(ee) "Transferee" means a Person who acquires any Membership Interest by Transfer from a Member or another Transferee not admitted as a Member in accordance with Article 3 hereof.

ARTICLE 2: THE COMPANY

2.1 **Status.** The Company is a limited liability company organized in the State of Delaware under the Act.

2.2. **Name.** The name of the Company is Pacific Southwest Note Fund LLC, a Delaware limited liability company.

2.3 **Term.** The Company's existence as a limited liability company will commence on the Effective Date and continue until dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein.

2.4 **Purpose.** The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act; provided that, subject to the foregoing, the Company presently intends to raise money through the offering of Membership Interest ("Offering") in order to (1) to purchase, fund, acquire, sell, and/or otherwise invest in "seller carryback" loans secured by interests in real property; and from time to time, (2) to purchase, fund, modify, re-form, extend, sell, foreclose on, and/or otherwise invest in non-performing loans ("Non-Performing Loan" or "NPL") secured by interests in real property. The Company may also manage, remodel, repair, lease, and/or sell real properties acquired through the Company's lending activities, including but not limited, properties acquired through foreclosure and real estate owned ("REO"). These loans will be located throughout the United States, primarily in the southwest region of the United States, particularly in Texas, New Mexico, Arizona, Oklahoma., Colorado, Nevada, California and elsewhere as the Managers may determine.

2.5 **Principal Place of Business.** The Company's principal place of business is located at: 5109 82nd Street, Suite #71135, Lubbock, TX 79424.

ARTICLE 3: MEMBERSHIP

3.1 **Identification.**

(a) Members. The Manager will be the Initial Member of the Company. The Manager may choose to invest capital into the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing its interest in the Company on the same basis as any other person.

(b) Additional and Substitute Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Operating Agreement as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement along with payment in the amount of such investment.

(c) Rights of Additional or Substitute Members. A Person admitted as an additional or substitute Member has all the rights and powers, and is subject to all the restrictions and obligations of a Member under this Agreement and the Act.

3.2 **Withdrawal.** Members who invest in the Company may not withdraw their capital until they have been members of the Company for at least Twelve (12) months. Members who have been members of the Company for a period longer than Twelve (12) months may request withdrawal from the Company in writing and give the Company at least Ninety (90) days' notice prior to expecting to be withdrawn from the Company. The withdrawal date shall be effective upon the date of receipt of the Member's withdrawal request. The Company will use its best efforts to return capital subject to, among other things, the Company's then cash flow, financial condition, and prospective transactions in assets.

The Company and the Manager are not under any circumstances obligated to liquidate any assets, properties or loans in any efforts to accommodate or facilitate any Member(s)' request for withdrawal or redemption from the Company. Based upon the Manager's discretion, taking into account the liquidity of the Fund, a request for a return of capital may be limited to Fifty Percent (50%) of such Member's capital account balance such that it will take at least Two (2) quarters for a Member to withdraw his, her, or its total investment in the Company. Withdrawal requests will be processed by the Company on a first-come, first-served basis. Notwithstanding the foregoing, the Manager may, in its sole and absolute discretion, waive or modify such withdrawal requirements.

Members who wish to withdraw before they have been Members for Twelve (12) months ("Early Withdrawal") can only withdraw if the Member produces evidence of undue hardship, and the Manager permits Early Withdrawal, in its sole and absolute discretion. Acceptability of a Member's hardship will be determined by the Manager, in its sole and absolute discretion. Members who request Early Withdrawal will be subject to a penalty of Five Percent (5%) of the Member's withdrawal proceeds. The Manager may, at its sole discretion, waive an Early Withdrawal penalty.

The Manager may at any time suspend the withdrawal of funds from the Company, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Manager or the Company, disposal of the assets of the Company is not reasonably practicable without being detrimental to the interests of the Company or its Members, determined in the sole and absolute discretion of the Manager; (ii) it is not reasonably practicable to determine the net asset value of the Company on an accurate and timely basis; or (iii) if the Manager has determined to dissolve the Company. Notice of any suspension will be given within Ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a withdrawal request and to whom full payment of the redemption proceeds has not yet been remitted. If a redemption request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the last day of the calendar month in which the suspension is lifted, on the basis of the net asset value of the Company at that time and in the order determined by the Manager in its sole and absolute discretion.

3.3 **Restrictions on Transfer.**

(a) Restrictions on Transfer. A Member may Transfer his, her or its Membership Interest only in compliance with this Article 3. Restrictions have been placed upon the ability of all Members to resell or otherwise dispose of any Membership Interest obtained or acquired hereunder including, without limitation, the following:

(1) The Membership Interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended ("Act"), in reliance upon the exemptions provided for under Section 4(2) and Regulation S thereunder.

(2) There is no public market for the Membership Interests and none is expected to develop in the future. Even if a potential buyer could be found, Membership Interests may not be resold or transferred without satisfying certain conditions designed to comply with applicable tax and securities laws, including, without limitation, provisions of the Act, Rule 144 thereunder, and the requirement that certain legal opinions be provided to the Manager with respect to such matters. A transferee must meet the same investor qualifications as the Members admitted during the Offering Period. Any potential buyer must be capable of bearing the economic risks of this investment with the understanding that Membership Interests may not be liquidated by resale or redemption and should expect to hold their Membership Interests as a long-term investment.

(3) A legend will be placed upon all instruments evidencing ownership of Membership Interests in the Company stating that the Membership Interests have not been registered under the Securities Act of 1933, as amended, and set forth the foregoing limitations on resale. Notations regarding these limitations shall be made in the appropriate records of the Company with respect to all Membership Interests offered hereby. Any Member who transfers, upon the Manager's consent, any Membership Interests to another Person shall, subject to the sole and absolute discretion of the Manager, pay the Manager a transfer fee of at least Five Hundred Dollars ($500) to cover administrative costs related thereto. If a Member transfers Membership Interests to more than one person, except transferees who will hold title together, the transfer to each person will be considered a separate transfer.

(b) Null and Void. An attempted Transfer of all or a portion of a Membership Interest that is not in compliance with this Article will be null and void. No Membership Interest may be transferred if, in the judgment of the Manager, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the Company as a limited liability company or, cause a termination of the Company for federal income tax purposes.

(c) Permitted Transfers. A Member may at any time Transfer one or more Membership Interests to a Permitted Transferee if, as of the date the Transfer takes effect, the Company is reasonably satisfied that all of the following conditions are met:

(1) the conditions listed above have been met;

(2) the Transferee is a person with the same qualifications as the original Member;

(3) the Transfer, alone or in combination with other Transfers, will not result in the Company's termination for federal income tax purposes;

(4) the Transfer is the subject of an effective registration under, or exempt from the registration requirements of, applicable state and federal securities laws;

(5) the Company receives from the Transferee the information and agreements reasonably required to permit it to file federal and state income tax returns and reports; and

(6) the Manager receives payment from the Transferee of a transfer fee of Five Hundred Dollars ($500) for each Transferee.

(d) Transferor's Membership Status. If a Member Transfers less than all of his, her, or its Membership Interest, the Member's rights with respect to the transferred portion of the Membership Interest, including the right to vote or otherwise participate in the Company's governance and the right to receive Distributions, will terminate as of the effective date of the Transfer. However, the Member will remain liable for any obligation with respect to the transferred portion that existed prior to the effective date of the Transfer, including (without limitation) any costs or damages resulting from the Member's breach of this Agreement. If the Member Transfers all of his, her or its Membership Interest, the Transfer will constitute an event of Dissociation.

(e) Transferee's Status.

(1) Admission as a Member. A Member who Transfers one or more Membership Interests has no power to confer on the Transferee the status of a Member. A Transferee may be admitted as a Member only in accordance with the provisions of this Article. A Transferee who wishes to become a Member must make application in writing to the Company and provide evidence, as requested by the Company, of compliance with all conditions to admission, as set forth above. Prior to admission, each proposed member must execute and deliver a counterpart of this Agreement, as amended to date, or a separate written agreement to be bound hereby. The Company shall not without cause refuse the application for membership of a Transferee who has complied with all the provisions of this Agreement.

(2) Rights of Non-Member Transferee. A Transferee who is not admitted as a Member in accordance with the provisions of this Article: (i) has no right to vote or otherwise participate in the Company's governance; (ii) is not entitled to receive information concerning the Company's affairs or inspect the Company's books and records; (iii) with respect to the transferred Membership Interests, is

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entitled to receive the Distributions to which the Member would have been entitled had the Transfer not occurred; and (iv) is subject to the restrictions imposed by this Article to the same extent as a Member. Any provision of the Agreement permitting or requiring the Members to take action by vote or written approval of a specified percentage of the Membership Interests shall be deemed to mean only Membership Interests then owned by Members.

3.4 **Expulsion of a Member.** At any time there are more than Two (2) Members, the Company may expel a Member, but only for cause. Cause for expulsion exists if the Member has materially breached this Agreement, is unable to perform the Member's material obligations under this Agreement, or if the Manager suspects the Member has violated federal or state law, rules, and regulations or the Member is under investigation by the federal, state, and/or local authorities, subject to the sole and absolute discretion and notwithstanding any of the withdrawal restrictions described herein. If a Member is expelled, that Member forfeits any and all rights to any accrued distribution during the interim quarter whether or not the withdrawal is partial or total. A Member's expulsion from the Company will be effective upon the Member's receipt of written notice of the expulsion.

3.5 **Return of Capital.** Subject to the terms contained herein, the Company may return all or a portion of a Member's capital at the Manager's discretion. Any such return of capital would not be considered a Distribution and would not be included in the determination of such Member's return on investment. However, any such return of capital would reduce the Member's Membership Interest in the Company. Thus, if Manager elects to return all of Member's capital, Member shall no longer be a Member in the Company and the Member would be considered to have withdrawn or to have elected redemption from the Company.

3.6 **Upon Dissociation.** Dissociation from the Company occurs upon a Member's expulsion, transfer or redemption of all of the Member's Membership Interests, withdrawal or resignation (an "Event of Dissociation"). Upon the occurrence of an Event of Dissociation: (1) the Member's right to participate in the Company's governance, receive information concerning the Company's affairs and inspect the Company's books and records will terminate; and (2) unless the Dissociation resulted from the Transfer of the Member's Membership Interests, the Member will be entitled to receive the Distributions to which the Member would have been entitled as of the effective date of the Dissociation had the Dissociation not occurred. The Member will remain liable for any obligation to the Company that existed prior to the effective date of the Dissociation, including any costs or damages resulting from the Member's breach of this Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the Company unless the Manager elects to return capital to a Member. The effect of such Dissociation on the remaining Members who do not sell will be to increase their percentage share of the remaining assets of the Company, and thus their proportionate share of its future earnings, losses and Distributions. The reduction in the outstanding Membership Interests will also increase the relative voting power of remaining Members.

3.7 **Verification of Membership Interest.** Within Thirty (30) days after receipt of a Member's written request, the Company will provide such Member with a statement evidencing his, her, or its Membership Interest in the Company.

3.8 **Manner of Action by Members.**

(a) Meetings.

(1) Right to Call. The Manager, or any combination of Members holding in the aggregate more than Twenty-Five Percent (25%) of the total outstanding Membership Interest, may call a meeting of Members by giving written notice to all Members not less than Thirty (30) days, or more than

Sixty (60) days prior to the date of the meeting. The notice must specify the date, time and place of the meeting and the nature of any business to be transacted. A Member may waive notice of a meeting of Members orally, in writing, or by attendance at the meeting.

(2) Time and Place. Unless otherwise specified in the notice of meeting, all meetings shall be held at 2:00 p.m. on a regular business day of the Company, at the Company's principal place of business. No meeting may be held on a Sunday or legal holiday; at a time that is before 7:30 a.m. or after 9:00 p.m.; or at a place more than Sixty (60) miles from the Company's principal place of business.

(3) Proxy Voting. A Member may act at a meeting of Members through a Person authorized by signed proxy.

(4) Quorum. Members whose aggregate holdings exceed a Majority of the outstanding Membership Interest will constitute a quorum at a meeting of Members. No action may be taken in the absence of a quorum.

(5) Required Vote. Except with respect to matters for which a greater minimum vote is required by the Act or this Agreement, the vote of Members present whose aggregate holdings exceed a Majority of the outstanding Membership Interests will constitute the act of the Members at a meeting of Members.

(b) Written Consent. The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate holdings of the Membership Interest equal or exceed the minimum that would be necessary to take the action at a meeting at which all Members were present.

3.9 **Limitation on Individual Authority.** A Member who is not also the Manager has no authority to bind the Company. A Member whose unauthorized act obligates the Company to a third party will indemnify the Company for any costs or damages the Company incurs as a result of the unauthorized act.

3.10 **Negation of Fiduciary Duties.** A Member who is not also the Manager owes no fiduciary duties to the Company or to the other Members solely by reason of being a Member.

ARTICLE 4: FINANCE

4.1 **Contributions.**

(a) Initial Member. The Manager will be the Initial Member of the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing or decreasing its interest in the Company on the same basis as any other person or entity.

(b) Additional Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Agreement as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement along with payment in the amount of such investment. Members' subscription funds will be released to the operating bank account of the Company and Membership Interests will be issued to such Members.

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(c) Additional Contributions. The Company may authorize additional Contributions at such times and on such terms and conditions as it determines to be in its best interest. Absent the Company's authorization, no Member is permitted to make additional Contributions.

(d) Contributions Not Interest Bearing. A Member is not entitled to interest or other compensation with respect to any cash or property the Member contributes to the Company.

4.2 **Allocation of Profit and Loss.** After giving effect to special allocations, if any, the Company's Profit or Loss for a Taxable Year, including the Taxable Year in which the Company is dissolved, will be allocated among the Members in proportion to their Capital Account Balances during the applicable tax reporting period.

4.3 **Tax Allocations.** For federal income tax purposes, unless the Code otherwise requires, each item of the Company's income, gain, loss or deduction will be allocated to the Members in proportion to their allocations of the Company's Profit or Loss.

4.4 **Distributions.**

(a) The Preferred Return. Members will generally be eligible to receive a non-cumulative annualized preferred return ("Preferred Return") on their investment, calculated and payable on a monthly basis (and prorated as applicable for the amount of time that a Member was a member of the Company). The Preferred Return will be payable prior to any profit participation by the Manager (however, all expenses and fees other than profit participation will be paid to the Manager prior to the Preferred Return). The Preferred Return for any Member shall be equal to an annualized rate of **Nine Percent (9%)**, calculated and payable on a monthly basis. The Preferred Return shall be payable prior to any profit participation by the Manager. However, all fees and costs, other than profit participation will be paid to the Manager prior to the Preferred Return. The Preferred Return shall only be distributed to the extent cash is available and such distribution will not impact the operations of the Company, in the Manager's sole and absolute discretion. If the Company is unable to pay to Members the full Preferred Return in any accounting period, the shortfall shall neither cumulate nor compound into the following accounting period, and the Company shall not be required to pay the shortfall in any succeeding accounting period.

In addition, in the event that the Company does not have funds available to pay the Preferred Return, the payment of the Preferred Return may be delayed until such funds are available, at the sole and absolute discretion of the Manager.

(b) Distribution of Net Profits. Any Net Profits in excess of the Preferred Return shall be distributed to Members on a monthly basis (and pro-rated for the amount of time that a Member was a member of the Company) as follows: Fifty Percent (50%) of the Net Profits of the Company shall be distributed to the Members on a pro-rata basis, and the remaining Fifty Percent (50%) of the Net Profits of the Company shall be distributed to the Manager. Net Profits shall only be distributed to the extent cash is available and provided that said distributions will not impact the continuing operation of the Company, subject to the sole and absolute discretion of the Manager.

(c) By the end of the Company's fiscal year, the Manager will make every effort to have distributed to each Member the amount of Profit or Loss that will be allocated to that Member on the Schedule K-1 that he, she, or it receives for income tax reporting. However, the amount of income reported to each Member on his, her, or its Schedule K-1 may differ somewhat from the actual cash Distributions made during the fiscal year covered by the Schedule K-1 due to, among other things the loan loss reserve and factors unique to the tax accounting of limited liability companies, such as the treatment of investment expense.

4.5 **Reinvestment Election.** Members must elect to (a) receive cash with respect to the monthly income distributions from the Company in the amount of that Member's share of cash available for distribution, including the Preferred Return due to the Member, or (b) allow the reinvestment through purchase of additional Membership Interests with respect to the monthly income distributions from the Company in the amount of that Member's share of cash available for distribution, including the Preferred Return due to the Member. Members must elect to receive cash or reinvest all of their monthly income distributions, including their Preferred Returns. No partial reinvestment is permitted. If no election is made, then the monthly distribution will be a cash disbursement.

An election to reinvest the monthly distributions revocable at any time upon a written request to revoke such election. Members may change their election at any time upon Thirty (30) days written notice to the Company. Upon receipt and after the Thirty (30) day notice has occurred, the Member's election shall be changed and reflected on the following first day of the monthly in which the Member is entitled to receive a distribution. Notwithstanding the foregoing, the Manager reserves the right to commence making cash distributions (in lieu of allowing reinvestment) at any time to any Member(s) in order for the Company to remain exempt from the ERISA plan asset regulations.

4.6 **Capital Accounts.**

(a) General Maintenance. The Company will establish and maintain a Capital Account for each Member. A Member's Capital Account Balance will be:

(1) increased by: (i) the amount of any money the Member contributes to the Company's capital; and (ii) the Member's share of the Company's Profits and any separately stated items of income or gain; and

(2) decreased by: (i) the amount of any money the Company distributes to the Member; and (ii) the Member's share of the Company's Losses and any separately stated items of deduction or loss.

(b) Transfer of Capital Account. A Transferee of Membership Interests succeeds to the portion of the transferor's Capital Account that corresponds to the portion of the Membership Interest that is the subject of the Transfer.

(c) Compliance with Code. The requirements of this Article are intended and will be construed to ensure that the allocations of the Company's income, gain, losses, deductions and credits have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code.

ARTICLE 5: MANAGEMENT

5.1 **Representative Management.** The Company will be managed by One (1) Manager. By execution of this Agreement, and without prejudice to the right of the Members to remove the Manager as set forth in Article 5, the Initial Members and each Person hereafter admitted as a Member, other than Transferees, shall be deemed to have elected such Manager. The initial manager of the Company shall be: Pacific Southwest Management Group LLC, a Delaware limited liability company.

5.2 **Time Devoted to Business.** The Manager will devote to the Company's activities the amount of time reasonably necessary to discharge the Manager's responsibilities.

5.3 **Powers and Authority.**

(a) General Scope. Except for matters on which the Members' approval is required by the Act or this Agreement, the Manager has full power, authority and discretion to manage and direct the Company's business, affairs and properties, including the specific powers referred to in paragraph (b), below.

(b) Specific Powers.

(1) The Manager is authorized on the Company's behalf to make all decisions as to (i) the development, sale, lease or other disposition of the Company's assets; (ii) the purchase, acquisition, refinance, modify, re-form, extend, sell, foreclose on, or otherwise invest in loans or any other assets of all kinds; (iii) the acquisition, purchase, leasing, and/or sale of properties or any other assets of all kinds; (iv) the management of all or any part of the Company's assets and business; (v) the borrowing of money and the granting of security interests in the Company's assets (including loans from Members) as, and only if, provided for in the Memorandum; (vi) the prepayment, refinancing or extension of any mortgage affecting the Company's assets; (vii) the compromise or release of any of the Company's claims or debts; (viii) the employment of Persons for the operation and management of the Company's business; and (ix) all elections available to the Company under any federal or state tax law or regulation.

(2) The Manager on the Company's behalf may execute and deliver (i) all contracts, conveyances, assignments, leases, subleases, franchise agreements, licensing agreements, management contracts and maintenance contracts covering or affecting the Company's assets; (ii) all checks, drafts and other orders for the payment of the Company's funds; (iii) all loan documents including, without limitation, promissory notes, mortgages, deeds of trust, security agreements and other similar documents; (iv) all articles, certificates, and reports pertaining to the Company's organization, qualification and dissolution; (v) all tax returns and reports; and (vi) all other instruments of any kind or character relating to the Company's affairs.

5.4 **Required Member Approval.** Except as specifically provided herein, without the approval of the Members holding a Majority of the issued and outstanding Membership Interests, the Company may not take any action with respect to: (a) the Company's merger with or conversion into another Entity; (b) causing the Company to incur debt which would exceed the amount provided for in the Memorandum; or (c) a transaction, not expressly permitted by this Agreement or Memorandum, involving a conflict of interest between the Manager and the Company.

5.5 **Duties of Manager.**

(a) Fiduciary Duty. The Manager shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in the Manager's possession or control. Except as expressly permitted herein, or by subsequent approval of the Members, the Manager shall not employ, or permit another to employ Company funds or assets in any manner except for the exclusive benefit of the Company.

(b) Standard of Care.

(1) Exculpation. The Manager will not be liable to the Company or any Member for an act or omission done in good faith to promote the Company's best interests, unless the act or omission constitutes gross negligence, fraud, bad faith, intentional misconduct, or a knowing violation of law.

(2) Justifiable Reliance. The Manager may rely on the Company's records maintained in good faith and on information, opinions, reports or statements received from any Person pertaining to matters the Manager reasonably believes to be within the Person's expertise or competence.

(c) Competing Activities. The Manager may participate in any business or activity without accounting to the Company or the Members. Each Member waives the benefit of the corporate opportunity doctrine, on his or her own behalf and on behalf of the Company, and agrees that the Manager may deal in other real estate transactions for its own account and/or for the accounts of others without any requirement to account to the Company for such dealings.

(d) Self-Dealing. In addition to the transactions expressly permitted by this Agreement, the Manager may enter into business transactions with the Company if the terms of the transaction are no less favorable to the Company than those of a similar transaction with an independent third party, including without limitation selling loans to, and buying loans from, the Company.

(e) Specific Transactions. Without limiting the generality of the foregoing, it is hereby acknowledged and agreed that the Manager shall be permitted to bargain for and accept the following transactions connected with the business of the Company, subject to the terms of any other agreement among the Members.

(1) Acquisition Fees. When the Company purchases an existing loan (or pool of loans) from a third party, the Manager may be paid an acquisition fee ("Acquisition Fee").

(2) Loan Servicing. The Company presently anticipates that all Company loans will be serviced by a third-party loan servicer. At any time, at the sole and absolute discretion of the Manager, the Manager may decide to service the Company loans itself, appoint an Affiliate, or elect to retain a different third-party servicer at any time for any or no reason. The Servicer will be compensated by the borrowers and/or Company for such loan servicing activities, as is agreed upon by the Manager and Servicer. To the extent that it is applicable, the Manager will oversee the activities and performance of the Servicer.

(3) Loan Extension and Modification Fees. Loan extension and modification fees are collected by the Manager from borrower on behalf of the Company and are considered a part of the Manager's compensation, as such fees are payable only to the Manager.

(4) Loan Pay-Off. In the event the borrower pays-off the unpaid principal balance of their loan, which may include accrued fees, interest, and/or costs, the proceeds from the paid-off amount which are above the original principal cost balance will be shared between the Manager and the Company, as outlined below.

(5) Loan Processing, Loan Documentation, and Other Similar Fees. Loan processing, documentation, processing, underwriting, preparation, escrow, disbursement, warehousing, and other similar fees are payable to the Manager at prevailing industry rates as part of the Manager's compensation.

(6) Other Loan Fees. All other fees paid by borrowers on account of loans will be collected by the Manager on behalf of the Company. These fees will be payable to the Manager, as further described in Section 5.7 below. These fees may include, without limitation, the following: all forbearance fees, late fees, late charges, collection fees, prepayment penalties, default interest, and all other similarly related fees incurred by borrowers (including, but not limited to, other fees authorized by loan documents for work performed regarding the subject loan).

(7) Fees Derived from Real Property. The Manager shall be entitled to any cash flow derived from real properties (whether directly or SPEs), which includes, without limitation, any profit from sale, real estate commissions, property management fees, and/or fees accrued in connection with the REOs. REOs will be managed, remodeled, repaired, leased, and/or sold by the Company, the Manager, and/or its Affiliates, as determined by the Manager in its sole and absolute discretion.

(8) Operating Expenses. The Company shall pay its own general administrative and operating expenses, which may include, without limitation, legal expenses, third-party servicing fee, accounting costs, Company Administration fees, and/or marketing expenses. In addition, the Company shall bear all organizational and syndication costs, fees, and expenses incurred by the Manager on behalf of the Company in connection with the formation and organization of the Company, including, legal and accounting fees and expenses, or any incidentals thereto, as well as, any expenses, costs, or fees, with respect to NPLs and/or REOs, including, without limitation, legal fees, third-party servicer cost, or filing fees.

It shall reimburse the Manager for any expenses incurred by the Manager stated herein, as well as those that are properly considered ordinary and reasonable business expenses of the Company, provided, however, that the organizational cost (including legal fees) will be amortized over a Twenty-Four (24) month period. This expense reimbursement fee will be calculated as of the first day of the month with regards to the aggregate capital in the Fund as of that day and paid out as of the first day of the following month.

5.6 **Indemnification of Manager.** Except as limited by law, the Company shall indemnify the Manager for all expenses (including, without limitation, legal fees and costs), losses, liabilities and damages the Manager actually and reasonably incurs in connection with the defense or settlement of any action arising out of or relating to the conduct of the Company's activities, except an action with respect to which the Manager is adjudged to be liable for fraud, bad faith, willful misconduct, and/or breach of a fiduciary duty owed to the Company or the Members under the Act or this Agreement. Therefore, Members may have a more limited right of action than they would have absent these provisions in the Operating Agreement. The Company shall advance the costs and expenses of defending actions against the Manager arising out of or relating to the management of the Company, provided it first receives the written undertaking of the Manager to reimburse the Company if ultimately found not to be entitled to indemnification. A successful indemnification of the Manager or any litigation that may arise in connection with the Manager's indemnification could deplete the assets of the Company. Members who believe the Manager has engaged in conduct resulting in fraud, willful misconduct, bad faith, or breach of the Manager's fiduciary duty, should consult with their own legal counsel.

5.7 **Compensation to Manager and Affiliates.** The Company will compensate the Manager as follows for services rendered to or on behalf of the Company:

(a) Asset Management Fee. The Manager shall be entitled to receive an annual asset management fee ("Asset Management Fee") equal to Two Percent (2%) of Assets Under Management, calculated and payable monthly. The Asset Management Fee will be paid on the last day of each calendar month with respect to Assets Under Management as of the first day of such month.

(b) Profit Participation. The Manager shall participate in the distribution of any excess Net Profits as follows: after distribution of the Preferred Return to the Members, the Manager shall receive Fifty Percent (50%) of all Net Profits on a monthly basis.

(c) Acquisition Fees. When the Company purchases an existing loan (or pool of loans) from a third party, the Manager may be paid an Acquisition Fee. Such fees and points average (in the

aggregate) between One and Ten Percent (1-10%) but could be as low as Zero Percent (0%) or as high as Fifteen Percent (15%), depending on market conditions.

(d) Loan Extension and Modification Fees. Loan extension and modification fees are collected from borrowers and payable to the Manager. Such fees are typically between One and Three Percent (1-3%) of the original loan amount but could be higher or lower depending on market rates and conditions.

(e) Loan Pay-Off. In the event the borrower pays-off the unpaid principal balance of their loan, which may include accrued fees, interest, and/or costs, the proceeds from the paid-off amount which are above the original principal cost balance will be shared, as follows: Fifty Percent (50%) of the proceeds will be paid to the Company, and Fifty Percent (50%) of the proceeds will be paid to the Manager.

(f) Loan Processing, Loan Documentation, and other Similar Fees. Loan processing, documentation, processing, underwriting, preparation, escrow, disbursement, warehousing, and other similar fees are payable to the Manager at prevailing industry rates as part of the Manager's compensation.

(g) Other Loan Fees. All other fees paid by borrowers on account of loans will be payable to the Manager. These fees will include, without limitation, all forbearance fees, late fees, late charges, collection fees, prepayment penalties, default interest, and all other similarly related fees incurred by borrowers (including, but not limited to, other fees authorized by loan documents for work performed regarding the subject loan).

(h) Fees Derived from Real Estate. The Manager shall be entitled to any cash flow derived from real properties (whether directly or SPEs), which includes, without limitation, any profit from sale, real estate commissions, property management fees, and/or fees accrued in connection with the REOs. REOs will be managed, remodeled, repaired, leased, and/or sold by the Company, the Manager, and/or its Affiliates, as determined by the Manager in its sole and absolute discretion.

(i) Operating Expenses. The Company shall pay its own general administrative and operating expenses, which may include, without limitation, legal expenses, third-party servicing fee, accounting costs, Company Administration fees, and/or marketing expenses. In addition, the Company shall bear all organizational and syndication costs, fees, and expenses incurred by the Manager on behalf of the Company in connection with the formation and organization of the Company, including, legal and accounting fees and expenses, or any incidentals thereto, as well as, any expenses, costs, or fees, with respect to NPLs and/or REOs, including, without limitation, legal fees, third-party servicer cost, or filing fees.

It shall reimburse the Manager for any expenses incurred by the Manager stated herein, as well as those that are properly considered ordinary and reasonable business expenses of the Company, *provided, however,* that the organizational cost (including legal fees) will be amortized over a Twenty-Four (24) month period. This expense reimbursement fee will be calculated as of the first day of the month with regards to the aggregate capital in the Fund as of that day and paid out as of the first day of the following month.

(j) The Company will bear the cost of the annual tax preparation of the Company's tax returns, any state and federal income tax due, and any required independent audit reports required by agencies governing the business activities of the Company.

(k) The definition of Manager's Fees includes all of the fees described in "Compensation to Manager and Affiliates."

(l) The Manager may, but has no obligation to, defer all or a portion of the Manager's Fees. In such event, the Manager will be entitled to recover the deferred fees at a later time.

5.8 **Tenure.**

(a) Term. The Manager will serve until the earlier of (1) the Manager's resignation; (2) the Manager's removal; (3) as to a Manager who is a natural person, the Manager's death or adjudication of incompetency; and (4) as to a Manager that is an Entity, the Manager's dissolution. In any such event, Members representing a Majority of the Membership Interest outstanding shall promptly elect a successor as Manager; provided, however if the then Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager without Member approval.

(b) Resignation. The Manager at any time may resign by written notice delivered to the Members at Thirty (30) days prior to the effective date of the resignation. Members may elect a replacement Manager with a Majority vote, provided, however if the then Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager without Member approval.

(c) Removal. The Members may remove the Manager if: (1) the Manager is convicted or found liable for an act of gross negligence or fraud which materially lowers the net asset value of the Company, or (2) the holders of at least a Majority of the outstanding Membership Interests vote in favor of such removal. A successor manager of the Company may only be elected by the Members, provided that if the then-current Manager appoints an Affiliate as the successor Manager then no vote or consent of the Members shall be required unless expressly mandated by applicable Delaware law.

ARTICLE 6: RECORDS AND ACCOUNTING

6.1 **Maintenance of Records.**

(a) Required Records. The Company will maintain, at its registered office in Delaware, such books, records and other materials as are reasonably necessary to document and account for its activities, including without limitation, those required to be maintained by the Act.

(b) Member Access. A Member and the Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records and other materials pertaining to the Company or its activities so long as it does not violate another member's right to privacy or confidentiality. The exercise of such rights will be at the requesting Member's expense.

(c) Confidentiality. No Member or Manager will disclose any information relating to the Company or its activities to any unauthorized person or use any such information for his or her or any other Person's personal gain.

6.2 **Financial Accounting.**

(a) Accounting Method. The Company will account for its financial transactions using the accrual basis method of accounting. The Manager reserves the right to change such methods of accounting upon written notice to Members.

(b) Taxable Year. The Company's Taxable Year is the calendar year.

6.3 **Reports.**

(a) Members. Annual reports concerning the Company's business affairs, including the Company's annual income tax return, will be provided to Members who request them in writing. Each Member will receive his, her, or its respective K-1 Form as required by applicable law. The Manager may, at its sole and absolute discretion, designate any Person to provide tax and accounting advice to the Company, at any time and for any reason.

(b) Periodic Reports. The Company will complete and file any periodic reports required by the Act or the law of any other jurisdiction in which the Company is qualified to do business.

6.4 **Tax Compliance.**

(a) Withholding. If the Company is required by law or regulation to withhold and pay over to a governmental agency any part or all of a Distribution or allocation of Profit to a Member:

(1) the amount withheld will be considered a Distribution to the Member; and

(2) if the withholding requirement pertains to a Distribution in kind or an allocation of Profit, the Company will pay the amount required to be withheld to the governmental agency and promptly take such action as it considers necessary or appropriate to recover a like amount from the Member, including offset against any Distributions to which the Member would otherwise be entitled.

6.5 **Partnership Representative.**

(a) The Members hereby agree that: (i) the Manager (or an individual designated by the Manager) will be designated the initial "partnership representative" within the meaning of Section 6223(a) of the Code (the "Partnership Representative") and the Manager shall be authorized to take any actions necessary under Treasury Regulations or other guidance to cause such person to be designated as such; (ii) if an entity is designated as Partnership Representative, the Manager shall simultaneously designate an individual who will act for the entity Partnership Representative; (iii) the Partnership Representative may be removed and replaced at any time by the Manager; (iv) the Company and each Member agree that they shall be bound by the actions taken by the Partnership Representative, as described in Section 6223(b) of the Code; (v) the Members hereby consent to the election set forth in Section 6226(a) of the Code and agree to take any action, and furnish the Partnership Representative with any information necessary, to give effect to such election if the Manager decides to make such election; (vi) any imputed underpayment of tax imposed on the Company pursuant to Section 6232 of the Code (and any related interest, penalties or other additions to tax) that the Manager reasonably determines is attributable to one or more Members (including any former Member) in the Manager's sole discretion; and (vii) the Partnership Representative will be considered indemnified and the provisions of Section 5.6 shall apply to the Partnership Representative. The Partnership Representative shall be authorized to take any of the foregoing actions (or any similar actions), to the extent necessary to allow the Company to comply with the partnership audit provisions of the Bipartisan Budget Act of 2015.

(b) Regarding the potential obligation of a former Member under this paragraph, the following shall apply: (i) each Member agrees that notwithstanding any other provision in this Agreement if it is no longer a Member it shall nevertheless be obligated for any responsibilities under Section 6.5, as if it were a Member prior to withdrawal from the Company and/or transfer of its interest; and (ii) as applicable, the Manager will not be required to consent to the transfer of interest of any Member unless the transferee receiving such interest agrees that in the event the transferor of such interest does not fulfill its obligation under the preceding clause (i) within 20 business days following written demand by the Manager,

such transferee shall be jointly and severally liable with such transferor for such obligation and the Manager may thereafter treat the transferee as the relevant Member for purposes of this Subsection. The Partnership Representative will provide prompt written notification to each Member in the event of any audit of the Company by the United States Internal Revenue Service and provide all information reasonably requested by any Member regarding such audit and associated proceedings. The provisions of this Section 6.5 will not apply to any taxable year of the Company for which the Company has made a valid election out of Subchapter C of Chapter 63 of the Code pursuant to Section 6221 of the Code.

ARTICLE 7: DISSOLUTION

7.1 **Events of Dissolution.** The Company will continue until (a) dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein; (b) the sale or other disposition of all or substantially all the assets of the Company; (c) any event that makes the Company ineligible to conduct its activities as a limited liability company under the Act; or (d) otherwise by option of law.

7.2 **Effect of Dissolution.**

(a) Appointment of Liquidator. Upon the Company's dissolution, the Manager (unless unwilling or unable to serve as such) shall serve as liquidator, and as such will wind up and liquidate the Company in an orderly, prudent and expeditious manner in accordance with the following provisions of this Article. While serving as liquidator, the Manager shall have the same authority, powers, duties and compensation as before dissolution, except that the liquidator shall not acquire any additional assets for the Company, and shall use its best efforts to liquidate the Company's existing assets as rapidly as is consistent with receiving the fair market value thereof. If the Manager is unwilling or unable to serve as liquidator, or has resigned or been removed, the Members shall elect another person, who may be a Member, to serve as liquidator.

(b) Distributions Upon Dissolution. The Company will not cease to exist immediately upon the occurrence of an event of dissolution, but will continue until its affairs have been wound up. Upon dissolution of the Company, the Manager will wind up the Company's affairs by liquidating the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loan(s) until a suitable sale can be arranged. All funds received by the Company shall be applied to satisfy or provide for Company debts and liabilities and the balance, if any, shall be distributed to Members on a pro-rata basis.

(c) Time for Liquidation. The Company will not immediately cease to exist upon the occurrence of an event causing its dissolution, but will continue until its affairs have been wound up. It is acknowledged and agreed that the assets of the Company are illiquid, and will take time to sell. The liquidator shall liquidate the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loans. Due to high prevailing interest rates or other factors, the Company could suffer reduced earnings (or losses) if a substantial portion of its loan portfolio remains and must be liquidated quickly during the winding up period. Members who sell their Membership Interests prior to any such liquidation will not be exposed to this risk. Conversely, if prevailing interest rates have declined at a time when the loan portfolio must be liquidated, unanticipated profits could be realized by those Members who remained in the Company until its termination.

(d) Final Accounting. The liquidator will make proper accountings, (1) to the end of the month in which the event of dissolution occurred, and (2) to the date on which the Company is finally and completely liquidated.

(e) Duties and Authority of Liquidator. The liquidator will make adequate provision for the discharge of all of the Company's debts, obligations and liabilities. The liquidator may sell, encumber or retain for distribution in kind any of the Company's assets. Any gain or loss recognized on the sale of assets will be allocated to the Members' Capital Accounts in accordance with the provisions of Article 4. With respect to any asset the liquidator determines to retain for distribution in kind, the liquidator will allocate to the Members' Capital Accounts the amount of gain or loss that would have been recognized had the asset been sold at its fair market value.

(f) Final Distribution. The liquidator will distribute any assets remaining after the discharge or accommodation of the Company's debts, obligations and liabilities to the Members in proportion to their Capital Accounts. The liquidator will distribute any assets distributable in kind to the Members in undivided interests as tenants in common. A Member whose Capital Account is negative will have no liability to the Company, the Company's creditors or any other Member with respect to the negative balance.

(g) Required Filings. The liquidator will file with the appropriate Secretary of State such statements, Articles and other instruments, and take such other actions, as are reasonably necessary or appropriate to effectuate and confirm the cessation of the Company's existence.

ARTICLE 8: GENERAL PROVISIONS

8.1 **Amendments.** Except as otherwise provided herein, the Manager or any Member may propose, for consideration and action, an amendment to this Agreement or to the Articles. Except as otherwise provided herein, a proposed amendment will become effective at such time as it is approved by the Members holding a Majority of the outstanding Membership Interests. Notwithstanding the foregoing, the Company, the Manager will execute and file any amendment to the Articles required by the Act. If any such amendment results in inconsistencies between the Articles and this Agreement, this Agreement will be considered to have been amended in the specifics necessary to eliminate fine inconsistencies.

8.2 **Power of Attorney.** Each Member appoints the Manager, with full power of substitution, as the Member's attorney-in-fact, to act in the Member's name to execute and file (a) all Articles, applications, reports and other instruments necessary to qualify or maintain the Company as a limited liability company in the states and foreign countries where the Company conducts its activities, (b) all instruments that effect or confirm changes or modifications of the Company or its status, including, without limitation, amendments to the Articles, and (c) all instruments of transfer necessary to effect the Company's dissolution and termination. The power of attorney granted by this Article is irrevocable, coupled with an interest and shall survive the death of the Member.

8.3 **Binding Arbitration.** ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION OR VALIDITY THEREOF, INCLUDING (WITHOUT LIMITATION) THE DETERMINATION OF THE SCOPE OR APPLICABILITY OF THIS AGREEMENT TO ARBITRATE, OR ANY OTHER DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF ANY INTERACTION BETWEEN THE COMPANY AND A MEMBER, SHALL BE BROUGHT WITHIN ONE YEAR OF ITS ACCRUAL AND BE DETERMINED BY ARBITRATION IN THE COUNTY OF LUBBOCK, STATE OF TEXAS, BEFORE ONE ARBITRATOR. THE ARBITRATION SHALL BE ADMINISTERED BY JAMS PURSUANT TO ITS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY EXCEEDS TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000)) OR ITS STREAMLINED ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY IS LESS THAN OR EQUAL TO TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000)). IF THE ARBITRATION IS A CLASS ARBITRATION, THE

AGGREGATE AMOUNT, OF THE PURPORTED CLAIMS OF ALL PUTATIVE CLASS MEMBERS, SHALL BE USED TO DETERMINE WHICH RULES APPLY. JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THIS CLAUSE SHALL NOT PRECLUDE PARTIES FROM SEEKING PROVISIONAL REMEDIES IN AID OF ARBITRATION FROM A COURT OF APPROPRIATE JURISDICTION. THE PREVAILING PARTY IN ANY DISPUTE, CLAIM OR CONTROVERSY HEREUNDER SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREOF.

8.4 **Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, facsimile, e-mail or private courier. The notice must be prepaid and addressed as set forth in the Company's records. The notice will be effective on the date of receipt or, in the case of notice sent by first class mail, the Fifth (5th) day after mailing.

8.5 **Resolution of Inconsistencies.** If there are inconsistencies between this Agreement and the Articles, the Articles will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement. If there are inconsistencies between this Agreement and the Memorandum, this Agreement will control. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the Company's governance and financial affairs and the rights of the Members upon Dissociation and dissolution will supersede the provisions of the Act relating to the same matters.

8.6 **Additional Instruments.** Each Member (including any Transferee admitted as a Member) will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule or regulation governing the Company's formation and activities.

8.7 **Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run is not included. The last day of the period is included, unless it is a Saturday, Sunday or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m. in the time zone where the Company then maintains its principal place of business.

8.8 **Entire Agreement.** This Agreement and the Articles comprise the entire agreement among the parties with respect to the Company. This Agreement and the Articles supersede any prior agreements or understandings with respect to the Company. No representation, statement or condition not contained in this Agreement or the Articles has any force or effect.

8.9 **Waiver.** No right or remedy under this Agreement may be waived, except by an instrument in writing signed by the party sought to be charged with the waiver.

8.10 **General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa. The headings and underlined paragraph titles are for guidance only and have no significance in the interpretation of this Agreement.

8.11 **Binding Effect.** Subject to the provisions of this Agreement relating to the transferability of Membership Interests and the rights of Transferees, this Agreement is binding on and will inure to the benefit of the Company, the Members and their respective distributees, successors and assigns.

8.12 **Governing Law**. Delaware law governs the construction and application of the terms of this Agreement.

8.14 **Severability**. If any provision of this Agreement shall be deemed invalid, unenforceable or illegal, then notwithstanding such invalidity, unenforceability or illegality, the remainder of this Agreement shall continue in full force and effect.

8.15 **Counterparts; Facsimile.** This Agreement may be executed in counterparts, each of which will be considered an original as to the party signing it. Facsimile signatures shall have the same legal effect as original signatures.

[*Signature Page to Operating Agreement Follows*]

[*Signature Page to Operating Agreement*]

PACIFIC SOUTHWEST NOTE FUND LLC, a Delaware limited liability company

By: Pacific Southwest Management Group LLC, a Delaware limited liability company, Manager

By:_____
Mark Hanf, Manager

By:_____
Edward Brown, Manager

BY PURCHASING A MEMBERSHIP INTEREST IN THE COMPANY AND EXECUTING A SUBSCRIPTION AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT AND THE MEMORANDUM.

PCFG_0000209499_Signed Operating Agreement for PSWNF.pdf
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California Secretary of State

Business Programs Division
1500 11th Street, Sacramento, CA 95814

Request Type: Certified Copies
Entity Name: PPMX, Inc.
Formed In: CALIFORNIA
Entity No.: 6141923
Entity Type: Stock Corporation - CA - General

Issuance Date: 08/02/2024
Copies Requested: 1
Receipt No.: 007694320
Certificate No.: 234501419

Document Listing

Reference #	Date Filed	Filing Description	Number of Pages
B2580-9288	03/13/2024	Initial Filing	1
B2792-3329	06/05/2024	Statement of Information	2

** **** ****** ******** End of list ******** ****** **** **

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, do hereby certify on the Issuance Date, the attached document(s) referenced above are true and correct copies and were filed in this office on the date(s) indicated above.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California on August 02, 2024.

SHIRLEY N. WEBER, PH.D.
Secretary of State

To verify the issuance of this Certificate, use the Certifcate No. above with the Secretary of State Certification Verification Search available at bizfileOnline.sos.ca.gov.

RCFC 0000223976_PPMX Inc CA Filings_3.13.24.pdf
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6141923

STATE OF CALIFORNIA
Office of the Secretary of State
ARTICLES OF INCORPORATION
CA GENERAL STOCK CORPORATION

California Secretary of State
1500 11th Street
Sacramento, California 95814
(916) 653-3516

For Office Use Only

-FILED-

File No.: 6141923
Date Filed: 3/13/2024

Corporation Name	
Corporation Name	PPMX, Inc.
Initial Street Address of Principal Office of Corporation	
Principal Address	1555 GRANT AVE NOVATO, CA 94945
Initial Mailing Address of Corporation	
Mailing Address	1555 GRANT AVE NOVATO, CA 94945
Attention	Mark Hanf
Agent for Service of Process	
California Registered Corporate Agent (1505)	C T CORPORATION SYSTEM Registered Corporate 1505 Agent

Shares

The total number of shares the corporation is authorized to issue is: 1,000

Does the corporation have more than one class or series of shares? No

Purpose Statement

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Additional information and signatures set forth on attached pages, if any, are incorporated herein by reference and made part of this filing.

Electronic Signature

☒ By checking this box, I acknowledge that I am electronically signing this document as the incorporator of the Corporation and that all information is true and correct.

Sima Patel
Incorporator Signature

03/13/2024
Date

B2580-9288 03/13/2024 11:13 AM Received by California Secretary of State

Certificate Verification No.: 234501419 Date: 08/02/2024

BA20241087304

STATE OF CALIFORNIA
Office of the Secretary of State
STATEMENT OF INFORMATION
CORPORATION

California Secretary of State
1500 11th Street
Sacramento, California 95814
(916) 657-5448

For Office Use Only

-FILED-

File No.: BA20241087304
Date Filed: 6/5/2024

Entity Details

Corporation Name	PPMX, Inc.
Entity No.	6141923
Formed In	CALIFORNIA

Street Address of Principal Office of Corporation

Principal Address	1555 GRANT AVE NOVATO, CA 94945

Mailing Address of Corporation

Mailing Address	1555 GRANT AVE NOVATO, CA 94945
Attention	

Street Address of California Office of Corporation

Street Address of California Office	1555 GRANT AVE NOVATO, CA 94945

Officers

Officer Name	Officer Address	Position(s)
+ Mark D. Hanf	1555 GRANT AVE NOVATO, CA 94945	Chief Executive Officer, Secretary
+ J. Rune Sandell	1555 GRANT AVE NOVATO, CA 94945	Chief Financial Officer

Additional Officers

Officer Name	Officer Address	Position	Stated Position
None Entered			

Directors

Director Name	Director Address
+ Mark D. Hanf	1555 GRANT AVE NOVATO, CA 94945
+ Hoainam Phan	1555 GRANT AVE NOVATO, CA 94945
+ J. Rune Sandell	1555 GRANT AVE NOVATO, CA 94945

The number of vacancies on Board of Directors is: 0

Agent for Service of Process

California Registered Corporate Agent (1505)	C T CORPORATION SYSTEM Registered Corporate 1505 Agent

Type of Business

Type of Business	Mortgage Lending

Email Notifications

Opt-in Email Notifications	Yes, I opt-in to receive entity notifications via email.

Certificate Verification No.: 234501419 Date: 08/02/2024
B2792-3329 06/05/2024 12:37 PM Received by California Secretary of State
PCFG_0000223976_PPMX Inc CA Filings_3.13.24.pdf
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Labor Judgment

No Officer or Director of this Corporation has an outstanding final judgment issued by the Division of Labor Standards Enforcement or a court of law, for which no appeal therefrom is pending, for the violation of any wage order or provision of the Labor Code.

Electronic Signature

☒ By signing, I affirm that the information herein is true and correct and that I am authorized by California law to sign.

Renee Luke	*06/05/2024*
Signature	Date

B2792-3330 06/05/2024 12:37 PM Received by California Secretary of State

Certificate Verification No.: 234501419 Date: 08/02/2024

PACIFIC CAPITAL FUNDING GROUP, INC.

SHARE TRANSFER AGREEMENT

THIS SHARE TRANSFER AGREEMENT (this "**Agreement**") is made as of August 10, 2020 by and among:

Mark D. Hanf, an individual with a principal place of business at 1555 Grant Avenue, Novato, California 94945 (the "**Seller**");

Hoainam Chu Phan, an individual residing at 84 Stasia Drive, Novato, California 94947 (the "**Buyer**"); and

Pacific Capital Funding Group, Inc., a California corporation with a principal place of business at 1555 Grant Avenue, Novato, California 94945 (the "**Company**").

RECITALS

A. Seller holds 600,000 shares of the Company's common stock (the "**Issued Shares**"), Seller's ownership of which is evidenced by the Company's share certificate No. 1 (the "**Certificate**").

B. Seller desires to sell 60,000 of the Issued Shares (the "**Shares**") to Buyer, and Buyer desires to buy the Shares from Seller, on the terms set forth herein (the "**Transfer**").

THE PARTIES AGREE AS FOLLOWS:

1. **Transfer of Shares.**

1.1. **Shares and Consideration.** Subject to the terms and conditions of this Agreement, Seller will sell the Shares to Buyer, and Buyer will buy the Shares from Seller. Buyer's consideration for purchase of the Shares will be $499,200, $50,000 of which will be paid by wire transfer of immediately available funds (the "**Cash Consideration**") and the balance of which will be paid pursuant to a five-year, fully amortized promissory note bearing interest at a rate of 5% per annum to be drafted by Seller and approved by Buyer (the "**Note**").

1.2. **Closing.** The closing of the Transfer will take place at the offices of the Company on August 17, 2020 at noon (the "**Closing**"), or at such other place and time as the parties mutually agree. At the Closing, (i) each party will deliver to the others an executed counterpart of this Agreement, (ii) Seller will deliver to the Company the Certificate and an executed Irrevocable Assignment Separate from Certificate in the form attached hereto, and (iii) Buyer will pay the Cash Consideration, and will deliver the executed Note, to Seller.

1.3. **Post-Closing.** Promptly following the Closing, the Company will deliver to Buyer a share certificate evidencing Buyer's ownership of the Shares and will deliver to Seller a share certificate evidencing Seller's ownership of the remainder of the Issued Shares.

PCFG_0000231887_Pacific Capital Funding Group Inc Share Transfer Agreement 8.10.20.pdf
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2. **Representations and Warranties of Seller.** Seller represents and warrants to Buyer and the Company as follows:

2.1. **Ownership of Shares.** Seller holds valid and marketable title to the Shares and is transferring the Shares to Buyer free and clear of all liens, claims, encumbrances, security interests, restrictions on transfer, or other defects in title of any kind, except for those arising from applicable securities laws.

2.2. **No Breach.** Neither Seller's execution, nor Seller's performance, of this Agreement will result in breach of (i) any agreement to which Seller is a party or (ii) any other obligation of Seller to any third party.

2.3. **No Other Agreement.** Seller is not a party to any agreement that remains in effect with respect to the Shares.

3. **Representations and Warranties of Buyer.** Buyer represents and warrants to Seller and the Company as follows:

3.1. **Acquiring Shares for Investment.** The Shares will be acquired for investment for Buyer's own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof. Buyer has no present intention of selling, granting any participation in, or otherwise distributing any of the Shares. Buyer has no contract, undertaking, agreement, or arrangement with any person to sell, transfer, or grant participation to such person or to any third person, with respect to any of the Shares.

3.2. **Shares not Registered.** Buyer understands and acknowledges that the Shares have not been registered under the Securities Act of 1933. Purchaser further understands that no public market now exists for any of the securities issued by the Company and that the Company has given no assurances that a public market will ever exist for the Company's securities.

3.3. **Knowledge and Experience.** Buyer (i) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of a prospective investment in the Shares; (ii) believes that Buyer has received all the information that Buyer has requested from the Company and considers necessary or appropriate for deciding whether to buy the Shares; (iii) has had the opportunity to discuss the Company's business, management, and financial affairs with the Company's management; (iv) has the ability to bear the economic risks of its prospective investment; and (v) is able, without materially impairing Buyer's financial condition, to hold the Shares for an indefinite period of time and to suffer a complete loss of Buyer's investment.

4. **Miscellaneous.**

4.1. **Agreement to Perform Necessary Acts.** Each party to this Agreement agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

4.2. **Governing Law.** This Agreement will be governed by, and construed in accordance with, the laws of the State of California, excluding those laws that direct the application of the laws of another jurisdiction.

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4.3. **Headings.** The headings of the sections of this Agreement are for convenience and will not be considered in construing or determining the interpretation of this Agreement.

4.4. **Notices.** Any notice required or permitted under this Agreement will be given in writing and will be conclusively deemed effectively given on personal delivery or delivery by courier, or five days after deposit in the United States mail, by registered or certified mail, postage prepaid, addressed as set forth in the preamble to this Agreement, or at such other address as a party may designate by five days' advance written notice to the other parties hereto.

4.5. **Survival of Representations and Warranties.** The representations and warranties contained in or made under this Agreement will survive for two years after the execution and delivery of this Agreement and the Closing; provided, however, that such representations and warranties need only be accurate as of the date of such execution and delivery and as of the Closing.

4.6. **Amendments.** Any term of this Agreement may be amended only with a written instrument signed by all of the parties.

4.7. **Expenses.** The parties will each bear their respective legal and other fees and expenses with respect to this Agreement and the transactions contemplated hereby.

4.8. **Attorneys' Fees.** If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of the Agreement, the prevailing party will be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

4.9. **Severability.** If any provision of this Agreement will be found invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

4.10. **Entire Agreement; Successors and Assigns.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof and supersedes any and all prior negotiations, correspondence, understandings, and agreements among the parties regarding the subject matter hereof. The terms and conditions of this Agreement will inure to the benefit of and be binding on the respective executors, administrators, heirs, successors, and assigns of the parties.

4.11. **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

4.12. **Third-party Beneficiaries.** There are no third-party beneficiaries of this Agreement.

4.13. **Acknowledgement of Legal Representation.** Dana H. Shultz, legal counsel for the Company, has prepared this Agreement on behalf of the Company. Seller and Buyer have retained, or have had the opportunity to retain, separate counsel to (i) help them in evaluating this Agreement and (ii) assist them in determining whether the provisions contained in this Agreement are in their best interests.

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IN WITNESS WHEREOF, the parties hereto have executed this Share Transfer Agreement as of the date first above written.

Seller: Mark D. Hanf

Buyer: Hoainam Chu Phan 8/10/2020

Company: Pacific Capital Funding Group, Inc.

By: _____
Name: Mark D. Hanf
Title: President

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IRREVOCABLE ASSIGNMENT SEPARATE FROM CERTIFICATE

For Value Received,

Mark D. Hanf

hereby sells, assigns and transfers unto

Hoainam Chu Phan

60,000 shares of the common stock of Pacific Capital Funding Group, Inc., represented by certificate No. 1, standing in the name of the undersigned on the books of said corporation.

The undersigned does hereby irrevocably constitute and appoint each officer of Pacific Capital Funding Group, Inc. attorney to transfer said stock on the books of said corporation with full power of substitution in the premises.

August 10, 2020



Mark D. Hanf

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1555 Grant Avenue, Novato CA 94945
Office: 415.926.4444 | Fax: 415.985.8471
www.PacificPrivateMoney.com
Real Estate Broker, CA DRE 01897444 | NMLS 945582

Layered Entity Explanation

Pacific Private Money Inc., a California corporation, is a wholly owned subsidiary of **Pacific Private Money Group LLC**, a Delaware LLC.

Pacific Private Money Group LLC is comprised of two members – **Pacific Capital Funding Group Inc.** and **Saluda Grade Alternative Lending and Fintech Growth Fund I LP (SGALF).**

Pacific Capital Funding Group Inc. owns a 77.78% membership interest in **Pacific Private Money Group LLC**. **SGALF** owns a 22.22% membership interest.

Pacific Capital Funding Group Inc. has two shareholders; Mark Hanf owns 90% of the stock and Nam Phan owns 10%.

The manager of **SGALF** is **Saluda Grade Ventures LLC**. The officers are Ryan Craft and Tim Carr.

Mark Hanf (CEO) and Nam Phan (COO) are the officers and authorized signers for **Pacific Private Money Group LLC**.

Mark Hanf (CEO) and Nam Phan (COO) are also the officers and authorized signers for **Pacific Private Money Inc.**

SGALF is a non-managing owner (a fund) that invests in companies similar to Pacific Private Money. Their management team helps provide our company with access to capital as well as introduction to collaborative partnerships.

PACIFIC PRIVATE MONEY FUND I LLC,
OPERATING AGREEMENT

THIS OPERATING AGREEMENT (the "Agreement") is made as of the 8th day of March, 2013, by the Members of Pacific Private Money Fund I LLC (the "Company" or "Fund").

1. FORMATION

1.1 Definitions. Capitalized terms used in this Agreement have the meanings specified in Section 4 below.

1.2 Name. The name of the limited liability company is Pacific Private Money Fund I LLC.

1.3 Formation. The Company was organized as a Delaware limited liability company on March 7, 2013, pursuant to filing the Articles of Organization with the Secretary of State of Delaware.

1.4 Principal Place of Business. The principal place of business of the Company shall be 1604 Grant Avenue, Novato, California 94945, or such other place or places as the Manager may from time to time determine.

1.5 Registered Office and Registered Agent. The Company's initial registered office shall be at 1604 Grant Avenue, Novato, California 94945 and the name of the initial registered agent is Private Money Management Group LLC, at the same address.

1.6 Term. The Fund is an evergreen offering, meaning there is no set end date to the term of the Fund, and thus the Fund shall continue in perpetuity unless dissolved pursuant to Section 12 or elsewhere in this Agreement. The Manager expects to originate and acquire Fund Assets on a frequent and ongoing basis and will continue to do so indefinitely until the maximum offering of $50,000,000 has been reached, or until the Manager believes market conditions do not justify doing so. The Manager may also increase the maximum offering in its sole discretion. Members will be required to hold their Units for a minimum of twenty four (24) months before they may request redemption.

1.7 Name of Each Member. The name of each Member is contained on Exhibit A, attached hereto and incorporated herein by reference, as may be amended from time to time.

1.8 Effect of Inconsistencies with the Act. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provisions, this Agreement shall, to the extent permitted by the Act, control.

2. PURPOSE AND BUSINESS OF THE COMPANY

The purpose and business of the Company will be to generate returns by originating and acquiring Fund Assets as described more fully in the PPM in target markets primarily in the state of California.

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3. CAPITAL AND CONTRIBUTIONS

3.1 Initial Capital Contributions. The initial capital of the Company shall be the amount set forth by the Manager as of the Closing Date.

3.2 Membership Units. The interest of each Member in the capital and profits of the Company will be in the form of Membership Units. Each Unit shall represent a contribution to the capital of the Company in an amount equal to the price paid per Unit. The Fund will sell Membership Units at a "Unit Price" that shall fluctuate monthly based on the total collective Stated Value of the Fund assets. The initial Unit Price will be $1,000.

Investors who wish to purchase Units must complete and sign the Subscription Agreement, a signature page to the Operating Agreement, and other such documentation as is deemed appropriate by the Manager, and send them together with a check or wire for the purchase price of the Units to the Manager. Upon receipt of appropriately executed documents, the Fund will immediately deposit Investor funds into its holding account (the "Subscription Account"), the date of which shall be the "Deposit Date." Investors may execute the Unit Subscription documents at any time throughout a calendar month. However, an investment in the Units would only become effective as an equity investment upon the Company's transfer of an Investor's funds into its operating account (the "Operating Account") **and** as of the first day of the calendar month (the "Effective Date") immediately following the Deposit Date. Investor funds held in the Subscription Account shall pay no interest to the Investor.

The Company may utilize a new Investor's funds for its operations between the Deposit Date and the Effective Date by transferring all or a portion of such funds as determined by the Manager (the date of which shall be the "Transfer Date") from the Subscription Account to the Operating Account. Any such amounts transferred shall be treated as a loan to the Fund for which the Investor shall receive interest at 7% (annualized) during the period between the Transfer Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. The Fund will pay the accrued interest (running from the Transfer Date of any funds to the Effective Date) on any funds transferred from the Subscription Account to the Operating Account in the form of a check to the Investor to be prepared and mailed within 10 business days of the Effective Date. An Investor's obligation to purchase Units with their full deposited amount shall be irrevocable during the time between the Deposit Date and the first day of the subsequent calendar month.

As soon after the Effective Date as is practicable (typically on or around the 15th of the month), the Fund shall issue Units at the prevailing Unit Price, both as of the Effective Date, to the Investor for any and all amounts transferred into the Operating Account since the Deposit Date (i.e., funds that were treated as loaned to the Fund between the Transfer Date and the Effective Date). On the Effective Date, the Fund shall also be obligated and shall have the unilateral right to transfer some or all of any remaining Investor funds from the Subscription Account into the Operating Account and issue Units at the prevailing Unit Price as described above, and/or to notify the Investor of any amounts it intends to let remain in the Subscription Account. Upon notice to the Investor of any such amounts the Fund does not intend to transfer to the Operating Account and issue Units, the Investor shall have ten (10) days to decide to either leave the money with the Company in its Subscription Account, or to have the Company reimburse the remaining funds in the Subscription Account to the Investor. If an Investor chooses the reimbursement option, the Investor shall have no further right or obligation to use these remaining funds to purchase Units. If an Investor chooses to leave the remaining funds in the Subscription Account, the

Investor's obligation to utilize such funds to purchase Units (and the Company's right to transfer the funds to its Operating Account) shall once again be irrevocable, and the funds shall again be treated during each successive month as detailed in this section.

Units may be sold to any person or entity that the Manager determines meets the qualification requirements established by the Manager. The Manager may, in its sole and complete discretion, determine the terms and conditions of the offering and the sale of Units including the length of the offering period. The Manager is authorized and directed to do all things which it deems to be necessary, convenient, appropriate or advisable in connection therewith.

3.3 Capital Accounts. An individual capital account (a "Capital Account") shall be established and maintained for each Member in accordance with the following:

(a) There shall be credited to each Member's Capital Account: (i) the amount of any money paid by such Member for the purchase of Units in the Company, whether through the initial purchase of Units or through the purchase of additional Units via the reinvestment of Distributions; and (ii) such Member's share of the income and gain (and all items thereof) of the Company (including income or gain exempt from federal income tax and income and gain described in Treasury Regulation §1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treasury Regulation §1.704-1(b)(4)(i)).

(b) There shall be charged against each Member's Capital Account: (i) the amount of capital distributed to such Member by the Company; (ii) such Member's share of expenditures of the Company described in IRC §705(a)(2)(B); and (iii) such Member's share of the losses and deductions of the Company (including losses and deductions described in Treasury Regulation §1.704-1(b)(2)(iv)(g), but excluding such Member's share of expenditures of the Company described in IRC §705(a)(2)(B) and losses and deductions described in Treasury Regulation §1.704-1(b)(4)(i)).

(c) It is the intent of the Members of the Company that the provisions of this Agreement relating to the establishment and maintenance of Capital Accounts comply with the requirements of Treasury Regulation §1.704-1(b)(2)(iv) or any successor provision, and that such provisions are interpreted and applied in a manner consistent with such Treasury Regulation or successor provision.

3.4 Adoption of this Agreement. Each person acquiring Units from the Company shall be admitted as a Member and shall, by written instrument in form and substance acceptable to the Manager, accept and adopt the terms and provisions of this Agreement, and such person shall each execute and deliver such other instruments as the Manager reasonably deems necessary or appropriate to effect, and as a condition to, such acquisition of Units.

4. DEFINITIONS

The following terms shall have the meaning ascribed to them below when used elsewhere in this Operating Agreement with the initial letter capitalized. Other capitalized terms found throughout this Operating Agreement and not defined below or elsewhere in this Operating Agreement shall have the meaning as ascribed to them in the PPM:

"Agreement" means this Operating Agreement, as may be amended from time to time as provided for herein.

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PCFG_0000276830_Pacific Private Money Fund I LLC Operating Agreement.pdf
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"AUM" means total Fund Assets under Management. AUM shall be determined by the Manager in its sole discretion.

"Capital Account" shall have the meaning set forth in Section 3.3 hereof.

"Capital Contribution", or "Initial Capital Contribution" shall mean the total price paid for Units issued.

"Cause" means only those acts involving financial defalcation against the Fund, or acts involving moral turpitude.

"Code" means the Internal Revenue Code of 1986, as amended.

"Critical Elements" shall have the meaning set forth in Section 10.2(g).

"Distributions" means amounts which from time to time are distributed to holders of Units, at the Manager's discretion, but subject to the limitations on discretion set forth in this Agreement.

"Excess Distributable Cash", or("EDC") means an amount that is equal to any remaining cash in the Fund after having paid out Fund Expenses, the 2% (annualized) Management Fee, and having reserved sufficient capital for future activities of the Fund, as determined in the sole judgment of the Manager. The EDC shall be determined quarterly by the Manager in its sole discretion. At each quarter end, payment of any Preferred Return and/or EDC shall either be made or not made depending on Fund results at the discretion of the Manager and shall be Non-Cumulative.

"Fund Assets" or "Assets" means any and all assets of the Fund including Mortgage Loans, real property, contracts, receivable, cash, or any other asset or receivable of the Company.

"Fund Expenses" means Fund organizational costs, tax preparation, audits, legal fees, capital acquisition fees and costs (including payment to duly licensed third parties who are contracted by the Manager to raise Investor capital for the Fund), third party Fund Administration and/or loan servicing fees and costs, loan fees, interest and principal payments associated with any debt incurred by the Fund, costs associated with ownership of real property, e.g., property improvement and rehabilitation costs not otherwise capitalized, sales commissions, property taxes, property management, hazard insurance, utilities, and any other expense associated with operation of the Fund or management of its Assets.

"Indemnified Parties" shall have the meaning set forth in Section 10.8.

"Investor Portal" shall mean a password protected page on the Manager's website which shall contain relevant information for Investors concerning the financial performance of the Company and other communication directed to Investors. The Manager intends the Investor Portal to be a primary means of access for Investors to important information of the Company.

"Lock-up Period" means the two (2) year period immediately following the purchase of an investment during which a Member may not request Redemption of that Unit.

"Majority" means at least sixty percent (60%) of the Ownership Interests.

"Manager" means Private Money Management Group LLC, a Delaware limited liability company ("PMMG"), and thereafter, any other individual or entity selected by the Members pursuant to the terms of this Agreement.

"Member" shall mean any person or entity holding Units who has been approved by the Manager and is a party to this Operating Agreement.

"Manager EDC Clawback" or "Clawback" means the Manager's portion of any EDC in a given quarter that shall be subject to forfeiture to the Members if the Fund had failed to pay the Members their Preferred Return in the prior quarter. The amount of any Manager EDC forfeiture shall not exceed the amount of the shortfall of the Preferred Return, or the full amount of the Manager's portion of the EDC for that quarter, whichever is less. Any Clawback amount owed by the Manager shall apply and carry forward for up to a maximum of two (2) quarters immediately subsequent to the quarter in which the Preferred Return shortfall occurred.

"Management Fee" means the fee payable to the Manager by the Company, as set forth in Section 10.3.

"Orderly Liquidation Plan" or "OLP" shall mean the Company's written plan to achieve an orderly liquidation of its Assets without proceeding under duress in doing so with an attempt to maximize the recovery of its investments rather than to turn the Assets into cash in the shortest possible time frame. The Manager shall maintain a written OLP throughout the life of the Fund and shall make it available to Members upon request. The Manager may update, modify, alter, or improve the OLP at any time in its sole discretion.

"Ownership Interest" means, for each Member, that percentage which is obtained by dividing the Units held by the Member by the total of all Units held by all the Members. For the purposes of voting matters, the Manager shall determine each Member's Ownership Interest as of the Record Date.

"Preferred Return" means a 7% annual (1.75% per quarter) return on the Members' Capital Accounts. The Preferred Return is noncumulative.

"Private Placement Memorandum" or "PPM" means a disclosure document prepared to offer Units to certain accredited investors.

"Record Date" shall have the meaning set forth in Section 9.6.

"Reinvestment" shall have the meaning set for in Section 5.4.

"Stated Value" shall mean the figure used by the Fund as the value for each Asset it owns to assist in determining the Unit Price of the Membership Units of the Fund as well as the AUM. The Stated Value of each individual Fund Asset shall be determined on the last day of each calendar month by the Manager in its sole discretion. The Manager, however, shall establish, follow, and publish a methodology for determining the Stated Value and may modify, alter, or improve the methodology from time to time in its sole discretion.

"Substitute Member" shall mean a Member who acquires its Units from another Member, at the approval of the Manager.

"Transfer" shall have the meaning set forth in Section 11.2(a).

"Treasury Regulation" means the United States Treasury Regulations.

"Unit" or "Units" shall have the meaning set forth in the Overview.

5. ALLOCATIONS AND DISTRIBUTIONS

5.1 Allocation of Profits and Losses. Each item of Company income, gain, loss, deduction, or credit for each year will be allocated among the Members in proportion to their Ownership Interest.

5.2 Preferred Return. When distributions are made, Members will receive 100% of any EDC from the previous quarter (as determined by the Manager) until they have received their Preferred Return.

After payment of the Preferred Return, any additional EDC from the previous quarter, as determined by the Manager, will be distributed with 50% of EDC going to the Members ratably to their Ownership Interest and 50% being paid to the Manager as additional compensation, which compensation shall be a Fund Expense. The Manager's portion of the EDC shall be subject to a Clawback for up to two (2) consecutive quarters in the event of any shortfall of the Preferred Return.

5.3 Use of Cash Flow: Distributive Shares. Distributions will be made quarterly beginning with the initial quarterly period following the Minimum Offering Date. Distributions will be calculated as of the last business day of a calendar quarter, with checks being mailed, or funds being wired, or additions being made to their Capital Account via the Reinvestment option typically by the fifteenth (15^{th}) calendar day of the quarter following the end of each preceding calendar quarter. The Manager has the right, in its sole discretion, to withhold a Distribution if distributing cash would not be in the best interests of the Company.

5.4 Reinvestment. Members may choose to apply their Distributions to an additional purchase of Units (a "Reinvestment"), by indicating their desire to do so on their completed Subscription Booklet. Any Units purchased by Members via the Reinvestment Option shall be considered, for purposes of any Redemption requests, to "tag-along" with the original date of purchase of the Units for which the Reinvestment Units are associated. Members may change their election not more frequently than twice per year by giving a thirty (30) days' written notice to the Manager. The Manager has the right to suspend or terminate the Reinvestment program, at any time, without notice, at the Manager's sole discretion.

5.5 Use of Initial Proceeds. The Manager will use all of the proceeds from the sale of Units in the Company to originate and acquire Fund Assets, for expenses of the Company, for the repayment of Company debt, for redemption of other Members' Units, and/or for any and all operations and purposes for which the Fund exists.

6. BOOKS OF ACCOUNT, RECORDS AND REPORTS

6.1 Books and Records. At the Company's principal place of business, the Manager shall maintain the Company's books and records, a register showing a current and

past list of the full names and last known addresses of its Members, a copy of its Articles of Organization and all amendments thereto; a copy of this Agreement and all amendments thereto, along with a copy of any prior Agreements no longer in effect, a copy of the Company's federal, state, and local tax returns and reports, if any, for the three (3) most recent years, and a copy of any financial statements of the Company for the three (3) most recent years. Each Member shall have access thereto at all reasonable times and upon reasonable advance notice to the Manager.

The Manager shall keep proper and complete records and books of account, entering fully and accurately all transactions and other matters relative to the Company's business as are usually entered into records and books of account maintained by persons engaged in businesses of a like character. The Manager intends to maintain the books and records in full accordance with generally accepted accounting principles; however, it may choose an alternate method of accounting reasonably acceptable in the marketplace in its sole discretion. The Manager shall consistently maintain the books and records on the accrual basis (except in circumstances where it determines that the cash or income tax basis of accounting will be in the best interest of the Company). Except with respect to matters as to which the Manager is granted discretion hereunder, the opinion of the Company's certified public accountants shall be final and binding with respect to all disputes as to computations and determinations required under this Agreement.

6.2 Financial Statements; Reports. Beginning with the 2013 calendar year, the Company will employ a certified public accountant to prepare the Company's tax returns. The Company will also employ a certified public accountant to perform an audit of the Company's financial statements annually. The Manager shall prepare periodic financial statements of the Fund and will engage its certified public accountant to prepare the Company's financial statements on at least an annual basis. A copy of such internally prepared and/or certified public accountant prepared financial statements will be made available to the Members via the Investor Portal. The cost of any certified public accountant prepared financial statements, tax returns, and audits will be paid solely by the Company. The Company will provide the Members with a statement of their Units in the Company within approximately ninety (90) days following the close of the last quarter of each taxable year, as well as through periodic statements and newsletters. In addition, as soon as practicable following the close of each taxable year, the Company will provide the Members with information for their use in preparing documents required to be filed under federal income tax laws and other federal laws. The cost for any such report shall be borne by the Company and is a Fund Expense.

6.3 Tax Matters.

(a) Tax Elections. The Manager shall, without any further consent of the Members being required, make any and all elections for federal, state, local, and foreign tax purposes, file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members. PMMG is specifically authorized to act as the "Tax Matters Member" under the Code and in any similar capacity under state or local law.

(b) Tax Classification. The Manager shall take such action as may be required under the Code and the Treasury Regulations to cause the Company to be taxable as a partnership for federal and state income tax purposes.

6.4 Operational Procedures. The Manager shall make available to the Members on an ongoing basis via the Investor Portal several written documents that shall outline certain of the Manager's procedures with respect to its operations, including the OLP and Underwriting Manual. The Manager retains complete authority to revise, alter, modify, or improve these procedure and documents in its sole discretion but shall commit to creating, updating and publishing this information for the review and scrutiny of Investors during the life of the Fund.

7. FISCAL YEAR

The Company's taxable year will initially end on the 31st day of December in each year. The Manager may change the taxable year or the fiscal year at any time.

8. COMPANY FUNDS

The Company's available cash will typically be placed in one or more Money Market accounts, anticipated to be located at a federally insured financial institution. Each such account will consist of investments that are immediately liquid, and that, in the Manager's judgment, are sufficiently safe while attempting to produce a yield (if any) on the Company's cash.

9. MEMBER MEETINGS

9.1 Meetings. The Manager shall hold at least one meeting annually for the Members. In addition, a meeting of Members shall be held: (a) if it is called by the Manager; or (b) if Members holding at least eighty percent (80%) of the issued Units on the Record Date (as defined below) sign, date, and deliver to the Manager's principal office a written request for the meeting, describing the purpose or purposes for which it is to be held. In either case, the Manager shall call a meeting by providing written notice to the Members (in the case of a Member requested meeting, within ten (10) days after receipt of the request from Members) stating the purpose of the meeting, and the date, time and place of the meeting. Such meeting shall be held at a convenient time and place designated by the Manager not less than fifteen (15) days or more than sixty (60) days after the Manager's written notice to the Members. All meetings of Members shall be held at the principal office of the Company or any other place specified in the Notice of Meeting.

9.2 Quorum. The presence, in person or by proxy, of Members holding at least fifty percent (50%) of the then issued Units shall constitute a quorum. A quorum is not required to be present at any meeting of the Members in order for the Manager to hold a meeting.

9.3 Proxies. A Member may be represented at a meeting in person or by written proxy. A proxy shall be in writing executed by the Member and filed with the Manager before the commencement of the meeting. The Manager may specify the persons who can be appointed as a proxy.

9.4 Voting. On each matter requiring action by the Members, each Member may vote the Member's Ownership Interest. Except as otherwise stated in the Articles of Organization or this Agreement, a matter submitted to a vote of the Members shall be deemed approved if it receives the affirmative vote of sixty percent (60%) of the Ownership Interest.

9.5 Action By Ballot Without Meeting. Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting by ballot in writing, describing the action taken, signed by the number of Members of Members owning at least sixty percent (60%) of the Ownership Interests, unless a greater amount for action is required elsewhere in this Agreement . The Manager may call for an action by ballot without meeting by delivering to the Members the ballot together with a description of the proposed action and by requiring that the ballot be returned within a specified number of days, which shall not be less than fifteen (15) nor more than sixty (60), after the date the ballots are mailed. If a Member does not return the Member's ballot within the required period of time, the Member shall be deemed to have voted against the proposed action.

9.6 Record Date. The persons entitled to notice of and to vote at a Members meeting or by ballot, and their respective Ownership Interest, shall be determined as of the Record Date for the meeting or the ballot. The Record Date for a meeting shall be a date selected by the Manager not earlier than sixty (60) days or less than fifteen (15) days before the meeting or the date the ballots are mailed, as the case may be (the "Record Date"). If the Manager does not specify a Record Date for a meeting or ballot, the Record Date shall be the date on which notice of the meeting or ballot was first mailed or otherwise transmitted to the Members.

10. POWERS, RIGHTS, FEES, AND DUTIES OF THE MANAGER

10.1 Authority. The Company shall be managed by one (1) Manager. The initial Manager shall be PMMG. The Manager has the exclusive authority to manage the operations and affairs of the Company and to make all decisions regarding the business of the Company. The Manager has all of the rights and powers of a Manager as provided in the Act, this Agreement, and as otherwise provided by law. Any action of the Manager shall constitute the act of and bind the Company.

10.2 Powers. The Manager has the right, power, and authority to do, on behalf of the Company, all things, which in its sole judgment are necessary, proper or desirable to carry out its duties and responsibilities. Such powers include, but are not limited to the following, intended as examples of such powers:

(a) Acquire and originate Fund Assets;

(b) The right, power, and authority to incur all reasonable expenditures, to acquire, manage, improve and/or dispose of Fund Assets and to operate the Company;

(c) Employ and dismiss from employment any and all employees, agents, independent contractors, managers, brokers, attorneys, and accountants;

(d) To borrow money and utilize one or more Fund Assets as collateral for any such borrowing, if necessary or advisable in the sole judgment of the Manager for any purpose, and to pay Fund Expenses;

(e) The right, power, and authority to sell any or all of the Company's Assets, provided that the Company shall receive all of the proceeds of such sale;

(f) Do any and all of the foregoing at such price, for cash, securities, or other property and upon such terms as the Manager deems proper; and to execute, acknowledge, and deliver any and all instruments to effectuate any and all of the foregoing.

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(g) To modify this Agreement, other than as to Critical Elements, at its discretion; provided, however, that within thirty (30) days of modifying this Agreement, the Manager will inform the Members of such change. If a majority of Members (as determined by Ownership Interests) object to such a change within sixty (60) days of the notice of the modification, the modification shall be deemed null and void as of the date the Majority of Ownership Interests has objected to the modification. For purposes of this Agreement, "Critical Elements" shall mean the following:

- The purpose of the Company, including the Investment Strategy (which shall specifically exclude from Critical Elements any decision making concerning Fund Assets, Asset allocations, and/or modifications to the underwriting guidelines which shall at all times remain in the sole discretion of the Manager);
- The fee structure and compensation being paid to the Manager (if such compensation is increased);
- The mechanisms for replacement and/or removal of the Manager and the selection of a replacement Manager;
- Changes to the liquidity structure of the Fund, specifically the Lockup Period and the limitation on acquisition of Fund Assets if there is a Redemption queue of Members for Units held more than five (5) years;
- Any amendment requiring the written consent of Members holding at least sixty percent (60%) of the Membership Units, as provided for in Section 14.1; and
- Voting rights of the Members.

10.3 Management Fees and Additional Compensation. The Manager shall be entitled to a Management Fee equal to two percent (2%) annually (or .1667% monthly) of total AUM, as reasonably determined by the Manager. Such fee will be deemed earned and accrued daily and will be paid to the Manager on the last business day of each calendar month. In addition, the Manager shall be paid Additional Compensation from the EDC as described in Section 5.2. The Manager will also receive as income fifty percent (50%) of any and all origination fees collected on Fund Assets, with the other fifty percent (50%) paid, allocated or distributed to the Fund. The Manager will also receive one hundred percent (100%) of any late fees actually collected from Borrowers.

10.4 Time and Effort. The Manager shall devote such time to the Company business as it deems necessary, in its sole discretion, to manage and supervise the Company business and affairs in an efficient manner. Nothing herein precludes employment of any agent or third party (at Company expense) to manage or provide other services subject to the control of the Manager.

10.5 Independent Activities of the Manager. The Manager is not required to manage the Company as its sole and exclusive function. It may have other business interests and may engage in activities other than those relating to the Company. The pursuit of such ventures by the Manager, even if competitive with the business of the Company, shall not be deemed wrongful or improper or a violation of any fiduciary duties by the Manager. Notwithstanding the foregoing, if the Manager receives an opportunity to invest in or manage, or in any way benefit from an opportunity that is competitive with or similar to Assets in which the Fund ordinarily might invest, the Manager shall grant the Fund such opportunity prior to taking such opportunity, on the same terms and conditions as the opportunity was presented to the Manager.

10.6 Permitted Transactions. The validity of any transaction, agreement or payment involving the Company and the Manager or an affiliate or principal of the Manager which is otherwise permitted by the terms of this Agreement shall not be affected by the relationship between the Company and the Manager or an affiliate or principal of the Manager.

10.7 Liability to the Company. To the greatest extent permitted by law, neither the Manager nor any director, officer, agent, employee, or owner of the Manager shall be liable, responsible, or accountable in damages or otherwise to the Company or any Member for any action taken or failure to act on behalf of the Company within the scope of the authority conferred on the Manager by this Agreement or by law unless such act or omission was performed or omitted fraudulently or in bad faith.

10.8 Indemnity of the Manager. To the greatest extent permitted by law, the Company shall indemnify and hold harmless the Manager and each owner, director, officer, employee, and agent of the Manager (herein the "Indemnified Parties") against and from any personal loss, expense, damage, or injury suffered or sustained by the Indemnified Parties by reason of any acts, omission or alleged acts or omissions arising out of its activities on behalf of the Company or in furtherance of the interests of the Company, including but not limited to any judgment, award, settlement, reasonable attorney fees, and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding, or claim and including any payments made by the Manager to any of the Indemnified Parties pursuant to an indemnification agreement no broader than this Section 10.8, if the acts, omissions, or alleged acts or omissions upon which the actual or threatened action, proceeding, or claim is based were for a purpose reasonably believed to be in the best interests of the Company, and were not performed or omitted fraudulently or in bad faith by the Indemnified Parties and were not in violation of the Manager's fiduciary obligations to the Company. Any indemnification shall only be from the Assets of the Company. Notwithstanding the foregoing, neither the Manager nor any owner, director, officer, employee, or agent of the Manager shall be indemnified for any loss or damage incurred by them in connection with any judgment entered in or settlement of any lawsuit involving allegations that federal or state securities laws were violated by the Manager or by any such person in connection with the offer or sale of Units unless: (a) where the lawsuit is not settled, the person seeking indemnification successfully defends that lawsuit; and (b) indemnification is specifically approved by a court of law.

10.9 Prohibited Acts. Anything in this Agreement to the contrary notwithstanding, the Manager shall not cause or permit the Company to: (a) make any loan to the Manager, borrow therefrom, or otherwise engage in any extension of credit with or between such parties; (b) reimburse the Manager for expenses incurred or for salaries of its officers except as otherwise expressly provided in this Agreement; (c) pay for any services performed by the Manager, except as permitted herein; nor receive any rebate or give up in connection with Company activities, nor participate in reciprocal business arrangements which circumvent this provision; (d) commingle the Company's cash with those of any other person or employ or permit such cash or assets to be used in any manner except for the exclusive benefit of the Company, except to the extent that funds are temporarily retained by loan servicing agents, or property managers, and except that those funds of the Company and funds of other partnerships or limited liability companies sponsored by the Manager may be held in an account or accounts established and maintained for the purpose of making computerized disbursements and/or short term investments.

In addition to the foregoing, any return of Fund capital from the disposition, sale, or repayment of any Fund Asset may not be reinvested by the Fund in additional or new Fund

Assets unless and until any outstanding requests from a Member to redeem Units held for more than five (5) years have been honored. *This restriction shall only apply to Redemption requests from Members whose specific funds requested have been invested for more than five (5) years.*

10.10 Key Man Provision. The principal of the Manager is Mark Hanf. Mr. Hanf is considered an integral part of the Fund's investments and operations (a "Key Man"). Upon the death or permanent disability of Mr. Hanf, as determined by the Manager, the Company shall place an immediate moratorium on new investments for a period of up to one (1) year. Members shall have the right to approve a new Key Man by majority vote during the moratorium period. If no new Key Man is approved by the Members within the maximum one (1) year moratorium period, the Fund shall permanently cease to make new investments and shall proceed with its OLP.

Within six (6) months of the Fund's launch, the Manager intends to purchase, subject to availability at commercially reasonable premiums, a life insurance policy in the amount of at least $1,000,000 on the life of Mark Hanf.

10.11 Removal or Withdrawal of the Manager. Members holding eighty percent (80%) of the Ownership Interest may, by written consent or affirmative vote, and with ninety (90) days' written notice, remove the Manager. Members may then, by a Majority Vote, or written consent, elect a new Manager, provided, however, that such removal of the Manager shall not become effective until the election of the new Manager. In the event of the removal of the Manager without Cause, the Manager shall be compensated in the amount of one (1) year's Management Fee calculated on the AUM as of the date of removal (either the expiration of ninety (90) days or the election of a new Manager by the Members, whichever is later). Removal of the Manager shall in no way impair any rights of the Manager attributable to the period prior to the effective date of removal. The Manager may voluntarily resign from the Company with one (1) year's written notice to Members. In the event of the Manager's resignation, a Manager may be substituted who is acceptable to Members holding a Majority of the Ownership Interests. The Manager's resignation shall not become effective until the election of a new Manager by the Members, or twelve (12) months from the date of the Manager's resignation notice to the Members, whichever comes first.

10.12 Power of Attorney. Each Member who executes a signature page to this Agreement thereby irrevocably constitutes and appoints the Manager, with full power of substitution, as its true and lawful attorney-in-fact, in its name, place, and stead to execute, acknowledge, swear to, verify, deliver, file, and publish, if necessary: (a) this Agreement; (b) all amendments, alterations, or changes to this Agreement, including amendments admitting a substituted or additional Member, if otherwise authorized under this Agreement; (c) all instruments which effect a change in the Company or a change in this Agreement; (d) all certificates or other instruments necessary to qualify or maintain the Company as a limited liability company in which the Members have limited liability in the jurisdiction(s) where the Company may conduct business; and (e) all instruments necessary to effect a dissolution, termination, and liquidation of the Company and cancellation of this Agreement when such dissolution, termination, liquidation, or cancellation is otherwise provided in this Agreement; provided, however, that the Manager shall not use this power of attorney to take any actions that have the effect of changing a Critical Element without the Member's consent. This power of attorney is deemed coupled with an interest and shall survive the death or disability of a Member or the assignment or transfer of all or any part of the interest of such Member in the Company until the transferee or assignee shall have become a substituted Member and shall have executed such instruments as the Manager deems

necessary to bind such transferee or assignee under the terms of this Agreement as it may hereafter be amended. The Manager may exercise this power of attorney for each Member by listing all of the Members and executing any instrument with a single signature of the Manager acting as attorney-in-fact for all of them.

11. REDEMPTION AND TRANSFER OF UNITS BY MEMBERS

11.1 Member Redemptions and Lockup Period. Members will be required to hold their Units for a minimum of twenty-four (24) months (the "Lockup Period") before they may request Redemption. Redemption requests for reasons of financial hardship or emergency during the Lockup Period may be considered on a case by case basis subject to a penalty (the "Redemption Fee") of five percent (5%) of the then current Unit Price. The Manager shall have no obligation to consider any hardship Redemption requests during the Lockup Period and shall be entitled to charge a higher or lower Redemption Fee. All Redemption Fees charged and collected will be considered income to the Fund.

After the Lockup Period, Redemption requests will be considered on a first come, first served basis. A Member shall be required to provide the Manager a sixty (60) days' written notice for any Redemption request and any Redemption actually provided shall be done only on the first day of a calendar month at the then current Unit Price, as determined by the Manager.

The Manager shall have no obligation to redeem any Member's Units during the first five (5) years of the Member's ownership of those Units. However, any return of capital to the Fund from the disposition, sale, or repayment of any Fund Asset may not be reinvested by the Fund in additional Assets unless and until any outstanding Redemption requests from Members seeking to redeem Units owned for more than five (5) years have been honored. This restriction shall only apply to Redemption requests on Units that have been owned for more than five (5) years.

No Member will be given priority for Redemption over any other Member for any reason other than the date upon which the request was made for Units owned less than five (5) years. Redemption requests from Members on Units owned for more than five (5) years will take immediate priority above any Redemption requests on Units owned for less than five (5) years. The Manager may also choose to redeem all Members Pari Passu even if there is a queue of requested Redemptions, whether on Units owned more or less than five (5) years, or both, and may redeem Membership Units Pari Passu at any time at the then current Unit Price in its sole discretion without penalty to the Manager or the Fund.

11.2 Restrictions on Transfer of Interests.

(a) Subject to Section 11.2(b), no transfer (a "Transfer") of all or any fraction of a Member's interest may be made without (i) the prior written consent of the Manager, which consent may be withheld for any reason at the Manager's sole discretion, (ii) the receipt by the Manager of such documents and instruments of transfer as the Manager may reasonably require, and (iii) if requested by the Manager, the receipt by the Manager, not less than ten (10) days prior to the date of any proposed Transfer of a written opinion of counsel (who may be counsel for the Company), satisfactory in form and substance to the Manager, to the effect that such Transfer would not result in any adverse legal or regulatory consequences to the Company or any Member under the Investment Company Act of 1940, the Investment Advisers Act of 1940, or otherwise, including, but not limited to, that such Transfer would not:

(i) result in a violation of the Securities Act of 1933, the Securities Exchange Act of 1934, or any securities laws of any jurisdiction applicable to the Company or the interest to be transferred;

(ii) cause the Company to become a "publicly traded limited liability company" for federal income tax purposes;

(iii) constitute a "public offering" within the meaning of Section 7(d) of the Investment Company Act of 1940; or

(iv) result in the termination of the Company or loss by the Company of its status as a Company for tax purposes.

(b) Section 11.2(a) shall not apply to a Transfer by a Member to a person that acquires such Member's interest by reason of the death or legal incapacity of such Member. Each Member hereby agrees that it will not Transfer all or any fraction of its Membership Units, except as permitted by this Agreement.

(c) In no event shall all or any part of a Member's Membership Units be transferred to a minor or a person who is incapacitated, except in trust or by will or intestate succession.

(d) The transferring Member agrees that it will pay all reasonable expenses, including attorneys' fees, incurred by the Company in connection with a Transfer of its Membership Units.

11.3 Assignees.

(a) The Company shall not recognize for any purpose any purported Transfer of all or any part of the interest of a Member, unless the provisions of Section 11.2 shall have been complied with and there shall have been filed with the Company a dated notice of such Transfer, in a form satisfactory to the Manager, executed and acknowledged by both the transferor or such transferor's legal representative and the transferee, and such notice (i) contains the acceptance by the transferee of all the terms and provisions of this Agreement and such transferee's agreement to be bound hereby, and (ii) represents that such Transfer was made in accordance with all applicable laws, rules, and regulations.

(b) Unless and until an Assignee becomes a Substitute Member, such Assignee shall have no rights with respect to such interest other than those rights with respect to allocations and distributions.

(c) Any Member which shall Transfer all of its Interest shall cease to be a Member upon, but only upon, the admission of a Substitute Member in such Member's stead.

(d) Notwithstanding anything to the contrary contained in this Agreement, both the Company and the Manager shall be entitled to treat a Member transferring all or any part of its Interest as the absolute owner thereof in all respects, and shall incur no liability for distributions made in good faith to such Member, until such time as a Substitute Member is admitted in such Member's stead in respect thereof.

11.4 Substitute Members.

(a) No Member shall have the right to substitute a transferee of all or any part of such Member's Interest in its place, except as provided in Section 11.2. Any such transferee of an Interest (whether pursuant to a voluntary or involuntary Transfer) shall be admitted to the Company as a Substitute Member only (i) with the consent of the Manager granted at its sole discretion, (ii) by satisfying the requirements of Sections 11.2 and 11.3(a), and (iii) upon the receipt of all necessary consents of governmental and regulatory authorities, if any. Persons who become Substitute Members pursuant to Section 11.2(b) need not comply with clause (i) of the preceding sentence.

(b) Each transferee of all or part of a Member's Membership Units, as a condition to its admission as a Substitute Member, shall execute and acknowledge such instruments, in form and substance satisfactory to the Manager, as the Manager reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of such person to be bound by all the terms and provisions of this Agreement with respect to the Membership Units acquired. All reasonable expenses, including attorneys' fees, incurred by the Company in this connection shall be borne by such person.

11.5 Bankruptcy or Incapacity of a Member. In the event of the bankruptcy or incapacity of a Member, the Company shall not be dissolved, and the Member's trustee in bankruptcy or other legal representative shall have only the rights of a transferee of the right to receive Company Distributions applicable to the interest and/or Units of such bankrupt or incapacitated Member as provided herein. Any Transfer to or from such trustee in bankruptcy or legal representative shall be subject to the provisions of this Agreement.

12. DISSOLUTION OF THE COMPANY

12.1 Dissolution. The Company will continue indefinitely until a date on which the Company has liquidated all of its Fund Assets, or earlier upon the occurrence of any of the following events:

(a) The disposition of all assets of the Company and disbursement of all cash to the Members;

(b) The agreement by Members holding eighty percent (80%) of the Ownership Interests; or

(c) The dissolution of the Manager, bankruptcy of the Manager, or withdrawal from the Company of the Manager when an approved replacement is not obtained within a period of ninety (90) days of such dissolution or bankruptcy or one (1) year after the withdrawal of the Manager in the case of withdrawal.

Upon dissolution of the Company, except a dissolution caused by the dissolution, bankruptcy or withdrawal of the Manager where a substitute Manager is elected by the Members within ninety (90) days of such dissolution or bankruptcy or one (1) year in the case of withdrawal, the Company will be liquidated using its OLP as a guide and the proceeds of liquidation will be applied as follows:

(i) Liquidation and/or other Fund Expenses;
(ii) Manager annualized two (2%) Management Fee (paid monthly at .1667%) on total AUM as of the last day of each calendar month;
(iii) Return of Member's capital on a Pari Passu basis (or by priority for Redemption requests, if any, in the sole discretion of the Manager);
(iv) Members on a Pari Passu basis as to the Preferred Return;
(v) Subject to the Clawback, any remaining EDC to be split 50/50 between Members and the Manager respectively.

12.2 Bankruptcy. A bankruptcy of a Manager shall be deemed to have occurred upon the happening of any of the following: (a) the Manager files an application for or consents to, the appointment of a trustee or receiver of its assets; (b) the Manager files a voluntary petition in bankruptcy or files a pleading in any court of record admitting in writing its inability to pay its debts as they become due; (c) the Manager makes a general assignment for the benefit of creditors; (d) the Manager files an answer admitting the

material allegations of, or consents to, or defaults in answering a bankruptcy petition filed against it; or (e) any court of competent jurisdiction enters an order, judgment, or decree adjudicating the Manager a debtor or appointing a trustee or receiver of its assets, if such order, judgment or decree continues unstayed and in effect for such period of sixty (60) days.

12.3 Liquidation. If the Company dissolves, the Manager (or if the Manager has become bankrupt or terminated, then a liquidator or a liquidation committee selected by the holders of a majority of the then issued Units) shall commence to wind up the affairs of the Company and to liquidate its investments using its OLP as a guide. The holders of the Units shall continue to share profits and losses during the period of liquidation in the same proportion as before the dissolution. The Manager (or such liquidator or liquidating committee) shall have full right and unlimited discretion to determine the time, manner, and terms of any sale or sales of Company Assets, having due regard to the activity and condition of the relevant market and general financial economic conditions.

12.4 Liquidation Statement. Within a reasonable time following the completion of the liquidation of the Company's assets, the Manager (or liquidator or liquidating committee) shall supply to each Member a statement by the Company's accountants setting forth the Assets and liabilities of the Company as of the date of complete liquidation and each Member's pro rata portion of the distributions pursuant to Section 12.1.

12.5 No Recourse to Assets or Members. Each Member shall look solely to the Assets of the Company for all Distributions with respect to the Company and its Capital Contribution thereto and share of profits or losses thereof, and shall have no recourse thereto (upon dissolution or otherwise) against any Member or the Manager or its principals, affiliates, agents or employees. No Member shall have any right to demand or receive property other than cash upon dissolution and termination of the Company.

12.6 Termination. Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate and the Manager shall have the authority to execute and record the Certificate of Cancellation of the Company and any other documents required to effectuate the dissolution and termination of the Company.

13. NOTICES

All notices, requests, demands and other communications given or required to be given hereunder shall be in writing and personally delivered or sent by United States registered or certified mail, return receipt requested, postage prepaid or sent by a nationally recognized courier service such as Federal Express, duly addressed to the parties as follows:

To the Member:	To the address shown on the attached signature page
To the Manager:	Private Money Management Group LLC 1604 Grant Avenue Novato, CA, 94945

Any notice or other communication hereunder shall be deemed given on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's records as the date of delivery or as the date of first attempted delivery to the address of the addressee, if sent by mail or courier service (such as Federal Express). Notice may also be given by email or facsimile to any party

having an email account or facsimile machine compatible with the email service or facsimile machine of the party sending the notice. Any notice given by email or facsimile shall be deemed delivered when received by the email service or facsimile machine of the receiving party if received before 5:00 p.m. (Pacific Time) on the business day received, or if received after 5:00 p.m. (Pacific Time), or if emailed or faxed on a day other than a business day (i.e., a Saturday, Sunday or legal holiday), then such notice shall be deemed delivered on the next following business day. The transmittal confirmation receipt produced by the facsimile machine of the sending party or the email read confirmation shall be prima facie evidence of such receipt. Any party may change its address email address or facsimile number for purposes of this Section by giving notice to the other party. If a "copy party" is designated, service of notice shall not be deemed given to the designated party unless and until the "copy party" is also given such notice in accordance with this Section.

14. Amendments

14.1 Amendments Requiring Consent. Except as otherwise provided herein, this Agreement is subject to amendment only with the written consent of the Majority ; provided, however, that no amendment to this Agreement may:

(a) without the consent of each affected Member, modify the limited liability of a Member;

(b) alter the Interest of any Member in respect of Company income, gains and losses or amend or modify any portion of Sections 3 and 5 without the consent of each Member adversely affected by such amendment or modification; provided, however, that the admission, withdrawal, or substitution of Members in accordance with this Agreement shall not constitute such an alteration, amendment or modification;

(c) amend or modify any provision of Section 11 in a manner that would further restrict the transferability of a Member's Units without the consent of all of the Members;

(d) amend any provision hereof which requires the consent, action, or approval of a specified Ownership Interest of the Members without the consent of such specified Ownership Interest of the Members, or;

(e) amend this Section 14.1 without the consent of all of the Members; or without the consent of Manager, modify any of the provisions of Sections 5 or 10 of this Agreement.

14.2 Amendments Not Requiring Consent. In addition to any amendments otherwise authorized hereby, this Agreement may be amended from time to time by the Manager: (i) to add to the representations, duties, or obligations of the Manager or surrender any right or power granted to the Manager; (ii) to cure any ambiguity or correct or supplement any provisions hereof which may be inconsistent with any other provision hereof or correct any printing, stenographic or clerical errors, or omissions; (iii) to provide for the admission, withdrawal, or substitution of Members in accordance with this Agreement; (iv) to amend Exhibit A attached hereto to provide any necessary information regarding any Member and to add and delete Members or Substitute Members; (v) to delete or add any provisions of this Agreement required to be so deleted or added by applicable law or by a securities law commissioner or similar such official or in order to qualify for a private replacement exemption; and (vi) to reflect any change in the amount of the Capital Contribution of any Member in accordance with this Agreement; provided, however, that no

amendment shall be adopted pursuant to this Section 14.2 if (a) such amendment would adversely alter the interest of a Member in income, gains or losses, or distributions of the Company, or (b) such amendment would, in the opinion of counsel for the Company, alter or result in the alteration of, the limited liability of the Members or the status of the Company as a Company for federal income tax purposes. The power of attorney granted pursuant to Section 10.12 may be used by the Manager to execute on behalf of a Member any document evidencing or effecting an amendment adopted in accordance with this Section 14.2.

15. GENERAL

15.1 Waiver of Partition. The Members agree that the Company properties are not and will not be suitable for partition. Accordingly, each Member hereby irrevocably waives any and all rights that it may have to maintain any action for partition of any Fund Assets.

15.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties. It supersedes any prior agreement or understanding among them, and it may not be modified or amended in any manner other than set forth herein.

15.3 Law. This Agreement and the rights of the parties hereunder shall be governed and interpreted in accordance with the laws of the State of Delaware.

15.4 Binding Effect. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns.

15.5 Variations in Pronouns. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns in either the masculine, the feminine, or the neuter gender shall include the masculine, feminine, and neuter.

15.6 Captions. Captions are inserted only as a convenience and in no way define, limit or extend the scope or intent of any provision hereof.

15.7 Validity. If any provision of this Agreement, or application of a provision to any person or circumstance, is held invalid, the remainder of this Agreement, or the application of such provision to other persons or circumstances, shall not be affected thereby.

15.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. This Agreement may contain more than one counterpart of the signature page and it may be executed by the affixing of signatures of each of the Members to one of such counterpart signature pages; all counterpart signature pages shall be read as the one and they shall have the same force and effect as though all of the signers signed a single signature page.

15.9 Confidentiality. Each Member agrees, as set forth below, with respect to any information pertaining to the Company or any Fund Asset that is provided to such Member pursuant to this Agreement or otherwise (collectively, "Confidential Matter"), to treat as confidential all such information, together with any analyses, studies, or other documents or records prepared by such Member, its affiliates, or any representative or other person acting on behalf of such Member (collectively, its "Authorized Representatives"), which

contain or otherwise reflect or are generated from Confidential Matters, and will not, and will not permit any of its Authorized Representatives to, disclose any Confidential Matter, provided that any Member or its Authorized Representative may disclose any such information: (a) as has become generally available to the public; (b) as may be required or appropriate in any report, statement, or testimony submitted to any governmental authority having or claiming to have jurisdiction over such Member (or its Authorized Representative but only that portion of the data and information which, in the written opinion of counsel for such Member or Authorized Representative is required or would be required to be furnished to avoid liability for contempt or the imposition of any other material judicial or governmental penalty or censure; (c) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation; or (d) as to which the Manager has consented in writing. Notwithstanding anything herein to the contrary, any Member (and any employee, representative, or other agent of such Member) may disclose to any and all persons, without limitation of any kind, such Member's U.S. federal income tax treatment and the U.S. federal income tax structure of the transactions contemplated hereby relating to such Member and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, no disclosure of any information relating to such tax treatment or tax structure may be made to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws.

15.10 Counsel. Each Member acknowledges and agrees that Ater Wynne LLP and any other law firm or counsel retained by the Manager in connection with the organization of the Company, the offering of Units, the management and operation of the Company, or any dispute between the Manager and any Member is acting as counsel to the Manager and as such does not represent or owe any duty to such Member or to the Members as a group.

15.11 Attorney Fees. In the event of any legal action in connection with this Agreement (whether at law or in equity), the prevailing party in such action shall be entitled to recover its reasonable attorney fees and costs incurred therein, including attorney fees and costs on appeal. The term "legal action" shall be deemed to include any action commenced in any court of general or limited jurisdiction as well as any proceeding in the bankruptcy courts of the United States and arbitration proceedings. The term "costs" includes, but is not limited to, reasonable attorney fees, deposition costs (discovery or otherwise), witness fees (expert or otherwise), title expenses (search or policy), and any and all other out-of-pocket expenses as may be allowed by the court or arbitrator.

[SIGNATURES ON NEXT PAGE]

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IN WITNESS WHEREOF, this Agreement has been duly executed by the parties on the day and year set forth at the beginning of this Agreement.

MANAGER:

PRIVATE MONEY MANAGEMENT GROUP, LLC

By: Pacific Private Money Inc., Manager

By: _____
Mark Hanf, President

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EXHIBIT A

MEMBERS (1/1/2013)

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

of

PACIFIC FREEDOM FUND LLC

a *California limited liability company*

This limited liability company Operating Agreement ("Agreement") of PACIFIC FREEDOM FUND LLC, a California limited liability company ("Company"), is by and among Pacific Private Money Inc. a California corporation ("Initial Member" or "Manager"), and each of the additional Person who becomes a Member in accordance with the provisions of this Agreement. Any capitalized terms used herein but not defined herein shall have the meaning ascribed to them in the Private Placement Memorandum dated April 1, 2020 ("Memorandum").

RECITALS

The Company is a limited liability company formed under the California Revised Uniform Limited Liability Company Act, Cal. Corp. Code § 17701. et seq., as amended. The parties to this Agreement are the Initial Members and those additional Persons who are subsequently admitted as Members in accordance with the provisions of this Agreement. The parties intend by this Agreement to define their rights and obligations with respect to the Company's governance and financial affairs and to adopt regulations and procedures for the conduct of the Company's activities. Accordingly, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

ARTICLE 1: DEFINITIONS

1.1 **Scope.** For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is expressed or intended, all capitalized terms used herein have the meanings specified in this Article 1.

1.2 **Defined Terms.**

(a) "Act" means the California Revised Uniform Limited Liability Company Act, Cal. Corp. Code § 17701, et seq., as amended.

(b) "Affiliate," with respect to a Person, means (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Affiliate, (2) a Person who owns or controls at least Ten Percent (10%) of the outstanding voting interests of the Affiliate, (3) a Person who is an officer, director, manager or general partner of the Affiliate, or (4) a Person who is an officer, director, manager, general partner, trustee or owner of at least Ten Percent (10%) of the outstanding voting interests of an Affiliate described in clauses (1) through (3) of this sentence.

(c) "Agreement" means this Agreement, including any subsequent amendments thereto.

(d) "Articles" means the Articles of Organization filed with the Secretary of State to organize the Company as a limited liability company, including any subsequent amendments thereto.

(e) "Bankruptcy" means the filing of a petition seeking liquidation, reorganization, arrangement, readjustment, protection, relief or composition in any state or federal bankruptcy, insolvency, reorganization or receivership proceeding.

(f) "Capital Account" of a Member means the capital account maintained for such Member. The balance of the Capital Account of a Member, determined as set forth in Section 4.6 below, shall herein be referred to as the "Capital Account Balance."

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "Contribution" means anything of value that a Member contributes to the Company as a prerequisite for, or in connection with, membership including (without limitation) any combination of cash, property, services rendered, a promissory note or any other obligation to contribute cash or property or render services.

(i) "Dissociation" means a complete termination of a Member's membership in the Company due to an event described in Article 3 hereof.

(j) "Distribution" means the Company's direct or indirect transfer of money or other property to a Member with respect to a Membership Interest.

(k) "Effective Date" means the date on which the Company's existence as a limited liability company begins, as prescribed by the Act.

(l) "Entity" means an association, relationship or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative or association.

(m) "Family," with respect to a Member, means any individual(s) who are related to the Member by blood, marriage or adoption. For the purposes of this definition, an individual is related to the Member by marriage if the person is related by blood or adoption to the Member's current spouse.

(n) "Initial Member" means the persons identified above as the Initial Member.

(o) "Majority" means more than Fifty Percent (50%) of the outstanding Membership Interests in the Company.

(p) "Manager" means a Person who is vested with authority to manage the Company in accordance with Article 5 hereof.

(q) "Member" means any Initial Member or any Person who is admitted as an additional or a substitute Member after the Effective Date, in accordance with Article 3 hereof.

(r) "Membership Interest" means a Member's percentage interest in the Company.

(s) "Memorandum" shall mean the Private Placement Memorandum of the Company, dated as of April 1, 2020.

(t) "Minimum Gain" means minimum gain as defined in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

(u) "Net Profits" means the Company's monthly gross revenue less (1) the Company's monthly operating expenses (including payment of outstanding debt (if any), administrative costs, legal expenses and accounting fees), (2) an allocation of income for a loan loss reserve and applicable compensation to the Manager, and (3) payment of the Fixed Return to the Members.

(v) "Permitted Transferee," with respect to a Member, means another Member, a member of the Member's Family, or a trust for the benefit of the Member or a member of the Member's Family.

(w) "Person" means a natural person or an Entity.

(x) "Profit," as to a positive amount, and "Loss," as to a negative amount, mean, for a Taxable Year, the Company's income or loss for the Taxable Year, as determined in accordance with accounting principles appropriate to the Company's method of accounting and consistently applied.

(y) "Regulations" means proposed, temporary or final regulations promulgated under the Code by the U.S. Department of the Treasury, as amended from time to time.

(z) "Servicer" refers to the servicer of the Company loans.

(aa) "Subscription Agreement" means the Subscription Agreement included as Exhibit B to the Memorandum.

(bb) "Taxable Year" means the Company's taxable year as determined in Article 6 hereof.

(cc) "Transfer," as a noun, means a transaction or event by which ownership of any Membership Interest is changed or encumbered, including, without limitation, a sale, exchange, abandonment, gift, pledge or foreclosure. "Transfer," as a verb, means to affect a Transfer.

(dd) "Transferee" means a Person who acquires any Membership Interest by Transfer from a Member or another Transferee not admitted as a Member in accordance with Article 3 hereof.

ARTICLE 2: THE COMPANY

2.1 **Status.** The Company is a limited liability company organized in the State of California under the Act.

2.1 **Name.** The name of the Company is Pacific Freedom Fund LLC, a California limited liability company.

2.3 **Term.** The Company's existence as a limited liability company will commence on the Effective Date and continue until dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein.

2.4 **Purpose.** The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act; provided that, subject to the foregoing, the Company presently intends to raise money through the offering of Membership Interest ("Offering") in order to originate, purchase, fund, acquire and sell loans secured by interests in real or personal property across the United States with a primary focus in California. It is presently anticipated that the Company will originate, or otherwise invest in loans with the intent to sell such loans within Thirty (30) days from

the date of such investment. The Fund may also manage, remodel, repair, lease, and/or sell real properties acquired through the Company's lending activities, including but not limited to properties acquired through foreclosure and real estate owned assets ("REO").

2.5 **Principal Place of Business.** The Company's principal place of business is located at: 1555 Grant Avenue, Novato, California 94945.

ARTICLE 3: MEMBERSHIP

3.1 **Identification.**

(a) Members. The Manager will be the Initial Member of the Company. The Manager may choose to invest capital into the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing its interest in the Company on the same basis as any other person.

(b) Additional and Substitute Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Operating Agreement as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement along with payment in the amount of such investment.

(c) Rights of Additional or Substitute Members. A Person admitted as an additional or substitute Member has all the rights and powers, and is subject to all the restrictions and obligations of a Member under this Agreement and the Act.

3.2 **Withdrawal.** Members who invest in the Company may not withdraw their capital until they have been members of the Company for at least Twelve (12) months. Members who have been members of the Company for a period longer than Twelve (12) months may request withdrawal from the Company in writing and give the Company at least Thirty (30) days' notice prior to expecting to be withdrawn from the Company. The withdrawal date shall be effective upon the date of receipt of the Member's withdrawal request. The Company will use its best efforts to return capital subject to, among other things, the Company's then cash flow, financial condition, and prospective transactions in assets. The Manager may, in its sole and absolute discretion, waive, adjust, or modify the requirements for withdrawal.

The Manager may at any time suspend the withdrawal of funds from the Company, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Manager or the Company, disposal of the assets of the Company is not reasonably practicable without being detrimental to the interests of the Company or its Members, determined in the sole and absolute discretion of the Manager; (ii) it is not reasonably practicable to determine the net asset value of the Company on an accurate and timely basis; or (iii) if the Manager has determined to dissolve the Company. Notice of any suspension will be given within Ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a withdrawal request and to whom full payment of the redemption proceeds has not yet been remitted. If a redemption request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the last day of the calendar month in which the suspension is lifted, on the basis of the net asset value of the Company at that time and in the order determined by the Manager in its sole and absolute discretion.

3.3 **Restrictions on Transfer.**

(a) Restrictions on Transfer. A Member may Transfer his, her or its Membership Interest only in compliance with this Article 3. Restrictions have been placed upon the ability of all Members to resell or otherwise dispose of any Membership Interest obtained or acquired hereunder including, without limitation, the following:

(1) The Membership Interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended ("Act"), in reliance upon the exemptions provided for under Section 4(2) and Regulation D thereunder.

(2) There is no public market for the Membership Interests and none is expected to develop in the future. Even if a potential buyer could be found, Membership Interests may not be resold or transferred without satisfying certain conditions designed to comply with applicable tax and securities laws, including, without limitation, provisions of the Act, Rule 144 thereunder, and the requirement that certain legal opinions be provided to the Manager with respect to such matters. A transferee must meet the same investor qualifications as the Members admitted during the Offering Period. Any potential buyer must be capable of bearing the economic risks of this investment with the understanding that Membership Interests may not be liquidated by resale or redemption and should expect to hold their Membership Interests as a long-term investment.

(3) A legend will be placed upon all instruments evidencing ownership of Membership Interests in the Company stating that the Membership Interests have not been registered under the Securities Act of 1933, as amended, and set forth the foregoing limitations on resale. Notations regarding these limitations shall be made in the appropriate records of the Company with respect to all Membership Interests offered hereby. Any Member who transfers, upon the Manager's consent, any Membership Interests to another Person shall, subject to the sole and absolute discretion of the Manager, pay the Manager a transfer fee of at least Five Hundred Dollars ($500) to cover administrative costs related thereto. If a Member transfers Membership Interests to more than one person, except transferees who will hold title together, the transfer to each person will be considered a separate transfer.

(b) Null and Void. An attempted Transfer of all or a portion of a Membership Interest that is not in compliance with this Article will be null and void. No Membership Interest may be transferred if, in the judgment of the Manager, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the Company as a limited liability company or, cause a termination of the Company for federal income tax purposes.

(c) Permitted Transfers. A Member may at any time Transfer one or more Membership Interests to a Permitted Transferee if, as of the date the Transfer takes effect, the Company is reasonably satisfied that all of the following conditions are met:

(1) the conditions listed above have been met;

(2) the Transferee is a person with the same qualifications as the original Member;

(3) the Transfer, alone or in combination with other Transfers, will not result in the Company's termination for federal income tax purposes;

(4) the Transfer is the subject of an effective registration under, or exempt from the registration requirements of, applicable state and federal securities laws;

(5) the Company receives from the Transferee the information and agreements reasonably required to permit it to file federal and state income tax returns and reports; and

(6) the Manager receives payment from the Transferee of a transfer fee of Five Hundred Dollars ($500) for each Transferee.

(d) Transferor's Membership Status. If a Member Transfers less than all of his, her, or its Membership Interest, the Member's rights with respect to the transferred portion of the Membership Interest, including the right to vote or otherwise participate in the Company's governance and the right to receive Distributions, will terminate as of the effective date of the Transfer. However, the Member will remain liable for any obligation with respect to the transferred portion that existed prior to the effective date of the Transfer, including (without limitation) any costs or damages resulting from the Member's breach of this Agreement. If the Member Transfers all of his, her or its Membership Interest, the Transfer will constitute an event of Dissociation.

(e) Transferee's Status.

(1) Admission as a Member. A Member who Transfers one or more Membership Interests has no power to confer on the Transferee the status of a Member. A Transferee may be admitted as a Member only in accordance with the provisions of this Article. A Transferee who wishes to become a Member must make application in writing to the Company and provide evidence, as requested by the Company, of compliance with all conditions to admission, as set forth above. Prior to admission, each proposed member must execute and deliver a counterpart of this Agreement, as amended to date, or a separate written agreement to be bound hereby. The Company shall not without cause refuse the application for membership of a Transferee who has complied with all the provisions of this Agreement.

(2) Rights of Non-Member Transferee. A Transferee who is not admitted as a Member in accordance with the provisions of this Article: (i) has no right to vote or otherwise participate in the Company's governance; (ii) is not entitled to receive information concerning the Company's affairs or inspect the Company's books and records; (iii) with respect to the transferred Membership Interests, is entitled to receive the Distributions to which the Member would have been entitled had the Transfer not occurred; and (iv) is subject to the restrictions imposed by this Article to the same extent as a Member. Any provision of the Agreement permitting or requiring the Members to take action by vote or written approval of a specified percentage of the Membership Interests shall be deemed to mean only Membership Interests then owned by Members.

3.4 **Expulsion of a Member.** At any time there are more than Two (2) Members, the Company may expel a Member, but only for cause. Cause for expulsion exists if the Member has materially breached this Agreement, is unable to perform the Member's material obligations under this Agreement, or if the Manager suspects the Member has violated federal or state law, rules, and regulations or the Member is under investigation by the federal, state, and/or local authorities, subject to the sole and absolute discretion and notwithstanding any of the withdrawal restrictions described herein. If a Member is expelled, that Member forfeits any and all rights to any accrued distribution during the interim quarter whether or not the withdrawal is partial or total. A Member's expulsion from the Company will be effective upon the Member's receipt of written notice of the expulsion.

3.5 **Return of Capital.** Subject to the terms contained herein, the Company may return all or a portion of a Member's capital at the Manager's discretion. Any such return of capital would not be considered a Distribution and would not be included in the determination of such Member's return on investment. However, any such return of capital would reduce the Member's Membership Interest in the Company. Thus, if Manager elects to return all of Member's capital, Member shall no longer be a Member

in the Company and the Member would be considered to have withdrawn or to have elected redemption from the Company.

3.6 **Upon Dissociation.** Dissociation from the Company occurs upon a Member's expulsion, transfer or redemption of all of the Member's Membership Interests, withdrawal or resignation ("Event of Dissociation"). Upon the occurrence of an Event of Dissociation: (1) the Member's right to participate in the Company's governance, receive information concerning the Company's affairs and inspect the Company's books and records will terminate; and (2) unless the Dissociation resulted from the Transfer of the Member's Membership Interests, the Member will be entitled to receive the Distributions to which the Member would have been entitled as of the effective date of the Dissociation had the Dissociation not occurred. The Member will remain liable for any obligation to the Company that existed prior to the effective date of the Dissociation, including any costs or damages resulting from the Member's breach of this Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the Company unless the Manager elects to return capital to a Member. The effect of such Dissociation on the remaining Members who do not sell will be to increase their percentage share of the remaining assets of the Company, and thus their proportionate share of its future earnings, losses and Distributions. The reduction in the outstanding Membership Interests will also increase the relative voting power of remaining Members.

3.7 **Verification of Membership Interest.** Within Thirty (30) days after receipt of a Member's written request, the Company will provide such Member with a statement evidencing his, her, or its Membership Interest in the Company.

3.8 **Manner of Action by Members.**

(a) Meetings.

(1) Right to Call. The Manager, or any combination of Members holding in the aggregate more than Twenty-Five Percent (25%) of the total outstanding Membership Interest, may call a meeting of Members by giving written notice to all Members not less than Thirty (30) days, or more than Sixty (60) days prior to the date of the meeting. The notice must specify the date, time and place of the meeting and the nature of any business to be transacted. A Member may waive notice of a meeting of Members orally, in writing, or by attendance at the meeting.

(2) Time and Place. Unless otherwise specified in the notice of meeting, all meetings shall be held at 2:00 p.m. on a regular business day of the Company, at the Company's principal place of business. No meeting may be held on a Sunday or legal holiday; at a time that is before 7:30 a.m. or after 9:00 p.m.; or at a place more than Sixty (60) miles from the Company's principal place of business.

(3) Proxy Voting. A Member may act at a meeting of Members through a Person authorized by signed proxy.

(4) Quorum. Members whose aggregate holdings exceed a Majority of the outstanding Membership Interest will constitute a quorum at a meeting of Members. No action may be taken in the absence of a quorum.

(5) Required Vote. Except with respect to matters for which a greater minimum vote is required by the Act or this Agreement, the vote of Members present whose aggregate holdings exceed a Majority of the outstanding Membership Interests will constitute the act of the Members at a meeting of Members.

(b) Written Consent. The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate holdings of the Membership Interest equal or exceed the minimum that would be necessary to take the action at a meeting at which all Members were present.

3.9 **Limitation on Individual Authority.** A Member who is not also the Manager has no authority to bind the Company. A Member whose unauthorized act obligates the Company to a third party will indemnify the Company for any costs or damages the Company incurs as a result of the unauthorized act.

3.10 **Negation of Fiduciary Duties.** A Member who is not also the Manager owes no fiduciary duties to the Company or to the other Members solely by reason of being a Member.

ARTICLE 4: FINANCE

4.1 **Contributions.**

(a) Initial Member. The Manager will be the Initial Member of the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing or decreasing its interest in the Company on the same basis as any other person or entity.

(b) Additional Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Agreement as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement along with payment in the amount of such investment. Members' subscription funds will be released to the operating bank account of the Company and Membership Interests will be issued to such Members.

(c) Additional Contributions. The Company may authorize additional Contributions at such times and on such terms and conditions as it determines to be in its best interest. Absent the Company's authorization, no Member is permitted to make additional Contributions.

(d) Contributions Not Interest Bearing. A Member is not entitled to interest or other compensation with respect to any cash or property the Member contributes to the Company.

4.2 **Allocation of Profit and Loss.** After giving effect to special allocations, if any, the Company's Profit or Loss for a Taxable Year, including the Taxable Year in which the Company is dissolved, will be allocated among the Members in proportion to their Capital Account Balances during the applicable tax reporting period.

4.3 **Tax Allocations.** For federal income tax purposes, unless the Code otherwise requires, each item of the Company's income, gain, loss or deduction will be allocated to the Members in proportion to their allocations of the Company's Profit or Loss.

4.4 **Distributions.**

(a) Fixed Return. Members will generally be eligible to receive a non-cumulative annualized fixed return ("Fixed Return") on their capital account balance, payable on a monthly basis (and prorated as applicable for the amount of time that a Member was a member of the Company). The Fixed

Return will be payable prior to any profit participation by the Manager (however, all expenses and fees other than profit participation will be paid to the Manager prior to the Fixed Return). The Fixed Return for any Member shall be equal to a non-cumulative annualized rate of Seven Percent (7%), calculated and payable on a monthly basis. All Fixed Returns shall be distributed after payment of all expenses and fees and to the extent that cash is available, and provided that such distribution will not impact the continuing operations of the Company, as determined by the Manager in its sole and absolute discretion.

At the end of the fiscal year, the Company may review all distributions paid or payable to Members in order to ensure that Members receive accurate Fixed Return distributions for the annual year in accordance with the intent and provisions of this Agreement.

Distributions of the Fixed Return are not a guaranteed distribution and are subject to the cash availability of the Company. The Manager and the Company make no guarantees, assurances or commitments to the distribution of any returns. The Manager will only make distributions to the extent cash is available and, in the sole and absolute discretion of the Manager, and to the extent that any distributions will not impact the continuing operations of the fund.

(b) Distribution of Profits. Any Net Profits in excess of the Fixed Return shall be distributed to the Manager on a monthly basis, in arrears, as follows: One Hundred Percent (100%) of the Net Profits of the Company shall be distributed to the Manager.

(c) By the end of the Company's fiscal year, the Manager will make every effort to have distributed to each Member the amount of Profit or Loss that will be allocated to that Member on the Schedule K-1 that he, she, or it receives for income tax reporting. However, the amount of income reported to each Member on his, her, or its Schedule K-1 may differ somewhat from the actual cash Distributions made during the fiscal year covered by the Schedule K-1 due to, among other things the loan loss reserve and factors unique to the tax accounting of limited liability companies, such as the treatment of investment expense.

4.5 **Reinvestment Election.** Each Member must elect to (a) receive cash distributions for his, her or its share distributions of the Company that is payable to the Member, or (b) having such amount(s) credited to his, her or its capital accounts and reinvested in the Company to purchase additional Membership Interests. Notwithstanding the foregoing, the Manager reserves the right to commence making cash distributions at any time to any Member(s) for any reason (or no reason), including, in order for the Company to remain exempt from the ERISA plan asset regulations. Members must elect to receive cash or reinvest all of their monthly income distributions. No partial reinvestment is permitted.

An election to reinvest the Fixed Return is revocable at any time upon a written request to revoke such election. If no election is made, then the monthly Fixed Return will be a cash disbursement. Members may change their election at any time upon Thirty (30) days written notice to the Company. Upon receipt and after the Thirty (30) day notice has occurred, the Member's election shall be changed and reflected on the following first day of the month in which the Member is entitled to receive a distribution. Notwithstanding the preceding sentences, the Manager may at any time immediately commence with income distributions in cash only (hence, suspending the reinvestment option for such Member(s)) to any Member(s) for any reason (or no reason), including, in order for the Company to remain exempt from the ERISA plan asset regulations.

4.6 **Capital Accounts.**

(a) General Maintenance. The Company will establish and maintain a Capital Account for each Member. A Member's Capital Account Balance will be:

(1) increased by: (i) the amount of any money the Member contributes to the Company's capital; and (ii) the Member's share of the Company's Profits and any separately stated items of income or gain; and

(2) decreased by: (i) the amount of any money the Company distributes to the Member; and (ii) the Member's share of the Company's Losses and any separately stated items of deduction or loss.

(b) Transfer of Capital Account. A Transferee of Membership Interests succeeds to the portion of the transferor's Capital Account that corresponds to the portion of the Membership Interest that is the subject of the Transfer.

(c) Compliance with Code. The requirements of this Article are intended and will be construed to ensure that the allocations of the Company's income, gain, losses, deductions and credits have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code.

ARTICLE 5: MANAGEMENT

5.1 **Representative Management.** The Company will be managed by One (1) Manager. By execution of this Agreement, and without prejudice to the right of the Members to remove the Manager as set forth in Article 5, the Initial Members and each Person hereafter admitted as a Member, other than Transferees, shall be deemed to have elected such Manager. The initial manager of the Company shall be: Pacific Private Money Inc. a California corporation.

5.2 **Time Devoted to Business.** The Manager will devote to the Company's activities the amount of time reasonably necessary to discharge the Manager's responsibilities.

5.3 **Powers and Authority.**

(a) General Scope. Except for matters on which the Members' approval is required by the Act or this Agreement, the Manager has full power, authority and discretion to manage and direct the Company's business, affairs and properties, including the specific powers referred to in paragraph (b), below.

(b) Specific Powers.

(1) The Manager is authorized on the Company's behalf to make all decisions as to (i) the development, sale, lease or other disposition of the Company's assets; (ii) the origination and purchase of loans or any other assets of all kinds; (iii) the acquisition, purchase, leasing, and/or sale of properties or any other assets of all kinds; (iv) the management of all or any part of the Company's assets and business; (v) the borrowing of money and the granting of security interests in the Company's assets (including loans from Members) as, and only if, provided for in the Memorandum; (vi) the prepayment, refinancing or extension of any mortgage affecting the Company's assets; (vii) the compromise or release of any of the Company's claims or debts; (viii) the employment of Persons for the operation and management of the Company's business; and (ix) all elections available to the Company under any federal or state tax law or regulation.

(2) The Manager on the Company's behalf may execute and deliver (i) all contracts, conveyances, assignments, leases, subleases, franchise agreements, licensing agreements, management contracts and maintenance contracts covering or affecting the Company's assets; (ii) all checks, drafts and other orders for the payment of the Company's funds; (iii) all loan documents including,

without limitation, promissory notes, mortgages, deeds of trust, security agreements and other similar documents; (iv) all articles, certificates and reports pertaining to the Company's organization, qualification and dissolution; (v) all tax returns and reports; and (vi) all other instruments of any kind or character relating to the Company's affairs.

5.4 **Required Member Approval.** Except as specifically provided herein, without the approval of the Members holding a Majority of the issued and outstanding Membership Interests, the Company may not take any action with respect to: (a) the Company's merger with or conversion into another Entity; (b) causing the Company to incur debt which would exceed the amount provided for in the Memorandum; or (c) a transaction, not expressly permitted by this Agreement or Memorandum, involving a conflict of interest between the Manager and the Company

5.5 **Duties of Manager.**

(a) Fiduciary Duty. The Manager shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in the Manager's possession or control. Except as expressly permitted herein, or by subsequent approval of the Members, the Manager shall not employ, or permit another to employ Company funds or assets in any manner except for the exclusive benefit of the Company.

(b) Standard of Care.

(1) Exculpation. The Manager will not be liable to the Company or any Member for an act or omission done in good faith to promote the Company's best interests, unless the act or omission constitutes gross negligence, fraud, bad faith, intentional misconduct, or a knowing violation of law.

(2) Justifiable Reliance. The Manager may rely on the Company's records maintained in good faith and on information, opinions, reports or statements received from any Person pertaining to matters the Manager reasonably believes to be within the Person's expertise or competence.

(c) Competing Activities. The Manager may participate in any business or activity without accounting to the Company or the Members. Each Member waives the benefit of the corporate opportunity doctrine, on his or her own behalf and on behalf of the Company, and agrees that the Manager may deal in other real estate transactions for its own account and/or for the accounts of others without any requirement to account to the Company for such dealings.

(d) Self-Dealing. In addition to the transactions expressly permitted by this Agreement, the Manager may enter into business transactions with the Company if the terms of the transaction are no less favorable to the Company than those of a similar transaction with an independent third party, including without limitation selling loans to, and buying loans from, the Company.

(e) Specific Transactions. Without limiting the generality of the foregoing, it is hereby acknowledged and agreed that the Manager shall be permitted to bargain for and accept the following transactions connected with the business of the Company, subject to the terms of any other agreement among the Members, including, without limitation receiving interest income from Company loans; loan origination and documentation; loan processing; loan extension and modification; servicing loans; drafting documents; securing collateral; collecting rent and real estate commissions (including those from REOs); collecting forbearance fees, default interest and fees, late fees, collection fees, prepayment penalties, and other similar fees; and paying expenses. This income will be allocated to the Company as set forth in Section 5.7 below.

(f) Reimbursement of Business Expenses. The Manager shall be entitled to reimbursement by the Company (but only to the extent that Company assets are sufficient therefor) for reasonable and necessary out-of-pocket expenses incurred by the Manager on behalf of the Company. Further, the Company shall reimburse the Manager and its Affiliates for any reasonable formation, accounting, analyst, banking, transactional fees and legal costs incurred in connection with the formation of the Company and the capital raising activities undertaken by the Company.

5.6 **Indemnification of Manager.** Except as limited by law, the Company shall indemnify the Manager for all expenses (including, without limitation, legal fees and costs), losses, liabilities and damages the Manager actually and reasonably incurs in connection with the defense or settlement of any action arising out of or relating to the conduct of the Company's activities, except an action with respect to which the Manager is adjudged to be liable for fraud, bad faith, willful misconduct, and/or breach of a fiduciary duty owed to the Company or the Members under the Act or this Agreement. Therefore, Members may have a more limited right of action than they would have absent these provisions in the Operating Agreement. The Company shall advance the costs and expenses of defending actions against the Manager arising out of or relating to the management of the Company, provided it first receives the written undertaking of the Manager to reimburse the Company if ultimately found not to be entitled to indemnification. A successful indemnification of the Manager or any litigation that may arise in connection with the Manager's indemnification could deplete the assets of the Company. Members who believe the Manager has engaged in conduct resulting in fraud, willful misconduct, bad faith, or breach of the Manager's fiduciary duty, should consult with their own legal counsel.

5.7 **Income to the Company.** The Company will allocate and distribute the fee income as follows:

(a) Profit Participation. The Manager shall participate in the distribution of any excess Net Profits as follows: after distribution of the Fixed Return to the Members, the Manager shall receive One Hundred Percent (100%) of all Net Profits on a monthly basis.

(b) Income to the Company. The Manager's income will commonly include the following:

(1) interest income from the Company loans;

(2) loan origination fees and lender discount points, which averages (in the aggregate) between One and Ten Percent (1-10%) but could be as low as Zero Percent (0%) or as high as Fifteen Percent (15%) depending on market condition;

(3) loan extension and modification fees, typically between One and Three Percent (1-3%) of the original loan amount, but could be higher or lower depending on market rates and conditions;

(4) loan processing, documentation and other similar fees;

(5) forbearance fees, late fees, late charges, collection fees, prepayment penalties, default interest, and all other similarly related fees incurred by borrowers; and

(6) when the Company purchases an existing loan (or pool of loans) from a third party, the Company will be paid a fee comparable to a loan origination fee.

(c) Loan Servicing Fee. Any loan servicing fees payable to the Servicer shall be calculated as an expense to the Company. This fee shall be collected monthly from the payments received

by the Company from the borrowers. Notwithstanding the foregoing, the loan servicing fee may vary from loan to loan.

(d) Income from REOs. Any REOs acquired through the Company's lending activities will be managed, remodeled, repaired, leased, and/or sold by the Company, the Manager, and/or its Affiliates, as determined by the Manager in its sole and absolute discretion. Any cash flow derived from REOs, or profits gained from sale of such properties shall be retained by the Company, including any real estate commissions, property management fees, and/or fees accrued in connection with the REOs.

(e) Operating Expenses. The Manager shall be entitled to reimbursement by the Company (but only to the extent that Company assets are sufficient therefor) for reasonable and necessary out-of-pocket expenses incurred by the Manager on behalf of the Company. Further, the Company shall reimburse the Manager and its Affiliates for any reasonable formation, accounting, analyst, banking, transactional fees and legal costs incurred in connection with the formation of the Company and the capital raising activities undertaken by the Company.

(f) The Company will bear the cost of the annual tax preparation of the Company's tax returns, any state and federal income tax due, and any required independent audit reports required by agencies governing the business activities of the Company.

(g) The definition of Manager's Fees includes all the fees described in "Income to the Company".

(h) The Manager may, but has no obligation to, defer all or a portion of the Manager's Fees. In such event, the Manager will be entitled to recover the deferred fees at a later time.

5.8 **Tenure.**

(a) Term. The Manager will serve until the earlier of (1) the Manager's resignation; (2) the Manager's removal; (3) as to a Manager who is a natural person, the Manager's death or adjudication of incompetency; and (4) as to a Manager that is an Entity, the Manager's dissolution. In any such event, Members representing a Majority of the Membership Interest outstanding shall promptly elect a successor as Manager; provided, however if the then Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager without Member approval.

(b) Resignation. The Manager at any time may resign by written notice delivered to the Members at Thirty (30) days prior to the effective date of the resignation. Members may elect a replacement Manager with a Majority vote, provided, however if the then Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager without Member approval.

(c) Removal. The Members may remove the Manager if: (1) the Manager is convicted or found liable for an act of gross negligence or fraud which materially lowers the net asset value of the Company, or (2) the holders of at least a Majority of the outstanding Membership Interests vote in favor of such removal. A successor manager of the Company may only be elected by the Members, provided that if the then-current Manager appoints an Affiliate as the successor Manager then no vote or consent of the Members shall be required unless expressly mandated by applicable California law.

ARTICLE 6: RECORDS AND ACCOUNTING

6.1 **Maintenance of Records.**

(a) Required Records. The Company will maintain, at its registered office in California, such books, records and other materials as are reasonably necessary to document and account for its activities, including without limitation, those required to be maintained by the Act.

(b) Member Access. A Member and the Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records and other materials pertaining to the Company or its activities so long as it does not violate another member's right to privacy or confidentiality. The exercise of such rights will be at the requesting Member's expense.

(c) Confidentiality. No Member or Manager will disclose any information relating to the Company or its activities to any unauthorized person or use any such information for his or her or any other Person's personal gain.

6.2 **Financial Accounting.**

(a) Accounting Method. The Company will account for its financial transactions using the accrual basis method of accounting. The Manager reserves the right to change such methods of accounting upon written notice to Members.

(b) Taxable Year. The Company's Taxable Year is the calendar year.

6.3 **Reports.**

(a) Members. Annual reports concerning the Company's business affairs, including the Company's annual income tax return, will be provided to Members who request them in writing. Each Member will receive his, her, or its respective K-1 Form as required by applicable law. The Manager may, at its sole and absolute discretion, designate any Person to provide tax and accounting advice to the Company, at any time and for any reason.

(b) Periodic Reports. The Company will complete and file any periodic reports required by the Act or the law of any other jurisdiction in which the Company is qualified to do business.

6.4 **Tax Compliance.**

(a) Withholding. If the Company is required by law or regulation to withhold and pay over to a governmental agency any part or all of a Distribution or allocation of Profit to a Member:

(1) the amount withheld will be considered a Distribution to the Member; and

(2) if the withholding requirement pertains to a Distribution in kind or an allocation of Profit, the Company will pay the amount required to be withheld to the governmental agency and promptly take such action as it considers necessary or appropriate to recover a like amount from the Member, including offset against any Distributions to which the Member would otherwise be entitled.

(b) Tax Matters Partner. The Manager, or a Person designated by the Manager, shall act as the "Tax Matters Partner" pursuant to Section 6231(a)(7) of the Code. The Tax Matters Partner will inform the Members of all administrative and judicial proceedings pertaining to the determination of the

Company's tax items and will provide the Members with copies of all notices received from the U.S. Internal Revenue Service regarding the commencement of a LLC-level audit or a proposed adjustment of any of the Company's tax items. The Tax Matters Partner may extend the statute of limitations for assessment of tax deficiencies against the Members attributable to any adjustment of any tax item. The Company will reimburse the Tax Matters Partner for reasonable expenses properly incurred while acting within the scope of the Tax Matters Partner's authority.

ARTICLE 7: DISSOLUTION

7.1 **Events of Dissolution.** The Company will continue until (a) dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein; (b) the sale or other disposition of all or substantially all the assets of the Company; (c) any event that makes the Company ineligible to conduct its activities as a limited liability company under the Act; or (d) otherwise by option of law.

7.2 **Effect of Dissolution.**

(a) Appointment of Liquidator. Upon the Company's dissolution, the Manager (unless unwilling or unable to serve as such) shall serve as liquidator, and as such will wind up and liquidate the Company in an orderly, prudent and expeditious manner in accordance with the following provisions of this Article. While serving as liquidator, the Manager shall have the same authority, powers, duties and compensation as before dissolution, except that the liquidator shall not acquire any additional assets for the Company, and shall use its best efforts to liquidate the Company's existing assets as rapidly as is consistent with receiving the fair market value thereof. If the Manager is unwilling or unable to serve as liquidator, or has resigned or been removed, the Members shall elect another person, who may be a Member, to serve as liquidator.

(b) Distributions Upon Dissolution. The Company will not cease to exist immediately upon the occurrence of an event of dissolution, but will continue until its affairs have been wound up. Upon dissolution of the Company, the Manager will wind up the Company's affairs by liquidating the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loan(s) until a suitable sale can be arranged. All funds received by the Company shall be applied to satisfy or provide for Company debts and liabilities and the balance, if any, shall be distributed to Members on a pro-rata basis.

(c) Time for Liquidation. The Company will not immediately cease to exist upon the occurrence of an event causing its dissolution, but will continue until its affairs have been wound up. It is acknowledged and agreed that the assets of the Company are illiquid, and will take time to sell. The liquidator shall liquidate the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loans. Due to high prevailing interest rates or other factors, the Company could suffer reduced earnings (or losses) if a substantial portion of its loan portfolio remains and must be liquidated quickly during the winding up period. Members who sell their Membership Interests prior to any such liquidation will not be exposed to this risk. Conversely, if prevailing interest rates have declined at a time when the loan portfolio must be liquidated, unanticipated profits could be realized by those Members who remained in the Company until its termination.

(d) Final Accounting. The liquidator will make proper accountings, (1) to the end of the month in which the event of dissolution occurred, and (2) to the date on which the Company is finally and completely liquidated.

(e) Duties and Authority of Liquidator. The liquidator will make adequate provision for the discharge of all of the Company's debts, obligations and liabilities. The liquidator may sell, encumber or retain for distribution in kind any of the Company's assets. Any gain or loss recognized on the sale of assets will be allocated to the Members' Capital Accounts in accordance with the provisions of Article 4. With respect to any asset the liquidator determines to retain for distribution in kind, the liquidator will allocate to the Members' Capital Accounts the amount of gain or loss that would have been recognized had the asset been sold at its fair market value.

(f) Final Distribution. The liquidator will distribute any assets remaining after the discharge or accommodation of the Company's debts, obligations and liabilities to the Members in proportion to their Capital Accounts. The liquidator will distribute any assets distributable in kind to the Members in undivided interests as tenants in common. A Member whose Capital Account is negative will have no liability to the Company, the Company's creditors or any other Member with respect to the negative balance.

(g) Required Filings. The liquidator will file with the appropriate Secretary of State such statements, certificates and other instruments, and take such other actions, as are reasonably necessary or appropriate to effectuate and confirm the cessation of the Company's existence.

ARTICLE 8: GENERAL PROVISIONS

8.1 **Amendments.** Except as otherwise provided herein, the Manager or any Member may propose, for consideration and action, an amendment to this Agreement or to the Articles. Except as otherwise provided herein, a proposed amendment will become effective at such time as it is approved by the Members holding a Majority of the outstanding Membership Interests. Notwithstanding the foregoing, the Company, the Manager will execute and file any amendment to the Articles required by the Act. If any such amendment results in inconsistencies between the Articles and this Agreement, this Agreement will be considered to have been amended in the specifics necessary to eliminate fine inconsistencies.

8.2 **Power of Attorney.** Each Member appoints the Manager, with full power of substitution, as the Member's attorney-in-fact, to act in the Member's name to execute and file (a) all certificates, applications, reports and other instruments necessary to qualify or maintain the Company as a limited liability company in the states and foreign countries where the Company conducts its activities, (b) all instruments that effect or confirm changes or modifications of the Company or its status, including, without limitation, amendments to the Articles, and (c) all instruments of transfer necessary to effect the Company's dissolution and termination. The power of attorney granted by this Article is irrevocable, coupled with an interest and shall survive the death of the Member.

8.3 **Binding Arbitration.** ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION OR VALIDITY THEREOF, INCLUDING (WITHOUT LIMITATION) THE DETERMINATION OF THE SCOPE OR APPLICABILITY OF THIS AGREEMENT TO ARBITRATE, OR ANY OTHER DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF ANY INTERACTION BETWEEN THE COMPANY AND A MEMBER, SHALL BE BROUGHT WITHIN ONE YEAR OF ITS ACCRUAL AND BE DETERMINED BY ARBITRATION IN THE COUNTY OF MARIN, STATE OF CALIFORNIA, BEFORE ONE ARBITRATOR. THE ARBITRATION SHALL BE ADMINISTERED BY JAMS PURSUANT TO ITS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY EXCEEDS TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000)) OR ITS STREAMLINED ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY IS LESS THAN OR EQUAL TO TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000)). IF THE ARBITRATION IS A CLASS ARBITRATION, THE

AGGREGATE AMOUNT, OF THE PURPORTED CLAIMS OF ALL PUTATIVE CLASS MEMBERS, SHALL BE USED TO DETERMINE WHICH RULES APPLY. JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THIS CLAUSE SHALL NOT PRECLUDE PARTIES FROM SEEKING PROVISIONAL REMEDIES IN AID OF ARBITRATION FROM A COURT OF APPROPRIATE JURISDICTION. THE PREVAILING PARTY IN ANY DISPUTE, CLAIM OR CONTROVERSY HEREUNDER SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREOF.

8.4 **Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, facsimile, e-mail or private courier. The notice must be prepaid and addressed as set forth in the Company's records. The notice will be effective on the date of receipt or, in the case of notice sent by first class mail, the Fifth (5^{th}) day after mailing.

8.5 **Resolution of Inconsistencies.** If there are inconsistencies between this Agreement and the Articles, the Articles will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement. If there are inconsistencies between this Agreement and the Memorandum, this Agreement will control. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the Company's governance and financial affairs and the rights of the Members upon Dissociation and dissolution will supersede the provisions of the Act relating to the same matters.

8.6 **Provisions Applicable to Transferees.** Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule or regulation governing the Company's formation and activities.

8.7 **Additional Instruments.** Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule or regulation governing the Company's formation and activities.

8.8 **Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run is not included. The last day of the period is included, unless it is a Saturday, Sunday or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m. in the time zone where the Company then maintains its principal place of business.

8.9 **Entire Agreement.** This Agreement and the Articles comprise the entire agreement among the parties with respect to the Company. This Agreement and the Articles supersede any prior agreements or understandings with respect to the Company. No representation, statement or condition not contained in this Agreement or the Articles has any force or effect.

8.10 **Waiver.** No right or remedy under this Agreement may be waived, except by an instrument in writing signed by the party sought to be charged with the waiver.

8.11 **General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa. The headings and underlined paragraph titles are for guidance only and have no significance in the interpretation of this Agreement.

8.12 **Binding Effect.** Subject to the provisions of this Agreement relating to the transferability of Membership Interests and the rights of Transferees, this Agreement is binding on and will inure to the benefit of the Company, the Members and their respective distributees, successors and assigns.

8.13 **Governing Law**. California law governs the construction and application of the terms of this Agreement.

8.14 **Severability**. If any provision of this Agreement shall be deemed invalid, unenforceable or illegal, then notwithstanding such invalidity, unenforceability or illegality, the remainder of this Agreement shall continue in full force and effect.

8.15 **Counterparts; Facsimile.** This Agreement may be executed in counterparts, each of which will be considered an original as to the party signing it. Facsimile signatures shall have the same legal effect as original signatures.

[Signature Page to Operating Agreement Follows]

[*Signature Page to Operating Agreement*]

PACIFIC FREEDOM FUND LLC, a California limited liability company

By: _____
Mark Hanf, President and CEO of Pacific Private Money Inc., Manager of the Company

BY PURCHASING A MEMBERSHIP INTEREST IN THE COMPANY AND EXECUTING A SUBSCRIPTION AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT AND THE MEMORANDUM

PCFG_0000276837_Pacific Freedom Fund LLC Operating Agreement.pdf
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LIMITED LIABILITY COMPANY OPERATING AGREEMENT

of

PACIFIC OPPORTUNITY FUND LLC

a *Delaware limited liability company*

This Limited Liability Company Operating Agreement ("***Agreement***") of Pacific Opportunity Fund LLC, a Delaware limited liability company ("***Company***"), is by and among Pacific Private Money Partners LLC, a Delaware limited liability company ("***Initial Member***" or "***Manager***"), and each additional Person who becomes a Member, in accordance with the provisions of this Agreement. Any capitalized terms used herein, but not defined, shall have the meaning ascribed to them in the Private Placement Memorandum, dated January 1, 2023 ("***Memorandum***").

RECITALS

The Company is a limited liability company formed under the Delaware Limited Liability Company Act, Del. Code Ann. Tit. 6, § 18-101, et seq., as amended. The parties to this Agreement are the Manager and those additional Persons who are subsequently admitted as Members, in accordance with the provisions of this Agreement. The parties intend by this Agreement to define their rights and obligations with respect to the Company's governance and financial affairs, and to adopt regulations and procedures for the conduct of the Company's activities. Accordingly, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

ARTICLE 1: DEFINITIONS

1.1 **Scope.** For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is expressed or intended, all capitalized terms used herein have the meanings specified in this Article 1.

1.2 **Defined Terms.**

(a) "***Act***" means the Delaware Limited Liability Company Act, Del. Code Ann. Tit. 6, § 18-101, et seq., as amended.

(b) "***Affiliate***," with respect to a Person, means (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Affiliate, (2) a Person who owns or controls at least Ten Percent (10%) of the outstanding voting interests of the Affiliate, (3) a Person who is an officer, director, manager, or general partner of the Affiliate, or (4) a Person who is an officer, director, manager, general partner, trustee, or owner of at least Ten Percent (10%) of the outstanding voting interests of an Affiliate described in clauses (1) through (3) of this sentence.

(c) "***Agreement***" means this Agreement, including any subsequent amendments thereto.

(d) "***Bankruptcy***" means the filing of a petition seeking liquidation, reorganization, arrangement, readjustment, protection, relief, or composition in any state or federal bankruptcy, insolvency, reorganization, or receivership proceeding.

(e) "***Capital Account***" of a Member means the capital account maintained for such Member. The balance of the Capital Account of a Member, determined as set forth in Section 4.6 below, shall herein be referred to as the "***Capital Account Balance***."

(f) "***Certificate***" means the Certificate of Formation filed with the Secretary of State to organize the Company as a limited liability company, including any subsequent amendments thereto.

(g) "***Code***" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "***Contribution***" means anything of value that a Member contributes to the Company as a prerequisite for, or in connection with, membership, including (without limitation) any combination of cash, property, services rendered, a promissory note, or any other obligation to contribute cash or property or render services.

(i) "***Dissociation***" means a complete termination of a Member's membership in the Company due to an event described in Article 3 hereof.

(j) "***Distribution***" means the Company's direct or indirect transfer of money or other property to a Member with respect to a Membership Interest.

(k) "***Effective Date***" means the date on which the Company's existence as a limited liability company begins, as prescribed by the Act.

(l) "***Entity***" means an association, relationship, or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative, or association.

(m) "***Family***," with respect to a Member, means any individual(s) who is related to the Member by blood, marriage, or adoption. For the purposes of this definition, an individual is related to the Member by marriage if the person is related by blood or adoption to the Member's current spouse.

(n) "***Initial Member***" means the persons identified above as the Initial Member.

(o) "***Majority***" means more than Fifty Percent (50%) of the outstanding Membership Interests in the Company.

(p) "***Manager***" means a Person who is vested with authority to manage the Company, in accordance with Article 5 hereof.

(q) "***Member***" means the Initial Member or any Person who is admitted as an additional or a substitute Member after the Effective Date, in accordance with Article 3 hereof.

(r) "***Membership Interest***" means a Member's percentage interest in the Company.

(s) "***Memorandum***" shall mean the Private Placement Memorandum of the Company, as amended from time to time.

(t) "***Minimum Gain***" means minimum gain as defined in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

(u) "***Net Assets Under Management***" means the total Company and/or the Sub-REIT capital, including cash, notes (at book value), real estate owned (at the lower of cost or fair market value),

accounts receivable, advances made to protect loan security, unamortized organizational expenses and any other Company and/or Sub-REIT assets valued at fair market value, less Company liabilities.

(v) "***Net Profits***" means the Company's gross quarterly revenue less (1) the Company's quarterly operating expenses; (2) costs associated with the management and operation of the Company (including administrative costs, legal expenses, accounting fees, tax return preparation fees such as audit and filing fees); (3) payment of fees to the Manager for its services rendered to the Company; (4) an allocation of income for valuation allowance (as applicable); and (5) payment of the Preferred Return to the Members.

(w) "***Originator***" shall refer to the Manager, the Company, and/or a third party or Affiliate who originates a Company loan.

(x) "***Permitted Transferee***," with respect to a Member, means another Member, a member of the Member's Family, or a trust for the benefit of the Member or a member of the Member's Family.

(y) "***Person***" means a natural person or an Entity.

(z) "***Profit***," as to a positive amount, and "***Loss,***" as to a negative amount, mean, for a Taxable Year, the Company's income or loss for the Taxable Year, as determined in accordance with accounting principles appropriate to the Company's method of accounting and consistently applied.

(aa) "***Regulations***" means proposed, temporary, or final regulations promulgated under the Code by the U.S. Department of the Treasury, as amended from time to time.

(bb) "***Servicer***" refers to the servicer of the Company loans.

(cc) "***Subscription Agreement***" means the Subscription Agreement included as Exhibit B to the Memorandum.

(dd) "***Taxable Year***" means the Company's taxable year as determined in Article 6 hereof.

(ee) "***Transfer***," as a noun, means a transaction or event by which ownership of any Membership Interest is changed or encumbered, including, without limitation, a sale, exchange, abandonment, gift, pledge, or foreclosure. "Transfer," as a verb, means to affect a Transfer.

(ff) "***Transferee***" means a Person who acquires any Membership Interest by Transfer from a Member or another Transferee not admitted as a Member, in accordance with Article 3 hereof.

ARTICLE 2: THE COMPANY

2.1 **Status.** The Company is a limited liability company organized in the state of Delaware under the Act.

2.2 **Name.** The name of the Company is Pacific Opportunity Fund LLC.

2.3 **Term.** The Company's existence as a limited liability company will commence on the Effective Date and continue until dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein.

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2.4 **Purpose.** The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act; subject to the foregoing, the Company presently intends to raise money through the offering of Membership Interest ("***Offering***") in order to make, purchase, originate, fund, acquire and/or otherwise sell loans secured by interests in real or personal property located in the of the United States. The Company may also manage, remodel, repair, lease, and/or sell real properties acquired through the Company's lending activities, including but not limited to, properties acquired through foreclosure and real estate owned ("***REO***"). In addition, the Company intends to establish a real estate investment trust ("***REIT***") in the form of a subsidiary (the "***Sub-REIT***").

2.5 **Principal Place of Business.** The Company's principal place of business is located at: 1555 Grant Ave., Novato, California 94945.

2.6 **Registered Agent and Registered Office.** The Company's registered office in the State of Delaware is located at: 108 W. 13th Street, Suite 100, Wilmington, Delaware 19801, and its registered agent at that location is Vcorp Services, LLC. The Company may change its registered agent or registered office at any time for any reason (or no reason).

ARTICLE 3: MEMBERSHIP

3.1 **Identification.**

(a) Membership. The Manager will be the Initial Member of the Company. The Manager may choose to invest capital into the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing its interest in the Company on the same basis as any other person.

(b) Additional and Substitute Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Agreement, as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement, along with payment in the amount of such investment.

(c) Rights of Additional or Substitute Members. A Person admitted as an additional or substitute Member has all the rights and powers, and is subject to all the restrictions and obligations, of a Member under this Agreement and the Act.

3.2 **Withdrawal.** Members may not withdraw or redeem their Membership Interests until Twelve (12) months from the purchase of said Membership Interests. Members who have been Members of the Company for a period longer than Twelve (12) months may request withdrawal (the "***Withdrawal Request***") from the Company by providing prior written notice no later than Ninety (90) days from the intended date of withdrawal from the Company. All Withdrawal Requests must be made in writing and include the intended date of withdrawal (the "***Withdrawal Date***") and the specific balance of Membership Interests the Member seeks to withdraw and redeem (the "***Withdrawal Balance***"). The Withdrawal Date shall be effective upon the date of receipt of the Member's Withdrawal Request (the "***Effective Withdrawal Date***").

Members shall receive any and all distributions or distributable proceeds as set forth herein for all Membership Interests until those Membership Interests are fully redeemed and the associated contributions withdrawn.

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The Company will use its best efforts to honor Withdrawal Requests subject to, among other things, the Company's then Net Profits, financial condition, and prospective transactions in assets.

Any and all returns of contributions associated with Withdrawal Requests shall be processed on the first day of the month and on a best-efforts basis. With respect to facilitating or accommodating any Member's request for withdrawal from the Company, the Company and the Manager are not under any circumstances, obligated to (1) liquidate any assets in any efforts to accommodate or facilitate any Member's request for withdrawal from the Company; or (2) cease business operations of the Company, including but not limited to funding, making or acquiring new loans or real property, provided the Manager, in its sole and absolute discretion, determines that such activity is in the best interest of the Company.

The foregoing shall be limited by the following restriction: the maximum aggregate amount of Withdrawal Requests that the Company will process each fiscal year is limited to Ten Percent (10%) of the total outstanding contributions to the Company. Notwithstanding the foregoing, the Manager may, in its sole and absolute discretion, waive or modify such withdrawal requirements.

Members who wish to withdraw before they have been Members for Twelve (12) months ("***Early Withdrawal***") can only withdraw if the Member produces evidence of undue hardship, and the Manager permits Early Withdrawal, in its sole and absolute discretion. The acceptability of a Member's hardship will be determined by the Manager, in its sole and absolute discretion. Members who request Early Withdrawal will be subject to a penalty of Five Percent (5%) of the Member's withdrawal proceeds. The Manager may, at its sole discretion, waive an Early Withdrawal penalty.

The Manager may at any time suspend the withdrawal of Membership Interests from the Company, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Manager or the Company, disposal of the assets of the Company is not reasonably practicable without being detrimental to the interests of the Company or its Members, determined in the sole and absolute discretion of the Manager; (ii) it is not reasonably practicable to determine the net asset value of the Company on an accurate and timely basis; or (iii) if the Manager has determined to dissolve the Company.

Notice of any suspension will be given within Ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a Withdrawal Request and to whom full payment of the redemption proceeds has not yet been remitted. If a Withdrawal Request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the last day of the calendar month in which the suspension is lifted, on the basis of the net asset value of the Company at that time and in the order determined by the Manager in its sole and absolute discretion.

3.3 **Restrictions on Transfer.**

(a) Restrictions on Transfer. A Member may Transfer his, her, or its Membership Interest only in compliance with this Article 3. Restrictions have been placed upon the ability of all Members to resell or otherwise dispose of any Membership Interest obtained or acquired hereunder, including, without limitation, the following:

(1) The Membership Interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended ("***Act***"), in reliance upon the exemptions provided for under Section 4(a)(2) and Regulation D thereunder.

(2) There is no public market for the Membership Interests and none is expected to develop in the future. Even if a potential buyer could be found, Membership Interests may not

be resold or transferred without satisfying certain conditions designed to comply with applicable tax and securities laws, including, without limitation, provisions of the Act, Rule 144 thereunder, and the requirement that certain legal opinions be provided to the Manager with respect to such matters. A transferee must meet the same investor qualifications as the Members admitted during the Offering Period. Any potential buyer must be capable of bearing the economic risks of this investment, with the understanding that Membership Interests may not be liquidated by resale or redemption, and should expect to hold their Membership Interests as a long-term investment.

(3) A legend will be placed upon all instruments evidencing ownership of Membership Interests in the Company, stating that the Membership Interests have not been registered under the Securities Act of 1933, as amended, and set forth the foregoing limitations on resale. Notations regarding these limitations shall be made in the appropriate records of the Company with respect to all Membership Interests offered hereby. Any Member who transfers, upon the Manager's consent, any Membership Interests to another Person shall, subject to the sole and absolute discretion of the Manager, pay the Manager a transfer fee of at least Five Hundred Dollars ($500) to cover administrative costs related thereto. If a Member transfers Membership Interests to more than one person, except transferees who will hold title together, the transfer to each person will be considered a separate transfer.

(b) Null and Void. An attempted Transfer of all or a portion of a Membership Interest that is not in compliance with this Article will be null and void. No Membership Interest may be transferred if, in the judgment of the Manager, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the Company as a limited liability company, or cause a termination of the Company for federal income tax purposes.

(c) Permitted Transfers. A Member may, at any time, Transfer one or more Membership Interests to a Permitted Transferee if, as of the date the Transfer takes effect, the Company is reasonably satisfied that all of the following conditions are met:

(1) the conditions listed above have been met;

(2) the Transferee is a Person with the same qualifications as the original Member;

(3) the Transfer, alone or in combination with other Transfers, will not result in the Company's termination for federal income tax purposes;

(4) the Transfer is the subject of an effective registration under, or exempt from the registration requirements of, applicable state and federal securities laws;

(5) the Company receives from the Transferee the information and agreements reasonably required to permit it to file federal and state income tax returns and reports; and

(6) the Manager receives payment from the Transferee of a transfer fee of Five Hundred Dollars ($500) for each Transferee.

(d) Transferor's Membership Status. If a Member Transfers less than all of his, her, or its Membership Interest, the Member's rights with respect to the transferred portion of the Membership Interest, including the right to vote or otherwise participate in the Company's governance and the right to receive Distributions, will terminate as of the effective date of the Transfer. However, the Member will remain liable for any obligation with respect to the transferred portion that existed prior to the effective date of the Transfer, including (without limitation) any costs or damages resulting from the Member's breach of

this Agreement. If the Member Transfers all of his, her, or its Membership Interest, the Transfer will constitute an event of Dissociation.

(e) Transferee's Status.

(1) Admission as a Member. A Member who Transfers one or more Membership Interests has no power to confer on the Transferee the status of a Member. A Transferee may be admitted as a Member only in accordance with the provisions of this Article. A Transferee who wishes to become a Member must make an application in writing to the Company and provide evidence, as requested by the Company, of compliance with all conditions to admission, as set forth above. Prior to admission, each proposed member must execute and deliver a counterpart of this Agreement, as amended to date, or a separate written agreement to be bound hereby. The Company shall not, without cause, refuse the application for membership of a Transferee who has complied with all the provisions of this Agreement.

(2) Rights of Non-Member Transferee. A Transferee who is not admitted as a Member in accordance with the provisions of this Article: (i) has no right to vote or otherwise participate in the Company's governance; (ii) is not entitled to receive information concerning the Company's affairs or inspect the Company's books and records; (iii) with respect to the transferred Membership Interests, is entitled to receive the Distributions to which the Member would have been entitled had the Transfer not occurred; and (iv) is subject to the restrictions imposed by this Article to the same extent as a Member. Any provision of the Agreement permitting or requiring the Members to take action by vote or written approval of a specified percentage of the Membership Interests shall be deemed to mean only Membership Interests then-owned by Members.

3.4 **Expulsion of a Member.** At any time there are more than Two (2) Members, the Company may expel a Member, but only for cause. Cause for expulsion exists if the Member has materially breached this Agreement, is unable to perform the Member's material obligations under this Agreement, or if the Manager, in its sole and absolute discretion, notwithstanding any of the withdrawal restrictions described herein, suspects the Member has violated federal or state law, rules, and regulations, or the Member is under investigation by the federal, state, and/or local authorities. If a Member is expelled, that Member forfeits any and all rights to any accrued distribution during the interim quarter, whether or not the withdrawal is partial or total. A Member's expulsion from the Company will be effective upon the Member's receipt of written notice of the expulsion.

3.5 **Return of Capital.** Subject to the terms contained herein, the Company may return all or a portion of a Member's capital, at the Manager's discretion. Any such return of capital would not be considered a Distribution and would not be included in the determination of such Member's return on investment. However, any such return of capital would reduce the Member's Membership Interest in the Company. Thus, if the Manager elects to return all of a Member's capital, the Member shall no longer be a Member in the Company, and the Member would be considered to have withdrawn or to have elected redemption from the Company.

3.6 **Upon Dissociation.** Dissociation from the Company occurs upon a Member's expulsion, transfer, or redemption of all of the Member's Membership Interests, or withdrawal or resignation (an "***Event of Dissociation***"). Upon the occurrence of an Event of Dissociation: (1) the Member's right to participate in the Company's governance, receive information concerning the Company's affairs, and inspect the Company's books and records will terminate; and (2) unless the Dissociation resulted from the Transfer of the Member's Membership Interests, the Member will be entitled to receive the Distributions to which the Member would have been entitled to as of the effective date of the Dissociation, had the Dissociation not occurred until the Member has fully redeemed or withdrawn its Membership Interests in accordance with the terms herein. The Member will remain liable for any obligation to the Company that

existed prior to the effective date of the Dissociation, including any costs or damages resulting from the Member's breach of this Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the Company, unless the Manager elects to return capital to a Member. The effect of such Dissociation on the remaining Members who do not sell will be to increase their percentage share of the remaining assets of the Company, and thus their proportionate share of its future earnings, losses, and Distributions. The reduction in the outstanding Membership Interests will also increase the relative voting power of remaining Members.

3.7 **Verification of Membership Interest.** Within Thirty (30) days after receipt of a Member's written request, the Company will provide such Member with a statement evidencing his, her, or its Membership Interest in the Company.

3.8 **Manner of Action by Members.**

(a) Meetings.

(1) Right to Call. The Manager, or any combination of Members holding in the aggregate more than Twenty-Five Percent (25%) of the total outstanding Membership Interest, may call a meeting of Members by giving written notice to all Members not less than Thirty (30) days, or more than Sixty (60) days prior to the date of the meeting. The notice must specify the date, time, and place of the meeting, and the nature of any business to be transacted. A Member may waive notice of a meeting of Members orally, in writing, or by attendance at the meeting.

(2) Time and Place. Unless otherwise specified in the notice of meeting, all meetings shall be held at 2:00 p.m. on a regular business day of the Company, at the Company's principal place of business. No meeting may be held on a Sunday or legal holiday, at a time that is before 7:30 a.m. or after 9:00 p.m., or at a place more than Sixty (60) miles from the Company's principal place of business.

(3) Proxy Voting. A Member may act at a meeting of Members through a Person authorized by signed proxy.

(4) Quorum. Members whose aggregate holdings exceed a Majority of the outstanding Membership Interest will constitute a quorum at a meeting of Members. No action may be taken in the absence of a quorum.

(5) Required Vote. Except with respect to matters for which a greater minimum vote is required by the Act or this Agreement, the vote of Members present whose aggregate holdings exceed a Majority of the outstanding Membership Interests will constitute the act of the Members at a meeting of Members.

(b) Written Consent. The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate holdings of the Membership Interest equal or exceed the minimum that would be necessary to take the action at a meeting at which all Members were present.

3.9 **Limitation on Individual Authority.** A Member who is not also the Manager has no authority to bind the Company. A Member whose unauthorized act obligates the Company to a third party will indemnify the Company for any costs or damages the Company incurs as a result of the unauthorized act.

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3.10 **Negation of Fiduciary Duties.** A Member who is not also the Manager owes no fiduciary duties to the Company or to the other Members, solely by reason of being a Member.

ARTICLE 4: FINANCE

4.1 **Contributions.**

(a) Initial Member. The Manager will be the Initial Member of the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing or decreasing its interest in the Company on the same basis as any other person or entity.

(b) Additional Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person, for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Agreement, as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement, along with payment in the amount of such investment. Members' subscription funds will be released to the operating bank account of the Company, and Membership Interests will be issued to such Members.

(c) Additional Contributions. The Company may authorize additional Contributions at such times and on such terms and conditions as it determines to be in its best interest. Absent the Company's authorization, no Member is permitted to make additional Contributions.

(d) Contributions Not Interest Bearing. A Member is not entitled to interest or other compensation with respect to any cash or property the Member contributes to the Company.

4.2 **Allocation of Profit and Loss.** After giving effect to special allocations, if any, the Company's Profit or Loss for a Taxable Year, including the Taxable Year in which the Company is dissolved, will be allocated among the Members in proportion to their Capital Account Balances during the applicable tax reporting period.

4.3 **Tax Allocations.** For federal income tax purposes, unless the Code otherwise requires, each item of the Company's income, gain, loss, or deduction will be allocated to the Members in proportion to their allocations of the Company's Profit or Loss.

4.4 **Distributions.**

(a) The Preferred Return. Members will generally be eligible to receive a non-cumulative annualized preferred return ("***Preferred Return***") on their investment, calculated and payable on a quarterly basis (and prorated as applicable for the amount of time that a Member was a member of the Company). The Preferred Return will be payable prior to any profit participation by the Manager (however, all expenses and fees other than profit participation will be paid to the Manager prior to the Preferred Return). The Preferred Return for any Member shall be equal to a non-cumulative annualized rate of Eight Percent (8%), calculated and payable on a quarterly basis. All Preferred Returns shall be distributed after payment of all expenses and fees and to the extent that cash is available, and provided that such distribution will not impact the continuing operations of the Company, as determined by the Manager in its sole and absolute discretion. If the Company is unable to pay to Members the full Preferred Return in any accounting period, the shortfall shall neither accumulate nor compound into the following accounting period, and the Company shall not be required to pay the shortfall in any succeeding accounting period.

In addition, in the event that the Company does not have funds available to pay the Preferred Return, the payment of the Preferred Return may be delayed until such funds are available, at the sole and absolute discretion of the Manager.

(b) Distribution of Net Profits. After the Preferred Return has been fully distributed to the Members, the remaining distributable cash shall be distributed as follows: Eighty Percent (80%) of the Net Profits of the Company shall be distributed quarterly to the Members on a pro-rata basis (based on Membership Interests), and Twenty Percent (20%) of the Net Profits shall be distributed to the Manager.

More specifically, the Company's income shall be distributed in the following order:

(1) First, to pay for expenses (including any administrative costs, legal and accounting fees, Company administration expenses, marketing expenses, and loan servicing fees), and an allocation of income for valuation allowance;

(2) Second, to pay the Asset Management Fee (as defined in Section 5.7(a) below);

(3) Third, to distribute the Preferred Return to the Members; and

(4) Thereafter, Eighty Percent (80%) of the Net Profits shall be distributed quarterly to the Members on a pro-rata basis (based on Membership Interests), and Twenty Percent (20%) of the Net Profits shall be distributed to the Manager.

Any distribution of Net Profits will be made on a quarterly basis, in arrears, and distributions to Members shall be prorated as applicable for the amount of time a Member is a member of the Company during the applicable accounting period.

(c) By the end of the Company's fiscal year, the Manager will make every effort to have distributed to each Member the amount of Profit or Loss that will be allocated to that Member on the Schedule K-1 that he, she, or it receives for income tax reporting. However, the amount of income reported to each Member on his, her, or its Schedule K-1 may differ somewhat from the actual cash Distributions made during the fiscal year covered by the Schedule K-1, due to, among other things, the valuation allowance and factors unique to the tax accounting of limited liability companies, such as the treatment of investment expense.

4.5 **Reinvestment Election.** Members must elect to (a) receive cash with respect to the quarterly income distributions from the Company, in the amount of that Member's share of cash available for distribution, including the Preferred Return due to the Member, or (b) allow the reinvestment through purchase of additional Membership Interests with respect to the quarterly income distributions from the Company, in the amount of that Member's share of cash available for distribution, including the Preferred Return due to the Member. Members must elect to receive cash or reinvest all of their quarterly income distributions, including their Preferred Returns. No partial reinvestment is permitted. If no election is made, then the quarterly distribution will be a cash disbursement.

An election to reinvest the quarterly distributions is revocable at any time upon a written request to revoke such election. Members may change their election at any time upon Thirty (30) days written notice to the Company. Upon receipt and after the Thirty (30) day notice has occurred, the Member's election shall be changed and reflected on the following first day of the quarter in which the Member is entitled to receive a distribution. Notwithstanding the foregoing, the Manager reserves the right to commence making cash

distributions (in lieu of allowing reinvestment) at any time to any Member(s), in order for the Company to remain exempt from the ERISA plan asset regulations.

4.6 **Capital Accounts.**

(a) General Maintenance. The Company will establish and maintain a Capital Account for each Member. A Member's Capital Account Balance will be:

(1) increased by: (i) the amount of any money the Member contributes to the Company's capital; and (ii) the Member's share of the Company's Profits and any separately stated items of income or gain; and

(2) decreased by: (i) the amount of any money the Company distributes to the Member; and (ii) the Member's share of the Company's Losses and any separately stated items of deduction or loss.

(b) Transfer of Capital Account. A Transferee of Membership Interests succeeds to the portion of the transferor's Capital Account that corresponds to the portion of the Membership Interest that is the subject of the Transfer.

(c) Compliance with Code. The requirements of this Article are intended, and will be construed, to ensure that the allocations of the Company's income, gain, losses, deductions, and credits have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code.

ARTICLE 5: MANAGEMENT

5.1 **Representative Management.** The Company will be managed by One (1) Manager. By execution of this Agreement, and without prejudice to the right of the Members to remove the Manager as set forth in Article 5, the Initial Member and each Person hereafter admitted as a Member other than Transferees, shall be deemed to have elected such Manager. The initial manager of the Company shall be: Pacific Private Money Partners LLC, a Delaware limited liability company.

5.2 **Time Devoted to Business.** The Manager will devote to the Company's activities the amount of time reasonably necessary to discharge the Manager's responsibilities.

5.3 **Powers and Authority.**

(a) General Scope. Except for matters on which the Members' approval is required by the Act or this Agreement, the Manager has full power, authority, and discretion to manage and direct the Company's business, affairs, and properties, including the specific powers referred to in paragraph (b), below.

(b) Specific Powers.

(1) The Manager is authorized, on the Company's behalf, to make all decisions as to (i) the development, sale, lease, or other disposition of the Company's assets; (ii) the origination and purchase of loans or any other assets of all kinds; (iii) the acquisition, purchase, leasing, and/or sale of properties or any other assets of all kinds; (iv) the management of all, or any part, of the Company's assets and business; (v) the borrowing of money and the granting of security interests in the Company's assets (including loans from Members) as, and only if, provided for in the Memorandum; (vi) the prepayment, refinancing, or extension of any mortgage affecting the Company's assets; (vii) the compromise or release

of any of the Company's claims or debts; (viii) the employment of Persons for the operation and management of the Company's business; and (ix) all elections available to the Company under any federal or state tax law or regulation.

(2) The Manager, on the Company's behalf, may execute and deliver (i) all contracts, conveyances, assignments, leases, subleases, franchise agreements, licensing agreements, management contracts, and maintenance contracts covering or affecting the Company's assets; (ii) all checks, drafts, and other orders for the payment of the Company's funds; (iii) all loan documents including, without limitation, promissory notes, mortgages, deeds of trust, security agreements, and other similar documents; (iv) all articles, certificates, and reports pertaining to the Company's organization, qualification, and dissolution; (v) all tax returns and reports; and (vi) all other instruments of any kind or character relating to the Company's affairs.

5.4 **Required Member Approval.** Except as specifically provided herein, without the approval of the Members holding a Majority of the issued and outstanding Membership Interests, the Company may not take any action with respect to: (a) the Company's merger with, or conversion into, another Entity; or (b) a transaction not expressly permitted by this Agreement or Memorandum, involving a conflict of interest between the Manager and the Company.

5.5 **Duties of Manager.**

(a) Fiduciary Duty. The Manager shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in the Manager's possession or control. Except as expressly permitted herein or by subsequent approval of the Members, the Manager shall not employ or permit another to employ Company funds or assets in any manner, except for the exclusive benefit of the Company.

(b) Standard of Care.

(1) Exculpation. The Manager will not be liable to the Company or any Member for an act or omission done in good faith to promote the Company's best interests, unless the act or omission constitutes gross negligence, fraud, bad faith, intentional misconduct, or a knowing violation of law.

(2) Justifiable Reliance. The Manager may rely on the Company's records maintained in good faith, and on information, opinions, reports, or statements received from any Person pertaining to matters the Manager reasonably believes to be within the Person's expertise or competence.

(c) Competing Activities. The Manager may participate in any business or activity without accounting to the Company or the Members. Each Member waives the benefit of the corporate opportunity doctrine on his or her own behalf, and on behalf of the Company, and agrees that the Manager may deal in other real estate transactions for its own account and/or for the accounts of others, without any requirement to account to the Company for such dealings.

(d) Self-Dealing. In addition to the transactions expressly permitted by this Agreement, the Manager may enter into business transactions with the Company, if the terms of the transaction are no less favorable to the Company than those of a similar transaction with an independent third party, including, without limitation, selling loans to, and buying loans from, the Company.

(e) Specific Transactions. Without limiting the generality of the foregoing, it is hereby acknowledged and agreed that the Manager shall be permitted to bargain for, and accept, the following

transactions connected with the business of the Company, subject to the terms of any other agreement among the Members.

(1) Loan Origination Fees and Lender Discount Points. Loan origination fees, and lender discount points are generally collected from borrowers by the Manager, on behalf of the Company. Loan origination fees, and lender discount points will be sharedbetween the Originator and the Company, as further outlined below. Loan origination fees consist of loan processing fees, underwriting fees, document preparation fees, escrow fees, disbursement fees, warehousing fees, administration fees, and other similar charges.

(2) Loan Servicing. The Company presently anticipates that all Company and/or Sub-REIT loans will be serviced by the Manager. Notwithstanding the foregoing, at its sole election, the Manager reserves the right to appoint an Affiliate to service the Company and/or Sub-REIT loans or retain the services of a third-party loan servicer, at any time for any reason (or no reason). The Servicer will be compensated by the borrowers and/or Company for such loan servicing activities, as is agreed upon by the Manager and Servicer. To the extent that it is applicable, the Manager will oversee the activities and performance of the Servicer.

(3) Purchase of Existing Loans. When the Company purchases an existing loan (or pool of loans) from a third party, the Originator and Manager may sometimes be paid a fee comparable to a loan origination fee.

(4) Loan Extension and Modification Fees. Loan extension and modification fees are collected by the Manager from the borrower, on behalf of the Company.

(5) Loan Processing, Loan Documentation, and Other Similar Fees. Loan processing, documentation, and other similar fees are collected from the borrower and payable to the Manager at prevailing industry rates as part of the Manager's compensation.

(6) Other Loan Fees. All other fees paid by borrowers on account of Company and/or Sub-REIT loans will be collected by the Manager on behalf of the Company. These fees will be shared between the Company and Manager, as further described in Section 5.7 below. These fees may include, without limitation, the following: all exit fees, forbearance fees, late fees, late charges, collection fees, prepayment penalties, default interest, and all other similarly related fees incurred by borrowers (including, but not limited to, other fees authorized by loan documents for work performed regarding the subject loan).

(7) REOs. REOs acquired through the Company's lending activities will be managed, remodeled, repaired, leased, and/or sold by the Company, the Manager, and/or its Affiliates, as determined by the Manager in its sole and absolute discretion.

(8) Reimbursement of Business Expenses. The Manager shall be entitled to reimbursement by the Company (but only to the extent that Company assets are sufficient therefor) for reasonable and necessary out-of-pocket expenses incurred by the Manager, on behalf of the Company. Further, the Company shall reimburse the Manager and its Affiliates for any reasonable formation, accounting, analyst, banking, transactional fees, and legal costs incurred in connection with the formation of the Company and the capital raising activities undertaken by the Company.

5.6 **Indemnification of Manager.** Except as limited by law, the Company shall indemnify the Manager for all expenses (including, without limitation, legal fees and costs), losses, liabilities, and damages the Manager actually and reasonably incurs in connection with the defense or settlement of any

action arising out of, or relating to, the conduct of the Company's activities, except an action with respect to which the Manager is adjudged to be liable for fraud, bad faith, willful misconduct, and/or breach of a fiduciary duty owed to the Company or the Members, under the Act or this Agreement. Therefore, Members may have a more limited right of action than they would have, absent these provisions in the Agreement. The Company shall advance the costs and expenses of defending actions against the Manager arising out of, or relating to, the management of the Company, provided that it first receives the written undertaking of the Manager to reimburse the Company, if ultimately found not to be entitled to indemnification. A successful indemnification of the Manager, or any litigation that may arise in connection with the Manager's indemnification, could deplete the assets of the Company. Members who believe the Manager has engaged in conduct resulting in fraud, willful misconduct, bad faith, or breach of the Manager's fiduciary duty, should consult with their own legal counsel.

5.7 **Compensation to Manager and Affiliates.** The Company will compensate the Manager and/or Affiliates as follows, for services rendered to or on behalf of the Company, which fees may be waived, deferred, or assigned:

(a) Asset Management Fee. The Manager shall be entitled to receive an asset management fee ("***Asset Management Fee***") equal to an annualized Two Percent (2%) of Net Assets Under Management, calculated and payable quarterly. The Asset Management Fee will be paid on the last day of each calendar month, with respect to Assets Under Management as of the first day of such month.

(b) Profit Participation. The Manager shall participate in the distribution of any excess Net Profits as follows: after distribution of the Preferred Return to theMembers, the Manager shall receive Twenty Percent (20%) of all Net Profits on a quarterly basis.

(c) Loan Origination Fees and Lender Discount Points. Loan origination fees and lender discount points shall initially be distributed to the Originator and/or Affiliates, and thereafter, any remaining loan origination and lender discount points shall be retained by the Company.

(d) Purchase of Existing Loans. When the Company purchases an existing loan (or pool of loans) from a third party, the Originator and Manager will sometimes be paid a fee comparable to a loan origination fee.

(e) Loan Extension and Modification Fees. Loan extension and modification fees are collected from borrowers and payable to the Manager. Such fees are typically between One Percent (1%) and Three Percent (3%) of the original loan amount but could be higher or lower, depending on market rates and conditions. Such fees are collected by the Manager on the Company's behalf and retained by the Company.

(f) Loan Processing, Loan Documentation, and other Similar Fees. Loan processing fees, document preparation fees and other similar fees collected from the borrower, shall be payable to the Manager at prevailing industry rates as part of the Manager's compensation.

(g) Loan Servicing Fee. Any loan servicing fees payable to the Servicer shall be calculated as an expense to the Company. Should the Manager elect to service the loans itself, or the Manager elects to appoint an Affiliate to service the loans, the Manager may elect to charge a loan servicing fee. This fee shall be collected monthly from the payments received by the Company and/or the Sub-REIT from the borrowers. In the event of a foreclosure, the servicing fee may be increased. Notwithstanding the foregoing, the loan servicing fee may vary from loan to loan.

(h) Other Loan Fees. All other fees paid by borrowers on account of the Company and/or Sub-REIT loans will be shared between the Company and the Manager as follows: Fifty Percent (50%) shall be payable to the Company and Fifty Percent (50%) shall be payable to the Manager. These fees will include, without limitation, all exit fees, forbearance fees, late fees, late charges, collection fees, prepayment penalties, default interest, and all other similarly related fees incurred by borrowers (including, but not limited to, other fees authorized by loan documents for work performed regarding the subject loan).

(i) Fees Related to REO. To the extent applicable, the Manager or an Affiliate shall be entitled to any fees derived from REOs, which includes, without limitation, any real estate commissions, property management fees, and/or fees accrued in connection with the REOs. REOs acquired through the Company's lending activities will be managed, remodeled, repaired, leased, and/or sold by the Company, the Manager, and/or its Affiliates, as determined by the Manager in its sole and absolute discretion.

(j) Operating Expenses. The Manager shall be entitled to reimbursement by the Company and/or Sub-REIT (but only to the extent that Company assets are sufficient therefor) for reasonable and necessary out-of-pocket expenses incurred by the Manager, on behalf of the Company. Further, the Company and/or Sub-REIT shall reimburse the Manager and its Affiliates for any reasonable formation, accounting, analyst, banking, transactional fees, and legal costs incurred in connection with the formation of the Company and/or the Sub-REIT, and the capital-raising activities undertaken by the Company and/or Sub-REIT.

(k) The Company will bear the cost of the annual tax preparation of the Company's tax returns, any state and federal income tax due, and any required independent audit reports required by agencies governing the business activities of the Company.

(l) The definition of Manager's Fees includes all of the fees described in "Compensation to Manager and Affiliates."

(m) The Manager may, but has no obligation to, defer, waive or assign all or a portion of the Manager's Fees. In such event, the Manager will be entitled to recover the deferred fees at a later time.

5.8 **Tenure.**

(a) Term. The Manager will serve until the earlier of (1) the Manager's resignation; (2) the Manager's removal; (3) as to a Manager who is a natural person, the Manager's death or adjudication of incompetency; and (4) as to a Manager that is an Entity, the Manager's dissolution. In any such event, Members representing a Majority of the Membership Interest outstanding, shall promptly elect a successor as the Manager. However, if the then-Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager, without Member approval.

(b) Resignation. The Manager, at any time, may resign by written notice delivered to the Members at Thirty (30) days prior to the effective date of the resignation. Members may elect a replacement Manager with a Majority vote. However, if the then-Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager, without Member approval.

(c) Removal. The Members may remove the Manager if: (1) the Manager is convicted or found liable for an act of gross negligence or fraud, which materially lowers the net asset value of the Company, or (2) the holders of at least a Majority of the outstanding Membership Interests vote in favor of such removal. A successor manager of the Company may only be elected by the Members provided that if

the then-current Manager appoints an Affiliate as the successor Manager then no vote or consent of the Members shall be required unless expressly mandated by applicable Delaware law.

ARTICLE 6: RECORDS AND ACCOUNTING

6.1 Maintenance of Records.

(a) Required Records. The Company will maintain, at its registered office in Delaware, such books, records, and other materials as are reasonably necessary to document and account for its activities, including, without limitation, those required to be maintained by the Act.

(b) Member Access. A Member and the Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records, and other materials pertaining to the Company or its activities, so long as it does not violate another Member's right to privacy or confidentiality. The exercise of such rights will be at the requesting Member's expense.

(c) Confidentiality. No Member or Manager will disclose any information relating to the Company or its activities to any unauthorized person, or use any such information for his or her, or any other Person's, personal gain.

6.2 Financial Accounting.

(a) Accounting Method. The Company will account for its financial transactions using the accrual basis method of accounting. The Manager reserves the right to change such methods of accounting upon written notice to Members.

(b) Taxable Year. The Company's Taxable Year is the calendar year.

6.3 Reports.

(a) Members. Annual reports concerning the Company's business affairs, including the Company's annual income tax return, will be provided to Members who request them in writing. Each Member will receive his, her, or its respective K-1 Form, as required by applicable law. The Manager may, at its sole and absolute discretion, designate any Person to provide tax and accounting advice to the Company, at any time, and for any reason.

(b) Periodic Reports. The Company will complete and file any periodic reports required by the Act, or the law of any other jurisdiction in which the Company is qualified to do business.

6.4 Tax Compliance.

(a) Withholding. If the Company is required by law or regulation to withhold and pay over to a governmental agency any part, or all, of a Distribution or allocation of Profit to a Member:

(1) the amount withheld will be considered a Distribution to the Member; and

(2) if the withholding requirement pertains to a Distribution in kind, or an allocation of Profit, the Company will pay the amount required to be withheld to the governmental agency, and promptly take such action as it considers necessary or appropriate to recover a like-amount from the Member, including offset against any Distributions to which the Member would otherwise be entitled.

6.5 **Partnership Representative.**

(a) The Members hereby agree that: (i) the Manager (or an individual designated by the Manager) will be designated the initial "partnership representative" within the meaning of Section 6223(a) of the Code ("***Partnership Representative***"), and the Manager shall be authorized to take any actions necessary under Treasury Regulations, or other guidance, to cause such person to be designated as such; (ii) if an entity is designated as Partnership Representative, the Manager shall simultaneously designate an individual who will act for the entity Partnership Representative; (iii) the Partnership Representative may be removed and replaced at any time, by the Manager; (iv) the Company and each Member agree that they shall be bound by the actions taken by the Partnership Representative, as described in Section 6223(b) of the Code; (v) the Members hereby consent to the election set forth in Section 6226(a) of the Code, and agree to take any action and furnish the Partnership Representative with any information necessary to give effect to such election, if the Manager decides to make such election; (vi) any imputed underpayment of tax imposed on the Company pursuant to Section 6232 of the Code (and any related interest, penalties, or other additions to tax) that the Manager reasonably determines is attributable to one or more Members (including any former Member) in the Manager's sole discretion; and (vii) the Partnership Representative will be considered indemnified, and the provisions of Section 5.6 shall apply to the Partnership Representative. The Partnership Representative shall be authorized to take any of the foregoing actions (or any similar actions) to the extent necessary, to allow the Company to comply with the partnership audit provisions of the Bipartisan Budget Act of 2015.

(b) Regarding the potential obligation of a former Member under this paragraph, the following shall apply: (i) each Member agrees that, notwithstanding any other provision in this Agreement, if it is no longer a Member, it shall nevertheless be obligated for any responsibilities under Section 6.5, as if it were a Member prior to withdrawal from the Company and/or transfer of its interest; and (ii) as applicable, the Manager will not be required to consent to the transfer of interest of any Member, unless the transferee receiving such interest agrees that in the event the transferor of such interest does not fulfill its obligation under the preceding clause (i) within 20 business days following written demand by the Manager, such transferee shall be jointly and severally liable with such transferor for such obligation, and the Manager may thereafter treat the transferee as the relevant Member for purposes of this Subsection. The Partnership Representative will provide prompt written notification to each Member in the event of any audit of the Company by the United States Internal Revenue Service, and provide all information reasonably requested by any Member regarding such audit and associated proceedings. The provisions of this Section 6.5 will not apply to any taxable year of the Company for which the Company has made a valid election out of Subchapter C of Chapter 63 of the Code, pursuant to Section 6221 of the Code.

ARTICLE 7: DISSOLUTION

7.1 **Events of Dissolution.** The Company will continue until (a) dissolved herein, pursuant to Article 7 below, unless sooner dissolved or terminated under the Act, or as described herein;(b) the sale or other disposition of all, or substantially all, the assets of the Company; (c) any event that makes the Company ineligible to conduct its activities as a limited liability company under the Act; or (d) otherwise, by option of law.

7.2 **Effect of Dissolution.**

(a) Appointment of Liquidator. Upon the Company's dissolution, the Manager (unless unwilling or unable to serve as such) shall serve as liquidator, and as such will wind up and liquidate the Company in an orderly, prudent, and expeditious manner, in accordance with the following provisions of this Article. While serving as liquidator, the Manager shall have the same authority, powers, duties, and compensation as before dissolution, except that the liquidator shall not acquire any additional assets for the

Company, and shall use its best efforts to liquidate the Company's existing assets as rapidly as is consistent with receiving the fair market value thereof. If the Manager is unwilling or unable to serve as liquidator, or has resigned or been removed, the Members shall elect another person, who may be a Member, to serve as liquidator.

(b) Distributions Upon Dissolution. The Company will not cease to exist immediately upon the occurrence of an event of dissolution, but will continue until its affairs have been wound up. Upon dissolution of the Company, the Manager will wind up the Company's affairs by liquidating the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loan(s), until a suitable sale can be arranged. All funds received by the Company shall be applied to satisfy or provide for Company debts and liabilities, and the balance, if any, shall be distributed to Members on a pro-rata basis.

(c) Time for Liquidation. The Company will not immediately cease to exist upon the occurrence of an event causing its dissolution, but will continue until its affairs have been wound up. It is acknowledged and agreed that the assets of the Company are illiquid and will take time to sell. The liquidator shall liquidate the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loans. Due to high prevailing interest rates or other factors, the Company could suffer reduced earnings (or losses) if a substantial portion of its loan portfolio remains and must be liquidated quickly during the winding up period. Members who sell their Membership Interests prior to any such liquidation will not be exposed to this risk. Conversely, if prevailing interest rates have declined at a time when the loan portfolio must be liquidated, unanticipated profits could be realized by those Members who remained in the Company until its termination.

(d) Final Accounting. The liquidator will make proper accountings, (1) to the end of the month in which the event of dissolution occurred, and (2) to the date on which the Company is finally and completely liquidated.

(e) Duties and Authority of Liquidator. The liquidator will make adequate provision for the discharge of all of the Company's debts, obligations, and liabilities. The liquidator may sell, encumber, or retain for distribution in kind, any of the Company's assets. Any gain or loss recognized on the sale of assets will be allocated to the Members' Capital Accounts, in accordance with the provisions of Article 4. With respect to any asset the liquidator determines to retain for distribution in kind, the liquidator will allocate to the Members' Capital Accounts the amount of gain or loss that would have been recognized, had the asset been sold at its fair market value.

(f) Final Distribution. The liquidator will distribute any assets remaining after the discharge or accommodation of the Company's debts, obligations, and liabilities to the Members, in proportion to their Capital Accounts. The liquidator will distribute any assets distributable in kind to the Members in undivided interests, as tenants in common. A Member whose Capital Account is negative will have no liability to the Company, the Company's creditors, or any other Member, with respect to the negative balance.

(g) Required Filings. The liquidator will file with the appropriate Secretary of State such statements, certificates, and other instruments, and take such other actions, as are reasonably necessary or appropriate, to effectuate and confirm the cessation of the Company's existence.

ARTICLE 8: GENERAL PROVISIONS

8.1 **Amendments.** The Manager shall have the power, without the consent, vote, or approval of the Members to amend this Agreement except as set forth in Section 8.1(a) below. The Manager shall provide written notice to the Members of such amendments or similar actions in the next regular communication to the Members.

(a) Notwithstanding Section 8.1, the Manager shall not, without the approval, written consent, or vote of a Majority of the Membership Interests eligible to vote, amend this Agreement with respect to the following:

i. if such amendment would modify the limited liability of a Member in a manner adverse to such Member or amend this Section 8.1(a)(i);

ii. if such amendment would create an obligation to make Contributions not contemplated in this Agreement;

iii. if such amendment would alter or change the distribution and liquidation rights provided in Article 4 and Section 3.2 respectively, except as otherwise permitted under this Agreement;

iv. make any amendments that would adversely and/or disproportionally affect any Member, including affecting their Capital Account Balance, allocable share of income and loss, or increase their allocable share of the Asset Management Fee, except as otherwise permitted under this Agreement; or

v. amend this Section 8.1(a).

(b) Except as otherwise provided herein, failure of a Member to respond to any proposed amendments, whether by ways of vote or written consent, within Fifteen (15) days after notification is sent, shall be deemed a consent to the Company's proposed amendment.

8.2 **Power of Attorney.** Each Member appoints the Manager, with full power of substitution, as the Member's attorney-in-fact, to act in the Member's name, to execute and file (a) all certificates, applications, reports, and other instruments necessary to qualify or maintain the Company as a limited liability company, in the states and foreign countries where the Company conducts its activities, (b) all instruments that effect or confirm changes or modifications of the Company or its status, including, without limitation, amendments to the Certificate, and (c) all instruments of transfer necessary to effect the Company's dissolution and termination. The power of attorney granted by this Article is irrevocable, coupled with an interest, and shall survive the death of the Member.

8.3 **Binding Arbitration.** ANY DISPUTE, CLAIM, OR CONTROVERSY ARISING OUT OF, OR RELATING TO, THIS AGREEMENT OR THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION, OR VALIDITY THEREOF, INCLUDING (WITHOUT LIMITATION) THE DETERMINATION OF THE SCOPE OR APPLICABILITY OF THIS AGREEMENT TO ARBITRATE, OR ANY OTHER DISPUTE, CLAIM, OR CONTROVERSY ARISING OUT OF ANY INTERACTION BETWEEN THE COMPANY AND A MEMBER, SHALL BE BROUGHT WITHIN ONE YEAR OF ITS ACCRUAL, AND BE DETERMINED BY ARBITRATION IN THE COUNTY OF MARIN, STATE OF CALIFORNIA, BEFORE ONE ARBITRATOR. THE ARBITRATION SHALL BE ADMINISTERED BY THE JUDICIAL ARBITRATION AND MEDIATION SERVICES (JAMS), PURSUANT TO ITS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES [IF THE AMOUNT IN

CONTROVERSY EXCEEDS TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000)], OR ITS STREAMLINED ARBITRATION RULES AND PROCEDURES [IF THE AMOUNT IN CONTROVERSY IS LESS THAN, OR EQUAL TO, TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000)]. IF THE ARBITRATION IS A CLASS ARBITRATION, THE AGGREGATE AMOUNT OF THE PURPORTED CLAIMS OF ALL PUTATIVE CLASS MEMBERS SHALL BE USED TO DETERMINE WHICH RULES APPLY. JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THIS CLAUSE SHALL NOT PRECLUDE PARTIES FROM SEEKING PROVISIONAL REMEDIES IN AID OF ARBITRATION, FROM A COURT OF APPROPRIATE JURISDICTION. THE PREVAILING PARTY IN ANY DISPUTE, CLAIM, OR CONTROVERSY HEREUNDER, SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREOF.

8.4 **Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, facsimile, e-mail, or private courier. The notice must be prepaid and addressed, as set forth in the Company's records. The notice will be effective on the date of receipt, or, in the case of notice sent by first class mail, the Fifth (5th) day after mailing.

8.5 **Resolution of Inconsistencies.** If there are inconsistencies between this Agreement and the Certificate, the Certificate will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement. If there are inconsistencies between this Agreement and the Memorandum, this Agreement will control. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the Company's governance and financial affairs, and the rights of the Members upon Dissociation and dissolution, will supersede the provisions of the Act relating to the same matters.

8.6 **Provisions Applicable to Transferees.** Each Member will execute and deliver any document or statement necessary, to give effect to the terms of this Agreement, or to comply with any law, rule, or regulation governing the Company's formation and activities.

8.7 **Additional Instruments.** Each Member will execute and deliver any document or statement necessary, to give effect to the terms of this Agreement, or to comply with any law, rule, or regulation governing the Company's formation and activities.

8.8 **Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run, is not included. The last day of the period is included, unless it is a Saturday, Sunday, or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday, or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m., in the time zone where the Company then-maintains its principal place of business.

8.9 **Entire Agreement.** This Agreement and the Certificate comprise the entire agreement among the parties with respect to the Company. This Agreement and the Certificate supersede any prior agreements or understandings with respect to the Company. No representation, statement or condition not contained in this Agreement or the Certificate has any force or effect. Notwithstanding the provisions of this Agreement, including Section 8.1 or of any subscription agreement, it is hereby acknowledged and agreed that the Manager, on its own behalf or on behalf of the Company, without the approval of any Members or any other person, may enter into a side letter or similar agreement to or with a Member that has the effect of establishing rights under, or altering or supplementing the terms of this Agreement or of any subscription agreement. The parties hereto agree that any terms contained in a side letter or similar

agreement to or with a Member shall govern with respect to Member notwithstanding the provisions of this Agreement or of any subscription agreement.

8.10 **Waiver.** No right or remedy under this Agreement may be waived, except by an instrument in writing, signed by the party sought to be charged with the waiver.

8.11 **General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural, and vice versa. The headings and underlined paragraph titles are for guidance only, and have no significance in the interpretation of this Agreement.

8.12 **Binding Effect.** Subject to the provisions of this Agreement relating to the transferability of Membership Interests and the rights of Transferees, this Agreement is binding on, and will inure to, the benefit of the Company, the Members, and their respective distributees, successors, and assigns.

8.13 **Governing Law**. Delaware law governs the construction and application of the terms of this Agreement.

8.14 **Severability**. If any provision of this Agreement shall be deemed invalid, unenforceable, or illegal, then, notwithstanding such invalidity, unenforceability, or illegality, the remainder of this Agreement shall continue in full force and effect.

8.15 **Counterparts; Signatures.** This Agreement may be executed in counterparts, each of which will be considered an original, as to the party signing it. Signatures transmitted via electronic transmission shall have the same legal effect as the exchange of original signatures.

[*Signature Page to the Limited Liability Company Operating Agreement Follows]*

[Signature Page to the Limited Liability Company Operating Agreement]

PACIFIC OPPORTUNITY FUND LLC,
a Delaware limited liability company

By: **PACIFIC PRIVATE MONEY PARTNERS LLC,**
a Delaware limited liability company
Its Manager

By: _____
Mark Hanf, CEO

BY PURCHASING A MEMBERSHIP INTEREST IN THE COMPANY AND EXECUTING A SUBSCRIPTION AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT, AND THE MEMORANDUM.

OPERATING AGREEMENT

OF

ARRIVAL HOME LOANS, LLC

Dated as of April 27, 2022

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OPERATING AGREEMENT
OF ARRIVAL HOME LOANS, LLC

This OPERATING AGREEMENT (this "Agreement") of Arrival Home Loans, LLC, a Delaware limited liability company (the "Company"), dated as of April 27, 2022 (the "Effective Date"), is executed by Pacific Private Money Group, LLC a Delaware limited liability company, as the sole member of the Company (the "Member"), and Mark Hanf, an individual, as manager (the "Manager") with reference to the following facts.

A. On April 27, 2022, a Certificate of Formation for the Company was filed with the Secretary of State of Delaware (the "Certificate"), pursuant to the provisions of the Delaware Limited Liability Company Act, Delaware Corporations Code Section 18-101 et seq. (the "Act").

B. The Member wishes to execute this Agreement to provide for (i) the purposes for which the Company is formed, (ii) the allocation and distribution of profits and losses from the operations of the Company, (iii) the management of the Company, and (iv) other matters related to the operations, management, affairs and conduct of the business of the Company.

NOW, THEREFORE, the Member sets forth this operating agreement for the Company under the laws of the State of Delaware, upon the terms and subject to the conditions set forth below.

Section 1. PURPOSE; POWERS; DURATION

1.1 Name of the Company. The name of the Company shall be Arrival Home Loans, LLC. The Manager may change the name of the Company or adopt any one or more trade names of the Company under which to conduct business.

1.2 Purpose. The Company has been, is, and will be organized for the purpose of purpose of originating, holding and managing mortgage loans to third parties and for any other legally permitted purpose.

1.3 Registration. The Manager will cause the Company to be registered to do business in the State of California.

1.4 Principal Place of Business. The Company's principal place of business shall be 1555 Grant Avenue, Novato, CA 94945. The Manager may change the Company's principal place of business from time to time in the Manager's sole and absolute discretion.

1.5 Duration of the Company. The duration of the Company shall be from the date of the Certificate to the earlier of the date (the "Termination Date") (a) on which the Company ceases to exist under the Act; (b) on which the Company ceases to exist under this Agreement; and (c) on which the Member dissolves the Company pursuant to Section 8.

1.6 Powers of the Company. Except as expressly otherwise provided in this Agreement, the Company shall have all powers provided to limited liability companies under the Act.

1.7 Registered Agent. The Company shall have a registered agent in each of the State of Delaware and the State of California. The Company's initial registered agent in the State of Delaware shall be as set forth in the Certificate. The Company's initial registered agent in the State of California shall be the Manager at 1555 Grant Avenue, Novato, CA 94945. The Member may change such registered agents from time to time in the Member's sole and absolute discretion.

1.8 Identity of the Member. The Member shall be the only initial member of the Company. A replacement or substitute member may only be admitted to the Company in accordance with Section 5 of this Agreement.

1.9 Limited Liability of the Member. The Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company, except to the extent otherwise expressly provided in the Act.

1.10 Reservation of the Company's Management to the Manager. The Company shall be managed exclusively and solely by the Manager. All decisions required or permitted to be made by the Manager under this Agreement, and all decisions required or permitted to be made by the Company shall be made by, and all actions proposed to be taken by or on behalf of the Company shall be taken by, the Manager.

1.11 Effect of the Act. Except as otherwise provided in this Agreement or by applicable law, the business and internal affairs of the Company shall be governed by (a) this Agreement, and (b) the Act as in effect on the Effective Date. In the event of any inconsistency between the Act and this Agreement, to the extent permitted by the Act, this Agreement shall control.

1.12 Amendment of Agreement and Certificate. No amendment of this Agreement or of the Certificate shall be valid except as set forth in a writing signed by the Member.

Section 2. CAPITAL CONTRIBUTIONS

2.1 Contributions of Cash and Non-Cash Property. As of the Effective Date, the Member will be deemed to have contributed to the capital of the Company the amount set forth on **Exhibit A** (the "Contribution").

2.2 No Duty to Make Additional Contributions. Except for the Contribution or to the extent required by the Act, the Member shall have no obligation to make any advances or contributions to the capital of the Company or to endorse any obligations of the Company.

Section 3. PROFITS AND LOSSES

3.1 Profits, Losses and Distributions. Except as otherwise determined by the Manager:

(a) The Member shall have the sole right and entitlement to receive allocations of Company profits and losses and to distributions of profits and other Company assets; and

(b) No other Person shall have any right to any allocations or distributions of Company profits, losses or other assets.

3.2 Allocations. It shall be within the sole and absolute discretion of the Manager to decide:

(a) Whether or not to make allocations of Company profits and losses to the Member;

(b) Whether or not to make distributions of profits and other Company assets to the Member; and

(c) When and in what amounts to make any such allocation or distribution.

Notwithstanding the foregoing, the Manager shall not cause the Company to make any distributions that, immediately after the distribution, would cause the Company's liabilities to exceed its assets.

Section 4. MANAGEMENT

4.1 Authority of the Manager. The Manager shall have the sole right, authority and power, to the fullest extent permitted by applicable law, to (a) make decisions concerning the business and affairs of the Company, and (b) act as the Company's agent.

4.2 No Fiduciary Duties. The Manager shall have no fiduciary duties to the Company. In particular (but without limitation), the Manager shall have no duty:

(a) Not to compete with the Company; or

(b) To disclose business opportunities to the Company.

The Manager shall have no liability to the Company or to any successor member of the Company.

4.3 Indemnification of the Manager. The Company shall indemnify and hold harmless the Manager and each of the Manager's employees, agents, attorneys, affiliates, subsidiaries and assigns from and against any claims, demands, losses, costs (including reasonable attorneys' fees), liabilities, damages, actions and rights of action incurred by any such Person or by the Company by reason of any act or omission in connection with the business of the Company, and any amounts expended in the settlement of any claims of liability, loss or damage; provided that the Person whose act or omission caused the liability, loss or damage must have determined, in good faith, that such course of conduct was in the best interests of the Company, and such conduct did not constitute fraud, gross negligence or willful misconduct. Any indemnification under this Section shall be recoverable only from the assets of the Company and not from the assets of the Manager. All judgments against the Company and the Manager, wherein the Manager is entitled to indemnification, must first be satisfied from Company assets before the Manager is responsible for such obligations.

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4.4 Reliance by Third Parties. Any Person dealing with the Company or with the Manager in the Manager's capacity as a Manager of the Company may rely on a certificate signed by the Manager as to:

(a) The identity of the Manager as the manager of the Company;

(b) The right, power and authority of the Manager or other Persons to execute and deliver any instrument or document of or on behalf of the Company or otherwise to act as the Company's agent; and

(c) The existence or non-existence of any fact that constitutes a condition precedent to acts by the Manager or are in any other manner relevant to the business or affairs of the Company.

4.5 Compensation. The Company may compensate the Manager in exchange for the Manager's services to the Company pursuant to a written compensation agreement, as approved by the Manager in his sole and absolute discretion. No compensation made pursuant to said written compensation agreement, if any, shall be deemed to be a distribution to the Manager for purposes of any applicable law relating to unlawful distributions or to creditors' remedies against the Company or the Manager.

4.6 Failure to Observe Formalities. The Manager shall not be liable for the liabilities of the Company.

Section 5. TRANSFERS AND PLEDGES OF MEMBERSHIP INTERESTS

5.1 Transfers of Interests. The Member, in the Member's sole and absolute discretion, may transfer (whether by sale, gift or otherwise) all or any part of the Member's membership rights and interests, including both economic and non-economic rights and interests, in and to the Company (collectively, "LLC Interests") to any Person at any time. The Member may make any such transfer under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion.

5.2 Pledge of Interests. The Member shall have sole and absolute discretion to pledge all or any part of the Member's LLC Interests to any Person at any time as collateral for any debt of the Member. The Member may make any such pledge under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion.

Section 6. CESSATION OF MEMBERSHIP.

Except as provided in Section 5 or elsewhere in this Agreement, the Member shall cease to be a member of the Company only upon the Member's dissolution and shall not cease to be a member for any other reason, including the Member's bankruptcy.

Section 7. BOOKS AND RECORDS

The Company shall maintain on a current basis accurate books of account in accordance with financial standards normally applied to business organizations generally similar to the

Company in size and business activities. The books and records shall be kept at the principal place of business of the Company.

Section 8. DISSOLUTION

8.1 Definitions.

(a) "Dissolution" shall mean the cessation of the Company's normal business activities and the beginning of the process of winding it up and liquidating it.

(b) "Winding Up" shall mean the process of concluding the Company's external business activities and internal affairs and preparing for its liquidation.

(c) "Liquidation" shall mean the sale, distribution or other disposition of all of the Company's assets, including the distribution of the proceeds of such sale or other disposition.

8.2 Dissolution. The Manager shall have the right, in his sole and absolute discretion, to elect whether and when to cause the Dissolution of the Company. On the Termination Date, the Manager shall file a Certificate of Dissolution with the Secretary of State of Delaware.

8.3 Winding Up and Liquidation; **Distribution of Assets**. Promptly after the Termination Date, the Manager shall commence and diligently pursue to completion all activities required, necessary and appropriate under applicable law and this Agreement to complete the Winding Up and Liquidation of the Company.

8.4 Satisfaction of Debts. In connection with the Winding Up of the Company, the Manager shall take all appropriate measures:

(a) To comply with applicable federal and state tax laws and other laws relating to the Dissolution of the Company; and

(b) To the extent possible under the laws of the State of Delaware, to bar known and unknown claims against the Company.

Section 9. MISCELLANEOUS PROVISIONS

9.1 Entire Agreement. This Agreement constitutes the entire operating agreement of the Company and supersedes any and all prior agreements and representations, either oral or in writing, with respect to the subject matter contained herein.

9.2 Incorporation of Exhibits. All exhibits expressly identified in this Agreement as exhibits to this Agreement are hereby incorporated herein and made integral parts hereof.

9.3 Governing Law. This Agreement shall be governed exclusively by the laws of the State of Delaware.

9.4 Assignments and Delegations. This Agreement shall benefit and bind the Member and its successors and permitted assigns.

9.5 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement.

9.6 Number and Gender; Interpretation. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, as the masculine, feminine and neuter genders shall each include the others. Any term defined in this Agreement by reference to any other agreement or instrument has such meaning whether or not such other agreement or instrument is in effect. The words "including" and "includes" and terms of similar import shall be deemed to mean "including, without limitation". References to a Person are also to its successors and permitted assigns.

9.7 Waivers. No waiver by any party of any breach of, or default under, this Agreement by any other party shall be construed or deemed a waiver of any other breach of or default under this Agreement, and shall not preclude any party from exercising or asserting any rights under this Agreement with respect to any other breach or default.

9.8 Imaged Documents. This Agreement may be imaged and stored electronically and (a) such imaged Agreement may be introduced as evidence in any proceeding as if it was an original, and (b) no party shall contest the admissibility of such imaged document as evidence in any proceeding.

9.9 Severability of Provisions. If any term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

[signature page follows]

This Operating Agreement of Arrival Home Loans, LLC, is entered into as of the Effective Date.

MEMBER:

PACIFIC PRIVATE MONEY GROUP, LLC.
a Delaware limited liability company

By: _____
Mark Hanf
Manager

MANAGER:

_____
Mark Hanf

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EXHIBIT A

CONTRIBUTION

Pacific Private Money Group, LLC	$1,000.00

WELLS FARGO

Authorization Certificate

Deposit Accounts and Treasury Management Services

The undersigned hereby certifies to Wells Fargo Bank, National Association (Bank) that:

1. PPSPE-1, LLC
(Account holder's complete legal entity/company name), a
Limited Liability Company
(description of Account holder's business entity type)
("Customer"), has authorized the undersigned to make the certifications in this Certificate on Customer's behalf.

2. Each of the following individuals:

Name	Mark Hanf	**Title**	CEO	**Country of permanent residence**	US
Business phone number	(415) 850-5555	**Business email address**	mark@pacificprivatemoney.com		
Name	Hoai Nam C Phan	**Title**	COO	**Country of permanent residence**	US
Business phone number	(415) 960-3779	**Business email address**	nam@pacificprivatemoney.com		
Name	Jan Rune Sandell	**Title**	CFO	**Country of permanent residence**	US
Business phone number	(415) 515-0982	**Business email address**	jr@pacificprivatemoney.com		
Name		**Title**		**Country of permanent residence**	
Business phone number		**Business email address**			
Name		**Title**		**Country of permanent residence**	
Business phone number		**Business email address**			
Name		**Title**		**Country of permanent residence**	
Business phone number		**Business email address**			

is referred to in this Certificate as an "Authorized Representative" with full authority, acting alone, to:

a) enter into those agreement(s) that Bank requires regarding opening, operating, and closing deposit accounts for Customer at Bank (each, an Account) and enrolling in, using, and terminating Bank services including Bank's non-deposit sweep services used in connection with the Account(s) (each, a Service);
b) authorize all types of Account transactions, provided Bank has completed setting up the Authorized Representative for the Service that will be used to facilitate the transaction, and instruct Bank regarding Accounts and Services; and
c) designate individuals as additional Authorized Representatives.

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3. This Certificate reflects actions duly taken by Customer in accordance with its governing documents. It revokes all prior Authorization Certificate(s) on file with Bank and shall continue in effect until Bank has received and had a reasonable time to act on Customer's written notice revoking it, which shall be effective only as to actions which are taken by Customer thereafter. Actions authorized in this Certificate but performed prior to its execution are approved and ratified.

Certified to:

By/Signature: 

Printed name: Mark Hanf

Title: President/Manager

Date: 5/22/2024

Tax Identification Number of Customer: 99-3135035
(TIN of the Customer as assigned by the IRS.)

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Pacific Southwest Note Fund LLC

December 31, 2022

Audited Financial Statements



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Pacific Southwest Note Fund LLC
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Spiegel Accountancy Corp.

Independent Auditor's Report

To the Members
Pacific Southwest Note Fund LLC
Wilmington, Delaware

Opinion

We have audited the financial statements of Pacific Southwest Note Fund LLC, a Delaware limited liability company, which comprise the balance sheet as of December 31, 2022 and the related statements of income and changes in members' capital, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pacific Southwest Note Fund LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pacific Southwest Note Fund LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pacific Southwest Note Fund LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

To the Members
Pacific Southwest Note Fund LLC
Wilmington, Delaware

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

* Exercise professional judgment and maintain professional skepticism throughout the audit.

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Southwest Note Fund LLC's internal control. Accordingly, no such opinion is expressed.

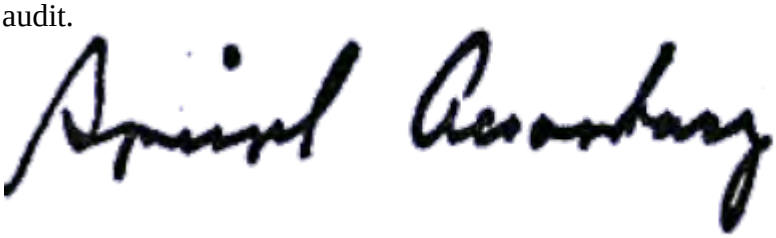
* Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

* Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pacific Southwest Note Fund LLC's ability to continue as a going concern for a reasonable period of time.

To the Members
Pacific Southwest Note Fund LLC
Wilmington, Delaware

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Pleasant Hill, California
December 27, 2023

Spiegel Accountancy Corp.
Certified Public Accountants

Pacific Southwest Note Fund LLC
Balance Sheet
December 31, 2022

ASSETS

Assets:		
Cash	$	111,807
Mortgage Interest and Other Receivables		102,193
Mortgage Loans Receivable, Net		3,556,762
Receivables from Related Parties		333,776
Prepaid Expenses		5,235
Total Assets	$	4,109,773

LIABILITIES AND MEMBERS' CAPITAL

Liabilities:		
Accounts Payable and Accrued Expenses	$	40,361
Distributions Payable		18,629
Unearned Revenue		11,944
Total Liabilities		70,934
Total Members' Capital		4,038,839
Total Liabilities and Members' Capital	$	4,109,773

See Notes to Financial Statements

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Pacific Southwest Note Fund LLC
Statement of Income and Changes in Members' Capital
Year Ended December 31, 2022

Revenue:		
Mortgage Interest Income	$	714,100
Gain on Sale of Real Estate Owned		129,964
Other Income		6,486
Total Revenue		850,550
Operating Expenses:		
Loan Servicing Fee		11,884
Provision for Loan Losses		5,511
Interest Expense		3,699
Professional Fees		29,179
Administrative Expenses		20,597
Total Operating Expenses		70,870
Income from Operations Before Management Fees		779,680
Management Fees		482,129
Income Before Income Taxes		297,551
Income Taxes		300
Net Income		297,251
Members' Capital - Beginning of Year		2,834,319
Members' Contributions and Reinvestments		1,370,419
Members' Withdrawals and Distributions		(463,150)
Members' Capital - End of Year	$	4,038,839

See Notes to Financial Statements

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Pacific Southwest Note Fund LLC
Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows From Operating Activities:		
Net Income	$	297,251
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:		
Accretion of Discount		(404,630)
Gain on Sale of Real Estate Owned		(129,964)
Change in Operating Assets and Liabilities:		
Mortgage Interest and Other Receivables		(5,727)
Purchases of Mortgage Loans Receivable		(1,597,330)
Collections of Mortgage Loans Receivable		1,258,701
Proceeds from Sales of Real Estate Owned		81,493
Receivables from Related Parties		(565,305)
Prepaid Expenses		(5,235)
Accounts Payable and Accrued Expenses		22,902
Deferred Revenue		5,841
Net Cash Used In Operating Activities		(1,042,003)
Cash Flows From Financing Activities:		
Members' Contributions and Reinvestments		1,370,419
Members' Capital Withdrawals and Distributions		(455,340)
Net Cash Provided by Financing Activities		915,079
Net Decrease in Cash		(126,924)
Cash - Beginning of Year		238,731
Cash - End of Year	$	111,807
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Taxes	$	300
Cash Paid During the Year for Interest	$	3,699
Non-Cash Transaction:		
Non-cash Conversion of Real Estate Owned to Mortgage Loan Receivable	$	275,000

See Notes to Financial Statements

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Pacific Southwest Note Fund LLC
Notes to Financial Statements
Year Ended December 31, 2022

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Pacific Southwest Note Fund LLC (the Fund) was formed on May 26, 2020 under the Limited Liability Company Act of the State of Delaware. The Fund was formed primarily to purchase, fund, acquire, sell, and/or otherwise invest in "seller carryback" loans secured by interests in real property and to purchase, fund, modify, re-form, extend, sell, foreclose on, and/or otherwise invest in non-performing loans secured by interests in real property.

General Fund Provisions

The rights, duties and powers of the members of the Fund are governed by the operating agreement. The description of the Fund's operating agreement, contained in these financial statements provides only general information. Members should refer to the Fund's operating agreement and private placement memorandum for a more complete description of the provisions.

The Fund is managed by Pacific Southwest Management Group, LLC, a Delaware limited liability company (the Manager). The Manager shall have the sole and exclusive right to manage, control and conduct the business of the Fund.

A vote of at least a majority of the outstanding membership is necessary to remove the Manager.

The Fund receives certain operating and administrative services from the Manager. The Fund's financial position and results of operations would likely be different without this relationship with the Manager.

Term of the Fund

The Fund will continue indefinitely until dissolved pursuant to the operating agreement, the sale of substantially all the assets of the Fund, or the occurrence of an event that makes the Fund ineligible to conduct its activities.

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1. ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Profits and Losses

Profits and losses of the Fund are allocated to the members in proportion to their respective percentage ownership interests on a monthly basis. Per the second amended and restated operating agreement the members were entitled to a non-cumulative fixed return of 8.00% per annum on their invested capital starting November 1, 2022. Prior to the amendment, for the period from January 1, 2022 to October 31, 2022 the members were entitled to a non-cumulative fixed return of 7.50% per annum on their invested capital.

Distributions

All distributions of the fixed returns to members will be made on a monthly basis, in arrears. The Manager will distribute funds only to the extent that funds are available.

Withdrawals

Members can request withdrawal from the Fund no earlier than 12 months after the date of initial purchase of interests and admission to the Fund (lock-up period). Members must deliver a written notice of withdrawal to the Manager 90 days prior to expecting to be withdrawn from the Fund. The withdrawal date shall be effective upon the date of receipt of the member's withdrawal request. The Manager may, at any time, suspend the withdrawal of funds upon the occurrence of any of circumstances stated in the operating agreement.

Liquidity

There is no public market for units of the Fund, and none is expected to develop in the foreseeable future. There are substantial restrictions on transferability of membership interests. Any transferee must be a person with the same qualifications as the original member, and a transferee may not become a substituted member without the consent of the Manager.

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1. ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Reinvestment

Members have the option to re -invest their proportionate share of the Fund's monthly net income. No partial reinvestment is permitted.

Management Fees

The Manager shall receive 100.00% of all net profits on a monthly basis, after distributions of the fixed return to the members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The Fund's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Although the Fund uses its best estimates and judgments, actual results could differ from these estimates as future confirming events occur.

Mortgage Loans Receivable

The Fund purchases distressed mortgage loans at a discount. The Fund accounts for each mortgage loan on an individual basis and records the loans at the stated principal amount with a corresponding discount. The Fund determines the excess of the mortgage loan's scheduled contractual principal and interest payments over all cash flows expected at acquisition as an amount that should not be accreted (non-accretable yield). The remaining amount, representing the excess of the mortgage loan's cash flows expected to be collected over the amount paid (accretable yield), is amortized into interest income over the remaining contractual life of the mortgage loan or pool of mortgage loans. The Fund periodically updates their estimate of principal cash flows expected to be collected over the life of the loan or pool.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses

An allowance for loan losses is established when losses are estimated to have occurred through a provision for loan losses that is charged to earnings. Loan losses are charged against the allowance when management believes the uncollectible status of a loan balance is confirmed. Subsequent recoveries, if any, are credited to income. The allowance for loan loss is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the types and dollar amounts of loans in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The Fund evaluates on a regular basis whether the present value of its mortgage loans, determined using the mortgage loan's effective interest rates, has decreased and if so, will recognize a loss. This change would require the Fund to adjust the amount of accretable and non -accretable yield recognized on a prospective bas is over the mortgage loan's remaining life.

At December 31, 2022, management has determined that no allowance for loan losses is required.

Real Estate Owned

Real estate owned consists of real estate acquired in full or partial settlement of loan obligations through foreclosure and real estate purchased.

Real estate acquired in full or partial settlement of loan obligations is recorded at its net realizable value, which is the fair value of the property less estimated costs to sell. The difference between net realizable value and the outstanding mortgage loan receivable balance results in a gain or loss that is recognized at the date of foreclosure. Construction and other development costs incurred while preparing the real estate for sale are capitalized as incurred.

Following foreclosure, valuations are periodically performed and any subsequent increases or decreases would be recorded directly against the asset and charged to holding gains or losses on real estate held for sale. Subsequent increases to real estate held for sale are only allowed to the extent of the original cost basis, which is equal to the value of the property at the time of foreclosure.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Owned (Continued)

Real estate purchased to renovate and sell is recorded at the cost to acquire the property plus any capitalized construction and other development costs incurred. Valuations are periodically performed with any subsequent increases or decreases being recorded directly against the asset and charged to holding gains or losses on real estate held for sale. Increases to the real estate held for sale are only allowed to the extent of the original cost basis, which is equal to the value of the property at the time of purchase.

The maintenance of the real estate held for sale for which rent is collected is expensed as incurred. The Fund actively works to sell the acquired real estate, and net gains or losses on these dispositions are recorded in operating income or expense. Recognition of gains on the sale of real estate is dependent upon the transaction meeting certain criteria related to the nature of the property, terms of the sale, and potential financing.

Revenue Recognition

Mortgage interest income on performing loans is recognized as revenue when earned according to the contractual terms of the loan agreement.

The Fund's policy for recognizing the accretable yield for discounted notes and the gain on foreclosure for real estate owned is described in the aforementioned paragraphs.

Fee income is recognized when earned.

Realized gains or losses on sale of real estate held for sale is recognized at closing. Unrealized gains or losses are recorded at the end of each reporting period. Unrealized gains are recorded up to the extent of the original cost basis. Gains or losses are recognized at the time of foreclosure between net realizable value of the collateral and the outstanding mortgage loans receivable converted to real estate held for sale.

Gain on sale of mortgage loans receivables is recorded when a legally binding and enforceable agreement is signed to settle the loan sale and collection is reasonably assured. A receivable is recorded for the sales price of the asset.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the asset has been surrendered. Control over transferred assets is deemed to be surrendered when (i) the assets have been isolated from the Fund, (ii) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (iii) the Fund does not maintain effective control over transferred assets through an agreement to repurchase them before their maturity.

Fair Value Measurements

Valuation Process and Techniques

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Fund determines the fair values of its assets and liabilities based on a fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value. The three levels are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date.

Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Fund's own financial model using assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The Fund has various processes and controls in place to ensure that fair value is reasonably estimated. While the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Valuation Process and Techniques (Continued)

During the year ended December 31, 2022, there were no changes to the valuation techniques that had, or are expected to have, a material impact on the Fund's financial position or results of operations.

The following specified methods and assumptions were used to estimate the fair value of the following asset groups:

Non-performing and impaired mortgage loans are reported at the net realizable value of the collateral based on an observable market price or a current appraised value, and these loans are classified as Level 2. There are no loans classified as Level 2. If an appraised value is not available or there is no observable market price, the Fund reports the loan as Level 3.

Real estate held for sale is reported at the property's estimated fair value less estimated costs to sell, to the extent fair value does not exceed the asset's fair value at foreclosure based on its appraised valu e at the time of foreclosure less subsequent impairments. Real estate held for sales is classified as level 2 at the time of foreclosure or when impaired.

At December 31, 2022, there were no assets or liabilities with a non-recurring fair value measurement.

Income Taxes

The Fund has elected to be a partnership under the Internal Revenue Code and a similar section of the state code. The members of a partnership are taxed on their proportionate share of the Fund's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

The Fund has evaluated its current tax positions and has concluded that as of December 31, 2022, no significant uncertain tax positions exist for which a reserve would be necessary.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Fund's income tax returns are subject to review and examination by federal, state and local governmental authorities. As of December 31, 2022, there are three years open to examination by the Internal Revenue Service and various years for state and local governmental authorities. To the extent penalties and interest are incurred through the examinations, they would be included in the other operating expenses section of the accompanying statement of income and changes in members' capital.

Recently Issued Accounting Pronouncements

Accounting Standards Issued but Not Yet Effective

Credit Losses - In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, and was clarified by FASB ASU 2019-04, *Codification Improvements*, and FASB ASUs 2019-05 and 2019-11, *Targeted Transition Relief and Clarification.* Prior to these pronouncements, generally accepted accounting principles required use of the incurred loss method for recognizing credit losses in the reserve. The incurred loss method recognizes a credit loss when it is probable that a loss has been incurred. The new guidance replaces the incurred loss method with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to form credit loss estimates. The pronouncements also allow for the irrevocable election of the fair value measurement for certain financial assets. FASB ASUs 2018-19 and 2019-10, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, have deferred the adoptions of these standards until interim and annual periods beginning after December 15, 2022. Management is currently evaluating the guidance and the impact it will have on the Fund's financial statements.

3. CASH CONCENTRATION

The institutions in which the Fund maintains its cash is a member of the Federal Deposit Insurance Corporation. As such, funds are insured based on federal reserve limits. The Fund has not experienced any losses in the past, and management believes it is not exposed to any significant risk on the current account balances. The Fund believes that it mitigates this risk by maintaining deposits with major financial institutions. At times, cash balances may exceed insured amounts.

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4. MORTGAGE LOANS RECEIVABLE, NET

Mortgage loans receivable consist of the following as of December 31, 2022 :

Mortgage loans receivable consists of notes, secured by deeds of trust, mortgages or land contracts, bearing interest at 4.25% to 12.00% per annum, partially or fully amortized. These notes have original due dates through February 1, 2052.	$ 5,115,197
Less: Accretable Yield	(1,549,174)
Mortgage Loans Receivable, Net	$ 3,556,762

Mortgage loans receivable will mature as follows as of December 31:

Year		Amount	Percentage
Past due	$	36,800	0.72
2023		248,004	4.85
2024		291,547	5.70
2025		-	-
2026		85,011	1.66
2027		98,164	1.92
Thereafter		4,355,671	85.15
Total	$	5,115,197	100.00

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4. MORTGAGE LOANS RECEIVABLE, NET (CONTINUED)

Development of Unpaid Principal Balance and Accretable Yield

The unpaid principal balance of the mortgage loans receivable developed as follows during the year ended December 31, 2022:

Beginning Balance , Unpaid Principal Balance	$	3,875,951
Loan Additions, Unpaid Principal Balance		2,497,947
Loan Payoffs, Unpaid Principal Balance		(1,258,701)
Ending Balance, Unpaid Principal Balance	$	5,115,197

The accretable yield of the mortgage loans receivable developed as follows during the year ended December 31, 2022 :

Beginning Balance, Accretable Yield	$	1,333,698
Loan Additions, Accretable Yield		646,462
Accretion		(404,630)
Loan Payoffs, Accretable Yield		(17,095)
Ending Balance, Accretable Yield	$	1,558,435

Credit Risk Concentrations and Cre dit Quality

Concentrations of credit risk arise when a number of customers are engaged in similar business activities, activities in the same geographic region, or when they have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. Most of the Fund's business activity is with customers located in Texas. Therefore, the Fund's exposure to credit risk is significantly affected by changes in the economy in that area. The Fund does not believe that its exposure to any particular loan product or geographic area results in a significant concentration of credit risk.

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4. MORTGAGE LOANS RECEIVABLE, NET (CONTINUED)

Credit Risk Concentrations and Credit Quality (Continued)

The following table provides information about the outstanding loans portfolio as of December 31, 2022 :

Maximum Credit Exposure	$	5,115,197
Number of Secured Loans Outstanding		77
Average Secured Loan Outstanding	$	66,431
Average Secured Loan as Percent of Total Secured Loans		1.30
Average Secured Loan as Percent of Members' Equity		1.65
Largest Secured Loan Outstanding	$	316,656
Largest Secured Loan as Percent of Total Secured Loans		6.19
Largest Secured Loan as Percent of Members' Equity		7.86

Delinquency rates are the primary credit quality indicator. Delinquencies greater than 90 days are a strong indicator of loans that will ultimately result in a foreclosure or similar liquidation transaction. In addition to delinquency rates, the current estimated loan-to-value (LTV) ratio is an indicator of the potential loss severity in the event of default. Additionally, LTV ratios can provide insight into a borrower's continued willingness to pay, as the delinquency rate of high LTV loans tends to be greater than that for loans where the borrower has equity in the collateral. As of December 31, 2022, the LTV for all outstanding loans measured based on the original principal balance and the valuation of the properties at the origination of the loan ranged between 6.06% and 84.99%, with a weighted average LTV of 50.43%.

The geographic distribution of the loan collateral also provides insight as to the credit quality of the portfolio, as factors such as the regional economy, home price changes, and specific events such as natural disasters will affect credit quality.

Mortgage Loans Receivable in Default

At December 31, 2022, five loans amounting to $195,987 were in default status, and none were considered impaired.

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5. REAL ESTATE OWNED

The Fund's real estate owned activity is as follows for the year ended December 31, 2022:

Beginning Balance	$ 226,529
Net Gain on Sale of Real Estate Owned	129,964
Proceeds from Sales of Real Estate Owned	(356,493)
Ending Balance	$ -

6. FAIR VALUE MEASUREMENTS

Due to their short term nature, the carrying values of mortgage interest and other receivables, accounts payable and accrued expenses, and distributions payable approximate their fair values at December 31, 2022.

7. RELATED PARTY TRANSACTIONS

Receivables from Related Parties

As of December 31, 2022, the Fund has the following receivable from related parties:

Related Party	Type	Amount	Interest
Pacific Southwest Management Group, LLC	Short-term Operating Loan	$ 333,776	Non-interest bearing

All receivables from related parties are due on demand.

Management Fee

According to the terms of the operating agreement, the Manager receives all excess net profits after distribution of the fixed return to the Members.

During the year ended December 31, 2022, the Fund expensed a management fee totaling $482,129 based on the terms of the operating agreement, which has been mainly been paid throughout the year. Any unpaid portion has been netted against the receivable from the Manager in the accompanying balance sheet.

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7. RELATED PARTY TRANSACTIONS(CONTINUED)

Membership Units

At December 31, 2021, the managing member of the Manager and family members, as well as affiliates of the Manager, held membership units amounting to $200,000. Collectively, these unit holders earned $9,020 in preferred returns in 2022. All membership interests were withdrawn during the year ended December 31, 2022, which amounted to $209,020.

8. REGULATORY REQUIREMENTS

Securities Laws

In offering the units of membership interest, the Fund is subject to applicable federal and state securities laws. Membership interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the Act), in reliance upon the exemptions provided for under Rule 506 of Regulation D of the Act and on similar exemptions under state applicable laws.

Under Rule 506 and certain state laws, the Fund must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual. Registration under Rule 506 also allows the Fund to operate nationally.

Restrictions on Investments from Retirement Assets

The Department of Labor plan asset regulations define what constitutes plan assets of benefit plan investors, which include employee benefit plans governed by the Employee Retirement Income Security Act (ERISA) or Individual Retirement Accounts and other plans covered by Section 4975 of the Internal Revenue Code (IRC). As a general rule, the plan asset regulations provide that when a benefit plan investor purchases an equity interest in a non-public fund, the equity interest in the Fund will be treated as the plan's assets, provided the equity participation by all benefit plan investors combined does not exceed 25%.

For funds exceeding the 25% limit, the underlying assets of the fund are deemed plan assets for purposes of ERISA and Section 4975 of the IRC. As a result, the fund manager's activities would be subject to the general fiduciary requirements of Section 404 of ERISA and fund activities would be subject to the prohibited transaction rules ERISA and Section 4975, as well as other potential consequences.

At December 31, 2022, the Fund is below the 25% plan asset threshold.

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9. RISKS AND UNCERTAINTIES

Concentration Risk

Approximately 96.14%, of the portfolio of properties securing the mortgag e loans are located in Texas.

Default Risk

In the normal course of its business, the Fund is exposed to default risk related to its investment loan portfolio. In the event a borrower defaults on a Fund loan, the Fund is normally able to foreclose on the loan, receive title to the underlying property and attempt to sell the property to recover its investment. However, there is no guarantee that the original investment will be recovered.

Operating Risk

The Fund may be influenced by the current macro -econ omic environment with rising interest rates and inflation, which may impact the ability to sell loans or properties, and can impact margins, the consequences of which cannot be readily determined, but may impact the Fund's ability to meet future obligation s.

10. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through December 27, 2023, the date the financial statements were available to be issued, and there were no subsequent events to report.

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LIMITED LIABILITY COMPANY OPERATING AGREEMENT

of

POWELL STREET PARTNERS, LLC

A California limited liability company

This Limited Liability Company Operating Agreement (the "Agreement") of POWELL STREET PARTNERS, LLC, a California limited liability company (the "LLC"), is among each of the initial Members of the LLC listed on the attached Exhibit A (the "Initial Members"), and each of the additional Persons who become Members in accordance with the provisions of this Agreement.

RECITALS

The LLC is a limited liability company formed under the California Revised Uniform Limited Liability Company Act. The parties to this Agreement are the Initial Members and those additional Persons who are subsequently admitted as Members in accordance with the provisions of this Agreement. The parties intend by this Agreement to define their rights and obligations with respect to the LLC's governance and financial affairs and to adopt regulations and procedures for the conduct of the LLC's activities. Accordingly, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

ARTICLE 1: DEFINITIONS

1.1 **Scope.** For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is expressed or intended, all capitalized terms used herein have the meanings specified in this Article 1.

1.2 **Defined Terms.**

(a) "Act" means the California Revised Uniform Limited Liability Company Act.

(b) "Affiliate," with respect to a Person, means (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the subject Person, (2) a Person who owns or controls at least ten percent (10%) of the outstanding voting interests of the subject Person, (3) a Person who is an officer, director, Managers or general partner of the subject Person, or (4) a Person who is an officer, director, Managers, general partner, trustee or owner of at least ten percent (10%) of the outstanding voting interests of subject Person described in clauses (1) through (3) of this sentence.

(c) "Agreement" means this Agreement, including any subsequent amendments thereto.

(d) "Articles" means the Articles of Organization filed with the Secretary of State to organize the LLC as a limited liability company, including any subsequent amendments thereto.

(e) "Bankruptcy" means the filing of a petition seeking liquidation, reorganization, arrangement, readjustment, protection, relief or composition in any state or federal bankruptcy, insolvency, reorganization or receivership proceeding.

(f) "Capital Account" of a Member means the capital account maintained for the Member in accordance with Article 4 hereof.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "Contribution" means anything of value that a Member contributes to the LLC as a prerequisite for, or in connection with, membership including (without limitation) any combination of cash, property, services rendered, a promissory note or any other obligation to contribute cash or property or render services.

(i) "Dissociation" means a complete termination of a Member's membership in the LLC due to an event described in Article 3 hereof.

(j) "Distribution" means the LLC's direct or indirect transfer of money or other property to a Member with respect to a Unit.

(k) "Effective Date" means the date on which the LLC's existence as a limited liability company begins, as prescribed by the Act.

(l) "Entity" means an association, relationship or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative or association.

(m) "Family," with respect to a Member, means any individual(s) who are related to the Member by blood, marriage or adoption. For the purposes of this definition, an individual is related to the Member by marriage if the person is related by blood or adoption to the Member's current spouse.

(n) "Managers" means a Person who is vested with authority to manage the LLC in accordance with Article 5 hereof.

(o) "Member" means any Initial Member or any Person who is admitted as an additional or a substitute Member after the Effective Date, in accordance with Article 3 hereof.

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(p) "Permitted Transferee," with respect to a Member, means another Member, a member of the Member's Family, or a trust for the benefit of the Member or a member of the Member's Family.

(q) "Person" means a natural person or an Entity.

(r) "Profit," as to a positive amount, and "Loss," as to a negative amount, mean, for a Taxable Year, the LLC's income or loss for the Taxable Year, as determined in accordance with accounting principles appropriate to the LLC's method of accounting and consistently applied.

(s) "Regulations" means proposed, temporary or final regulations promulgated under the Code by the U.S. Department of the Treasury, as amended from time to time.

(t) "Taxable Year" means the LLC's taxable year as determined in Article 6 hereof.

(u) "Transfer," as a noun, means a transaction or event by which ownership of any Unit is changed or encumbered, including, without limitation, a sale, transfer, change in ownership, exchange, abandonment, gift, pledge or foreclosure. "Transfer," as a verb, means to affect a Transfer.

(v) "Transferee" means a Person who acquires any Unit by Transfer from a Member or another Transferee not admitted as a Member in accordance with Article 3 hereof.

(w) "Unit" means a Member's percentage interest in the LLC, which consists of the member's right to share in profits, receive Distributions, participate in the LLC's governance and approve the LLC's acts under Article 5.7 hereof, participate in the designation and removal of the Managers and receive information pertaining to the LLC's affairs. Units do not represent any fixed or absolute percentage interest representing ownership in the LLC, but instead Units represent an interest in the LLC and the amount of any Member's actual percentage interest representing ownership in the LLC shall generally be determined by the number of Units that such Member owns divided by the total number of Units outstanding (it being understood that such total number of Units outstanding may fluctuate and change from time to time). The Units of the initial Member(s) are set forth herein. Changes in Units after the Effective Date, including, but not limited to, those changes necessitated by the admission and Dissociation of Members, will be reflected in the LLC's records. The allocation of Units as reflected in the LLC's records from time to time is presumed to be correct for purposes of this Agreement and the Act.

ARTICLE 2: THE LLC

2.1 **Status.** The LLC is a limited liability company organized in the State of California under the Act.

2.2 **Name.** The name of the LLC is POWELL STREET PARTNERS, LLC.

2.3 **Term.** The LLC's existence as a limited liability company will commence on the Effective Date and continue until dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein.

2.4 **Purpose.** The purpose of the LLC is to engage in any lawful act or activity for which a limited liability company may be organized under the Act.

2.5 **Principal Place of Business.** The LLC's principal place of business is located at: 1475 Powell Street Emeryville, California 94608.

2.6 **Registered Agent and Registered Office.** The LLC's registered office in the State of California is located at: 1604 Grant Avenue, Novato, California 94945, and its registered agent at that location is Mark Hanf. The LLC may change its registered agent or registered office at any time.

ARTICLE 3: MEMBERSHIP

3.1 **Identification.**

(a) Members. The Initial Members are listed on the attached Exhibit A.

(b) Additional and Substitute Members. The LLC may admit additional or substitute Members upon an affirmative vote of a majority of the outstanding Units. The Managers will not permit any Person to become a Member until such Person has agreed to be bound by all the provisions of this Agreement as of the date of the proposed admission.

(c) Rights of Additional or Substitute Members. A Person admitted as an additional or substitute Member has all the rights and powers, and is subject to all the restrictions and obligations of a Member under this Agreement and the Act.

3.2 **Restrictions on Transfer.**

(a) Restrictions on Transfer. A Member may Transfer his, her or its Units only in compliance with this Article 3. Restrictions have been placed upon the ability of all Members to resell or otherwise dispose of any Units obtained or acquired hereunder including, without limitation, the following:

(1) Any Units offered for sale by a Member will be offered first to all Members (on a pro rata basis, based on the number of Units held by such Member) at the then fair market value of the selling Member's Units. Any remaining Units not purchased by any Members within thirty (30) calendar days of being offered to the Members may then be offered

for sale to any third party if such offer(s) and sale(s) comply with the remainder of this Section 3.2(a) in its entirety.

(2) No Member may resell or otherwise transfer any Units without the satisfaction of certain conditions designed to comply with applicable tax and securities laws, including (without limitation) the requirement that certain legal opinions be provided to the Members and the Managers with respect to such matters at the expense of the Member requesting such transfer. The transferee must meet any investor qualifications as is set forth by the Managers. Furthermore, if the California Commissioner imposes a transfer restriction on the Units, then Units may not be sold or transferred without the prior written consent of such Commissioner except as permitted in the Commissioner's Rules.

(3) The Units have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon exemptions provided for therein. Units may not be sold or otherwise transferred without registration under the Securities Act or pursuant to an exemption therefrom. In addition, no sales or transfers may be made to in violation or contravention of the Securities Act or any other applicable federal or state securities laws, rules or regulations.

(4) A legend will be placed upon all instruments evidencing ownership of Units in the LLC stating that the Units have not been registered under the Securities Act, and setting forth the foregoing limitations on resale. Notations regarding these limitations shall be made in the appropriate records of the LLC with respect to all Units offered hereby. The foregoing steps will also be taken in connection with the issuance of any new instruments for any Units that are presented for transfer, to the extent the Managers deems appropriate.

(5) The LLC will charge a reasonable transfer fee (to reimburse the LLC for administrative costs associated with transfers) per transfer of ownership. If a Member transfers Units to more than one person, except Transferees who will hold title together, the transfer to each person will be considered a separate transfer.

(b) Null and Void. An attempted Transfer of all or a portion of any Units that is not in compliance with this Article 3 in its entirety will be null and void. A Transferee may not become a substitute Member without the express written consent of Members holding more than fifty percent (50.0%) of the total Units outstanding. Such consent may be withheld for any reason (or no reason). In the event that such consent is granted, the Transfer and the transferee must comply with all the provisions of this Agreement and all applicable law. No Units may be transferred if, in the sole and absolute discretion of the Managers, such a Transfer would jeopardize the availability of exemptions from registration under federal securities laws, the tax status of the LLC or cause termination of the LLC for federal income tax purposes.

(c) Permitted Transfers. A Member may at any time Transfer one or more Units to a Permitted Transferee if, as of the date the Transfer takes effect, the LLC is reasonably satisfied that all of the following conditions are met:

(1) the Transferee is a person with the same investor and Member qualifications as the original Member;

(2) the Transfer, alone or in combination with other Transfers, will not result in the LLC's termination for federal income tax purposes or a change in the tax status of the LLC;

(3) the Transfer is the subject of an effective registration under, or exempt from the registration requirements of, applicable state and federal securities laws and regulations;

(4) the LLC receives from the Transferee the information and agreements reasonably required to permit it to file federal and state income tax returns and reports; and

(5) the LLC receives payment from the Transferee of a reasonable transfer fee for each Transferee. Where Transferees hold title together, as joint tenants, tenants in common, partners or otherwise, a Transfer to them shall only incur one transfer fee.

(d) Transferor's Membership Status. If a Member Transfers less than all of his, her, or its Units, the Member's rights with respect to the transferred portion of the Unit, including the right to vote or otherwise participate in the LLC's governance and the right to receive Distributions, will terminate as of the effective date of the Transfer. However, the Member will remain liable for any obligation with respect to the transferred portion that existed prior to the effective date of the Transfer, including (without limitation) any costs or damages resulting from the Member's breach of this Agreement. If the Member Transfers all of his, her or its Units, the Transfer will constitute an event of Dissociation.

(e) Transferee's Status.

(1) Admission as a Member. A Member who Transfers one or more Units has no power to confer on the Transferee the status of a Member. A Transferee may be admitted as a Member only in accordance with the provisions of this Article 3. A Transferee who wishes to become a Member must make an application in writing to the LLC and provide evidence, as requested by the LLC, of compliance with all conditions to admission, as set forth above. Prior to admission, each proposed member must execute and deliver a counterpart of this Agreement, as amended to date, or a separate written agreement to be bound hereby.

(2) Rights of Non-Member Transferee. A Transferee who is not admitted as a Member in accordance with the provisions of this Article 3 (i) has no right to vote or otherwise participate in the LLC's governance, (ii) is not entitled to receive information concerning the LLC's affairs or inspect the LLC's books and records, (iii) with respect to the transferred Units, is entitled to receive the Distributions to which the Member would have been entitled had the Transfer not occurred, and (iv) is subject to the restrictions imposed by this Article 3 to the same extent as a Member. Any provision of the Agreement permitting or

requiring the Members to take action by vote or written approval of a specified percentage of the Units shall be deemed to mean only Units then owned by Members.

3.3 **Expulsion of a Member.** At any time there are more than two (2) Members, the LLC may expel a Member for cause. Cause for expulsion exists if the Member has materially breached or is unable to perform the Member's material obligations under this Agreement. A Member's expulsion from the LLC will be effective upon the Member's receipt of written notice of the expulsion.

3.4 **No Withdrawals.** Except as expressly provided herein, no Member or Transferee may withdraw his, her or its Contribution to the LLC at any time nor may any Member compel the LLC to effectuate any redemption of his, her or its Units.

3.5 **Dissociation.** "Dissociation" from the LLC occurs upon a Member's expulsion, transfer or redemption of all of the Member's Units, withdrawal or resignation (an "Event of Dissociation"). Upon the occurrence of an Event of Dissociation: (a) the Member's right to participate in the LLC's governance, receive information concerning the LLC's affairs and inspect the LLC's books and records will terminate and (b) unless the Dissociation resulted from the Transfer of the Member's Units, the Member will be entitled to receive the Distributions to which the Member would have been entitled as of the effective date of the Dissociation had the Dissociation not occurred. The Member will remain liable for any obligation to the LLC that existed prior to the effective date of the Dissociation, including any costs or damages from the Member's breach of this Agreement. The Member will have no automatic right to any return of his, her or its capital (or redemption of his, her or its Units) prior to the termination of the LLC unless the LLC affirmatively elects (in its sole and absolute discretion) to return capital to a Member. The effect of such Dissociation on the remaining Members who do not sell or dissociate will be to increase their percentage share of the remaining assets of the LLC, and thus their proportionate share of its future earnings, losses and distributions. The reduction in the outstanding Units will also increase the relative voting power of remaining Members.

3.6 **Verification of Units.** Within thirty (30) days after receipt of a Member's written request, the LLC will provide such Member with a statement evidencing his, her or its ownership of Units in the LLC. This verification will serve the sole purpose of verifying the Member's interest in the LLC and shall not constitute a certificated security, negotiable instrument or other vehicle by which to effectuate a transfer of Units.

3.7 **Manner of Action by Members.**

(a) Meetings.

(1) Right to Call. The Managers, or any combination of Members holding in the aggregate more than twenty-five percent (25%) of the total outstanding Units, may call a meeting of Members by giving written notice to all Members not less than thirty (30), or more than sixty (60) days prior to the date of the meeting. The notice must specify the date, time and place of the meeting and the nature of any business to be transacted. A Member may waive notice of a meeting of Members orally, in writing, or by attendance at the meeting.

(2) Time and Place. Unless otherwise specified in the notice of meeting, all meetings shall be held at 2:00 p.m. on a regular business day of the LLC, at the LLC's principal place of business. No meeting may be held on a Sunday or legal holiday; at a time that is before 7:30 a.m. or after 9:00 p.m.; or at a place more than sixty (60) miles from the LLC's principal place of business.

(3) Proxy Voting. A Member may act at a meeting of Members through a Person authorized by signed proxy.

(4) Quorum. Members whose aggregate holdings exceed a majority of the outstanding Units will constitute a quorum at a meeting of Members. No action may be taken in the absence of a quorum.

(5) Required Vote. Except with respect to matters for which a greater minimum vote is required by the Act or this Agreement, the vote of Members present whose aggregate holdings exceed fifty percent (50%) of the outstanding Units will constitute the act of the Members at a meeting of Members.

(b) Written Consent. The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate holdings of the Units equal or exceed the minimum that would be necessary to take the action at a meeting at which all Members were present.

3.8 **Limitation on Individual Authority.** A Member who is not also the Managers has no authority to bind the LLC. A Member whose unauthorized act obligates the LLC to a third party will indemnify the LLC for any costs or damages the LLC incurs as a result of the unauthorized act.

3.9 **Negation of Fiduciary Duties.** A Member who is not also the Managers owes no fiduciary duties to the LLC or to the other Members solely by reason of being a Member.

3.10 **Resignation of a Member.** A Member may resign from the LLC at any time by giving written notice to the LLC at least sixty (60) days prior to the effective date of resignation.

3.11 **Death or Incompetence of a Member.** Commencing upon the death or declaration of incompetence of a Member, the surviving Members shall for a period of ninety (90) days have the option to purchase all or any portion of the deceased Member's Units at fair value (determined as of the date of the death of the Member); provided, however, the exercise of said option shall require the approval of a majority of the surviving Members. Upon the expiration of ninety (90) days after the death of a Member, the LLC shall be obligated to purchase all, and not less than all, of the deceased Member's Units at fair value which the surviving Members do not elect to purchase pursuant to the option granted in the preceding sentence. The assignee (which may include spouse and executors or administrators of the deceased Member) shall sell all of the deceased Member's Units to the LLC and/or the other Members in accordance with the option or obligation established by this paragraph.

ARTICLE 4: FINANCE

4.1 **Contributions; Issuance of Units.**

(a) Members. Each Initial Member will contribute capital, assets or other property to the LLC, as separately agreed upon with the Managers, in consideration of the Units set forth next to each Member's name on Exhibit A attached to this Agreement.

(b) Additional Members. No additional Members shall be admitted except with the express written consent of the Managers and also the Members holding a majority of the LLC's outstanding Units.

(c) Contributions Not Interest Bearing. A Member is not entitled to interest or other compensation with respect to any cash or property the Member contributes to the LLC.

4.2 **Allocation of Profit and Loss.** After giving effect to special allocations, if any, the LLC's Profit or Loss for a Taxable Year, including the Taxable Year in which the LLC is dissolved, will be allocated among the Members in proportion to their Units (as a percentage of all outstanding Units) during the applicable tax reporting period.

4.3 **Tax Allocations.** For federal income tax purposes, unless the Code otherwise requires, each item of the LLC's income, gain, loss or deduction will be allocated to the Members in proportion to their allocations of the LLC's Profit or Loss.

4.4 **Capital Accounts.**

(a) General Maintenance. The LLC will establish and maintain a Capital Account for each Member. A Member's Capital Account balance ("Capital Account Balance") will be:

(1) increased by: (i) the amount of any money the Member contributes to the LLC's capital, and (ii) the Member's share of the LLC's Profits and any separately stated items of income or gain; and

(2) decreased by: (i) the amount of any money the LLC distributes to the Member, and (ii) the Member's share of the LLC's Losses and any separately stated items of deduction or loss.

(b) Adjustments for Acquisitions and Redemptions. The LLC shall adjust a Member's capital account to reflect profit or loss the LLC would have realized had the LLC liquidated its assets at fair market value on the date of the acquisition or redemption.

(c) Transfer of Capital Account. A Transferee of Units succeeds to the portion of the transferor's Capital Account that corresponds to the portion of the Unit that is the subject of the Transfer.

(d) Compliance with Code. The requirements of this Article 4 are intended and will be construed to ensure that the allocations of the LLC's income, gain, losses, deductions and credits have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code.

4.5. **Distributions.** Distributions will be made in the sole discretion of the Managers (to the extent that the Managers elect to make a distribution) to Members on a pro-rata basis (based on the proportionate number of Units held by each Member) within ninety (90) calendar days from the date that the Managers declare any distribution.

ARTICLE 5: MANAGEMENT

5.1 **Representative Management.** The LLC will be managed by three Managers. Each of the Managers shall have the right to participate in the management and conduct of the LLC's business. Subject to the limitations imposed by this Agreement or by action of the Members, each of the Managers shall be an agent of the LLC and has the authority to bind the LLC in the ordinary course of business. The LLC's initial three Managers shall be as follows:

Kenneth Schmier	1475 Powell Street, Emeryville, CA 94608
Arthur Gilberg	1200 Gough Street Ste 900 San Francisco, CA 94109
Pacific Private Money Inc.	1604 Grant Avenue, Novato, CA 94945

By execution of this Agreement, and without prejudice to the right of the Members to remove any Managers as set forth in this Article 5, the Initial Members and each Person hereafter admitted as a Member, other than Transferees, shall be deemed to have elected such Managers.

5.2 **Time Devoted to Business.** The Managers will devote to the LLC's activities the amount of time reasonably necessary to discharge the Managers' responsibilities.

5.3 **Powers and Authority.**

(a) General Scope. Except for matters on which the Members' approval is required by the Act or this Agreement, the Managers have full power, authority and discretion to manage and direct the LLC's business, affairs and properties, including the specific powers referred to in paragraph (b), below, but subject to the limitations of Section 5.7 below.

(b) Specific Powers.

(1) The Managers are authorized on the LLC's behalf to make all decisions as to (i) the development, sale, lease or other disposition of the LLC's assets; (ii) the purchase or other acquisition of other assets of all kinds; (iii) the management of all or any part of the LLC's assets and business; (iv) the borrowing of money and the granting of security interests in the LLC's assets (including, but not limited to, loans from Members); (v) the prepayment, refinancing or extension of any mortgage affecting the LLC's assets; (vi) the compromise or release of any of the LLC's claims or debts; (vii) the employment of Persons for the operation and management of the LLC's business; (viii) all elections available to the LLC under any federal or state tax law or regulation; and/or (ix) the development, commercialization, sales, marketing and exploitation of the assets, technology and property of the LLC.

(2) The Managers on the LLC's behalf may execute and deliver (i) any and all contracts, conveyances, assignments, leases, subleases, franchise agreements, licensing agreements, management contracts and maintenance contracts covering or affecting the LLC's assets; (ii) any and all checks, drafts and other orders for the payment of the LLC's funds; (iii) any and all promissory notes, mortgages, deeds of trust, security agreements and other similar documents; (iv) any and all articles, certificates and reports pertaining to the LLC's organization, qualification and dissolution; (v) any and all tax returns and reports; and/or (vi) any all other instruments of any kind or character relating to the LLC's affairs.

5.4 **Duties of Managers.**

(a) Fiduciary Duty. The Managers shall have the fiduciary responsibility for the safekeeping and use of all funds and assets of the LLC, whether or not in the Managers' possession or control. Except as expressly permitted herein, or by subsequent approval of the Members, the Managers shall not employ, or permit another to employ LLC funds or assets in any manner except for the exclusive benefit of the LLC.

(b) Standard of Care.

(1) Exculpation. The Managers will not be liable to the LLC or any Member for an act or omission done in good faith to promote the LLC's business interests, unless the act or omission constitutes gross negligence or willful misconduct.

(2) Justifiable Reliance. The Managers may rely on the LLC's records maintained in good faith and on information, opinions, reports or statements received from any

Person pertaining to matters the Managers reasonably believes to be within the Person's expertise or competence.

(c) Reimbursement of Business Expenses. The LLC shall pay its own general administrative and operating expenses. It shall reimburse the Managers for any expenses incurred by the Managers that are properly considered ordinary and reasonable business expenses of the LLC, including without limiting the generality of the foregoing, accounting and legal fees related to the LLC's business, employment costs and other ordinary and reasonable business expenses.

5.5 **Indemnification of Managers.** Except as limited by applicable law, the LLC shall indemnify the Managers for any and all expenses, losses, liabilities and damages the Managers actually and reasonably incurs in connection with the defense or settlement of any action arising out of or relating to the conduct of the LLC's activities, except an action with respect to which the Managers is finally adjudged to be liable for breach of a fiduciary duty owed to the LLC or the Members under the Act or this Agreement. The LLC shall advance the costs and expenses of defending actions against the Managers arising out of or relating to the management of the LLC, provided that the LLC first receives the written undertaking of the Managers to reimburse the LLC if ultimately the Managers are finally judicially determined not to be entitled to indemnification hereunder.

5.6 **Tenure.**

(a) Term. The Managers will serve until the earlier of (1) the Managers' resignation; (2) the Managers' removal; (3) as to a Managers who is a natural person, the Managers' death or adjudication of incompetency; and (4) as to a Managers that is an Entity, the Managers' dissolution. In any such event, Members representing a majority of the Units outstanding shall promptly elect a successor as Managers; provided, however if the then Managers desires to appoint an Affiliate as the new Managers, then such Affiliate may become the Managers without Member approval.

(b) Resignation. The Managers at any time may resign for any reason (or no reason) by written notice delivered to the Members at least thirty (30) days prior to the effective date of the resignation.

(c) Removal. The Members may remove the Managers, upon the written approval of a majority of the outstanding Units, but only if (i) the Managers commits an act of gross negligence or willful misconduct which materially adversely damages the LLC, or (ii) the Managers enters Bankruptcy, and such proceeding is not dismissed within ninety (90) days of its initial filing. Prior to such removal being effective, the Members must provide the Managers with thirty (30) days' written notice of their intention to remove the Managers pursuant to the foregoing. The notice to the Managers shall contain a detailed description of the acts and omissions of the Managers that constitute the basis for the proposed removal of the Managers.

5.7 **Limitations on Authority.**

5.7.1 **Members' Approval**. Notwithstanding anything to the contrary in this Agreement or the Act, without the approval of the Members who collectively own the majority of the outstanding Units, the Managers may not do or bind the LLC to do any of the following:

(a) Sell or otherwise dispose of all or substantially all of the LLC's business and/or assets, whether as part of a single transaction or plan or in multiple transactions, except in the orderly liquidation and winding up of the LLC's business upon its duly authorized dissolution;

(b) Merge or combine the LLC with another entity; or

(c) Confess any judgment against the LLC.

5.7.2 **Members' Unanimous Approval.** Notwithstanding anything to the contrary in this Agreement or the Act, without the Members' unanimous approval, the Managers may not do or bind the LLC to do any of the following:

(a) Undertake any act that would cause a Member to incur personal liability for the LLC's obligations; or

(b) Undertake any other act that by this Agreement requires the Members' unanimous approval.

5.8 **Compensation.** The LLC will compensate the Managers for services rendered to or on behalf of the LLC in any manner expressly approved in writing by all of the Members. None of the Manager's compensation will be negotiated at "arms' length

ARTICLE 6: RECORDS AND ACCOUNTING

6.1 **Maintenance of Records.**

(a) Required Records. The LLC will maintain such books, records and other materials as are reasonably necessary to document and account for its activities, including (without limitation) those required to be maintained by the Act.

(b) Member Access. A Member and the Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records and other materials pertaining to the LLC or its activities. The exercise of such rights will be at the requesting Member's expense. Notwithstanding the foregoing, the inspection must occur at the LLC's principal place of business and may only be conducted following ten (10) business days' prior written notice to the LLC.

(c) Confidentiality. No Member or Managers will disclose any information relating to the LLC or its activities to any unauthorized person or use any such information for his or her or any other Person's personal gain.

6.2 **Financial Accounting.**

(a) Accounting Method. The LLC will account for its financial transactions using the accrual method of accounting. The Managers may change this method of accounting following reasonable prior written notice thereof to the Members.

(b) Taxable Year. The LLC's Taxable Year is the LLC's annual accounting period, as determined by the Managers in compliance with Sections 441, 444 and 706 of the Code.

6.3 **Reports.**

(a) Members. As soon as reasonably practicable after the close of each Taxable Year, the LLC will prepare and send to the Members such reports and information as are reasonably necessary to (1) inform the Members of the results of the LLC's operations for the Taxable Year, and (2) enable the Members to completely and accurately reflect their distributive Units of the LLC's income, gains, deductions, losses and credits in their federal, state and local income tax returns for the appropriate year.

(b) Periodic Reports. The LLC will complete and file any periodic reports required by the Act or the applicable law of any other jurisdiction in which the LLC is qualified to do business.

6.4 **Tax Compliance.**

(a) Withholding. If the LLC is required by law or regulation to withhold and pay over to a governmental agency any part or all of a Distribution or allocation of Profit to a Member:

(1) the amount withheld will be considered a Distribution to the Member; and

(2) if the withholding requirement pertains to a Distribution in kind or an allocation of Profit, the LLC will pay the amount required to be withheld to the governmental agency and promptly take such action as it considers necessary or appropriate to recover a like amount from the Member, including offset against any Distributions to which the Member would otherwise be entitled.

(b) Tax Matters Partner. The Managers, or a Person designated by the Managers, shall act as the "Tax Matters Partner" pursuant to Section 6231(a)(7) of the Code. The Tax Matters Partner will inform the Members of all administrative and judicial proceedings

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pertaining to the determination of the LLC's tax items and will provide the Members with copies of all notices received from the U.S. Internal Revenue Service regarding the commencement of an LLC-level audit or a proposed adjustment of any of the LLC's tax items. The Tax Matters Partner may extend the statute of limitations for assessment of tax deficiencies against the Members attributable to any adjustment of any tax item. The LLC will reimburse the Tax Matters Partner for reasonable expenses properly incurred while acting within the scope of the Tax Matters Partner's authority.

ARTICLE 7: DISSOLUTION

7.1 **Events of Dissolution.** The LLC will dissolve upon the first of the following to occur: (a) the sale or other disposition of all or substantially all the assets of the LLC; (b) any event that makes the LLC ineligible to conduct its activities as a limited liability company under the Act; or (c) otherwise by operation of applicable law.

7.2 **Effect of Dissolution.**

(a) Appointment of Liquidator. Upon the LLC's dissolution, the Managers (unless unwilling or unable to serve as such) shall serve as liquidator, and as such will wind up and liquidate the LLC in an orderly, prudent and expeditious manner in accordance with the following provisions of this Article. While serving as liquidator, the Managers shall have the same authority, powers, duties and compensation as before dissolution, except that the liquidator shall not acquire any additional assets for the LLC, and shall use its best efforts to liquidate the LLC's existing assets as rapidly as is consistent with receiving the fair market value thereof. If the Managers is unwilling or unable to serve as liquidator, or has resigned or been removed, the Members shall elect another person, who may be a Member, to serve as liquidator.

(b) Distributions Upon Dissolution. All funds received by the LLC shall be applied to satisfy or provide for LLC debts and liabilities and the balance, if any, shall be distributed to Members on a pro-rata basis as is consistent with the provisions of this Agreement..

(c) Time for Liquidation. The LLC will not immediately cease to exist upon the occurrence of an event causing its dissolution, but will continue until its affairs have been wound up. It is acknowledged and agreed that the assets of the LLC are illiquid, and will take time to sell. The liquidator shall liquidate the LLC's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties by auction to the highest bidder in a reasonably promoted auction (or other commercially reasonable suitable means, if necessary).

(d) Final Accounting. The liquidator will make proper accountings, (1) to the end of the month in which the event of dissolution occurred, and (2) to the date on which the LLC is finally and completely liquidated.

(e) Duties and Authority of Liquidator. The liquidator will make adequate provision for the discharge of all of the LLC's debts, obligations and liabilities. The liquidator may sell, encumber or retain for distribution in kind any of the LLC's assets. Any gain or loss recognized on the sale of assets will be allocated to the Members' Capital Accounts in accordance with the provisions of Article 4 above. With respect to any asset the liquidator determines to retain for distribution in kind, the liquidator will allocate to the Members' Capital Accounts the amount of gain or loss that would have been recognized had the asset been sold at its fair market value.

(f) Final Distribution. The liquidator will distribute any assets remaining after the discharge or accommodation of the LLC's debts, obligations and liabilities to the Members in proportion to their Capital Accounts. The liquidator will distribute any assets distributable in kind to the Members in undivided interests as tenants in common. A Member whose Capital Account is negative will have no liability to the LLC, the LLC's creditors or any other Member with respect to the negative balance.

(g) Required Filings. The liquidator will file with the appropriate Secretary of State such statements, certificates and other instruments, and take such other actions, as are reasonably necessary or appropriate to effectuate and confirm the cessation of the LLC's existence.

ARTICLE 8: GENERAL PROVISIONS

8.1 **Amendments.** Except as otherwise provided herein, the Managers or any Member may propose, for consideration and action, an amendment to this Agreement or to the Articles. Except as otherwise stated herein, a proposed amendment will become effective at such time as it is approved by the Members holding a majority of the outstanding Units. Notwithstanding the foregoing, the Managers on behalf of the LLC will execute and file any amendment to the Articles required by the Act. If any such amendment results in inconsistencies between the Articles and this Agreement, this Agreement will be considered to have been amended in the specific areas necessary to eliminate such inconsistencies.

8.2 **Power of Attorney.** Each Member appoints the Managers, with full power of substitution, as the Member's attorney-in-fact, to act in the Member's name to execute and file (a) all certificates, applications, reports and other instruments necessary to qualify or maintain the LLC as a limited liability company in the states and foreign countries where the LLC conducts its activities, (b) all instruments that effect or confirm changes or modifications of the LLC or its status, including, without limitation, amendments to the Articles, and (c) all instruments of transfer necessary to effect the LLC's dissolution and termination. The power of attorney granted by this Article is irrevocable, coupled with an interest and shall survive the death of the Member.

8.3 **Binding Arbitration.** ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION OR VALIDITY THEREOF, INCLUDING (WITHOUT LIMITATION) THE DETERMINATION OF THE SCOPE OR

APPLICABILITY OF THIS AGREEMENT TO ARBITRATE, OR ANY OTHER DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF ANY INTERACTION BETWEEN THE LLC AND A MEMBER, SHALL BE BROUGHT WITHIN ONE YEAR OF ITS ACCRUAL AND BE DETERMINED BY ARBITRATION IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, BEFORE ONE ARBITRATOR. THE ARBITRATION SHALL BE ADMINISTERED BY JAMS PURSUANT TO ITS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY EXCEEDS $250,000) OR ITS STREAMLINED ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY IS LESS THAN OR EQUAL TO $250,000). IF THE ARBITRATION IS A CLASS ARBITRATION, THE AGGREGATE AMOUNT, OF THE PURPORTED CLAIMS OF ALL PUTATIVE CLASS MEMBERS, SHALL BE USED TO DETERMINE WHICH RULES APPLY. JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THIS CLAUSE SHALL NOT PRECLUDE PARTIES FROM SEEKING PROVISIONAL REMEDIES IN AID OF ARBITRATION FROM A COURT OF APPROPRIATE JURISDICTION. THE PREVAILING PARTY IN ANY DISPUTE, CLAIM OR CONTROVERSY HEREUNDER SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREOF.

8.4 **Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, certified first class mail, facsimile, email or private courier. The notice must be prepaid and addressed as set forth in the LLC's records. The notice will be effective on the date of confirmed receipt or, in the case of notice sent by certified first class mail, the fifth (5^{th}) calendar day after mailing.

8.5 **Resolution of Inconsistencies.** If there are inconsistencies between this Agreement and the Articles, the Articles will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent that the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the LLC's governance and financial affairs and the rights of the Members upon Dissociation and dissolution will supersede the provisions of the Act relating to the same matters.

8.6 **Provisions Applicable to Transferees.** As the context requires, but subject to the restrictions and limitations imposed by the provisions of this Agreement, anything herein pertaining to the rights and obligations of a Member also govern the rights and obligations of the Member's Transferee.

8.7 **Additional Instruments.** Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any applicable law, rule or regulation governing the LLC's formation and activities.

8.8 **Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run is not included. The last day of the period is included, unless it is a Saturday, Sunday or legal holiday, in which case the

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period will run until the end of the next day that is not a Saturday, Sunday or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m. in the time zone where LLC then maintains its principal place of business.

8.9 **Entire Agreement.** This Agreement and the Articles comprise the entire agreement among the parties with respect to the subject matter hereof.

8.10 **Waiver.** No right or remedy under this Agreement may be waived, except by an instrument in writing signed by the party sought to be charged with the waiver.

8.11 **General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa (as needed in order to give the Agreement its proper intended effect). The headings and underlined paragraph titles are for guidance only and have no significance in the interpretation of this Agreement. This Agreement shall be deemed to have been written and duly reviewed by each and all of the parties hereof. Each of the parties hereof has (i) been adequately represented by legal counsel or (ii) had adequate opportunity to consult with legal counsel and has affirmatively chosen to waive the right to do so.

8.12 **Binding Effect.** Subject to the provisions of this Agreement relating to the transferability of Units and the rights of Transferees, this Agreement is binding on and will inure to the benefit of each party and his, her or its respective and permitted heirs, executors, successors, legal representatives and assigns.

8.13 **Governing Law.** This Agreement shall be governed by the laws of the State of California, excluding its conflicts of law provisions.

8.14 **Further Assurances.** The parties hereto agree that they will cooperate with each other and will execute and deliver, or cause to be executed and delivered, all such other instruments, and will take all such other actions, as any party hereto may reasonably request from time to time in order to effectuate the provisions and purposes hereof.

8.15 **Severability**. If any provision of this Agreement shall be deemed invalid, unenforceable or illegal, then notwithstanding such invalidity, unenforceability or illegality, the remainder of this Agreement shall continue in full force and effect.

8.16 **Counterparts; Facsimile.** This Agreement may be executed in counterparts, each of which will be considered an original as to the party signing it. Original signatures transmitted via facsimile or electronic transmission shall have the same legal effect as the exchange of original signatures.

ARTICLE 9: REPRESENTATIONS AND WARRANTIES

Each Member, severally and not jointly, hereby represents and warrants to the Managers as follows with respect to such Member only:

(1) such Member is purchasing its respective Units for investment purposes only, and not with a view to re-selling such Units (and such Member acknowledges that its Units have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities law);

(2) such Member is an "accredited investor" as that term is defined in Regulation D, promulgated under the Securities Act;

(3) such Member has had an opportunity to review this Agreement and the investment in the LLC, including the tax consequences of participating in the LLC, with independent counsel and to request and obtain materials from, and ask questions of, representatives of the Managers regarding the LLC and its assets and operations;

(4) such Member believes that the acquisition of its Units is suitable for such Member based upon Member's investment objectives and financial needs;

(5) such Member has adequate means for providing for Member's current and long-term financial needs, has no need for liquidity of investment with respect to its Units, is in a financial position to hold its Units for an indefinite period of time, and is able to bear the economic risk of, and can withstand, a complete loss of its investment in the LLC;

(6) such Member has such knowledge and experience in financial and business matters that Member is capable of (a) requesting, reviewing and understanding the information Member has acquired regarding the LLC and its operations, management and control and (b) evaluating the merits and risks of an investment in the LLC and the merits and risks of the acquisition of its Units;

(7) such Member has a had prior substantive business dealings with the owners and management personnel of Managers and its Affiliates;

(8) such Member has obtained, to the extent Member deems necessary, Member's own personal professional advice with respect to the risks inherent in the acquisition of the Units and the suitability of such acquisition in view of Member's financial condition and investment needs; and

(9) such Member understands that: (a) an investment in its Units is speculative; (b) no federal or state agency has made any finding or determination as to the fairness of the investment or any recommendation or endorsement of the Units; (c) no assurance can be given that the investment objectives of the LLC will be achieved; (d) any forecast financial information furnished to Member are based on certain assumptions regarding future events, many of which may not occur and, therefore, actual results of operations will vary from projected results and such variations may be material; and (e) there are restrictions upon the transferability of the Units contained herein and no public market for the Units is expected to develop, and, accordingly, Member may not be able to dispose of its Units when desired (even upon an emergency).

[*Signature Page to Operating Agreement Follows]*

[Signature Page to Operating Agreement]

THE UNDERSIGNED MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT.

MEMBER

By: _____

Name: Mark Hanf

Title: Manager

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[*Signature Page to Operating Agreement*]

THE UNDERSIGNED MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT.

MEMBER

By: _____

Name: _____

Title: _____

OPERATING AGREEMENT
OF
PRIVATE MONEY MANAGEMENT GROUP, LLC
a Delaware limited liability company

This Operating Agreement (this "Agreement") is entered into by and among Pacific Private Money, Inc., a California corporation, and each of the members listed on Exhibit A attached hereto (individually, a "Member" and collectively, the "Members").

WHEREAS, the Company was organized on March 7, 2013, as a Delaware LLC; and

WHEREAS, this Agreement shall serve as the operating agreement for the Company; and

NOW, THEREFORE, the parties hereto agree as follows.

ARTICLE I.
THE COMPANY

1.1 Name. The name of the Company is **Private Money Management Group, LLC**.

1.2 Duration. The duration of the Company shall be perpetual, unless earlier dissolved pursuant to this Agreement.

1.3 Principal Place of Business. The principal office of the Company shall initially be 1604 Grant Avenue, Novato, CA 94945. The Managers may relocate the principal office or establish additional offices from time to time.

1.4 Registered Office and Registered Agent. The Company's initial registered office shall be at 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808, and the name of its initial registered agent at such address shall be National Registered Agents, Inc.

1.5 Purpose. Except as otherwise provided in the Company's Certificate of Formation, the purpose of the Company is to engage in any activity for which limited liability companies may be organized in the State of Delaware.

1.6 Admission of Members. Upon execution of this Agreement, the Members listed on Exhibit A are admitted as the Members of the Company.

1.7 Definitions. For purposes of this Agreement, and in addition to capitalized terms defined elsewhere in this Agreement, the capitalized words and phrases used in this Agreement have the following meanings:

i. "*Act*" means the Delaware Limited Liability Company Act, 6 Delaware Code Sections 18-101 et seq., as amended from time to time (or any corresponding provisions of succeeding law).

ii. "*Manager*" means any Person elected by the Members to serve as a manager of the Company pursuant to this Agreement. References to the Manager in the singular or as him, her, it, itself, or other like references shall also, where the context so requires, be deemed to include the plural or the masculine or feminine reference, as the case may be.

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iii. "*Member*" means the Member executing this Agreement, any assignee of a Membership Interest that has been admitted as a Member, or any person acquiring a Membership Interest from the Company in accordance with Section 6.2.

iv. "*Membership Interest*" means the Member's collective rights in the Company, including, without limitation, the right to receive distributions of the Company's assets and any right to vote or participate in management of the Company, together with all obligations of the Member to comply with the terms and provisions of this Agreement.

v. "*Person*" means any individual, partnership (whether general or limited), limited liability company, corporation, trust, estate, association, nominee or other entity.

ARTICLE II.
ALLOCATIONS

2.1 Profits. After giving effect to the special allocations set forth in Sections 2.3 and 2.4 hereof, Profits for any Allocation Year shall be allocated to the Members in proportion to their Percentage Interests.

2.2 Losses. After giving effect to the special allocations set forth in Sections 2.3, 2.4 and 2.5 hereof, Losses for any Allocation Year shall be allocated to the Members in proportion to their Percentage Interests.

2.3 Special Allocations. The following special allocations shall be made in the following order:

i. Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this Section, if there is a net decrease in Company Minimum Gain during any Allocation Year, each Member shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 2.3i is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

ii. Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this Section 2, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Allocation Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 2.3(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

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iii. Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Member as quickly as possible, provided that an allocation pursuant to this Section 2.3iii shall be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 2 have been tentatively made as if this Section 2.3iii were not in the Agreement.

iv. Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Allocation Year which is in excess of the sum of the amount such Member is obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 2.3iv shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section have been made as if Section 2.3iii and this Section 2.3iv were not in the Agreement.

v. Nonrecourse Deductions. Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Members in proportion to their Percentage Interests.

vi. Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

vii. Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of such Member's interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

2.4 Curative Allocations. The allocations set forth in Sections 2.3i, 2.3ii, 2.3iii, 2.3iv, 2.3v, 2.3vi, 2.3vii and 2.5 (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 2.4. Therefore, notwithstanding any other provision of this Section 2 (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 2.1 and 2.2.

2.5 Loss Limitation. Losses allocated pursuant to Section 2.2 hereof shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Allocation Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to

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Section 2.2 hereof, the limitation set forth in this Section 2.5 shall be applied on a Member by Member basis and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such Member's Capital Accounts so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

2.6 Other Allocation Rules.

(1) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using any permissible method under Code Section 706 and the Regulations thereunder.

(2) The Members are aware of the income tax consequences of the allocations made by this Section 2 and hereby agree to be bound by the provisions of this Section in reporting their shares of Company income and loss for income tax purposes.

(3) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

2.7 Tax Allocations: Code Section 704(c).

(1) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value).

(2) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(3) Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 2.7 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE III.
MANAGEMENT, DUTIES AND RIGHTS

3.1 Appointment and Removal of the Managers. The management of the Company shall be vested in one or more Managers elected by the Members. Each Manager shall remain in office until the Manager resigns or is removed by the Members. The initial Manager of the Company is Pacific Private Money, Inc.

3.2 Manager Powers.

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i. Except as otherwise provided in this Agreement, all powers to control and manage the business and affairs of the Company shall be exclusively vested in the Managers and such Managers may exercise all powers of the Company and do all such lawful acts as are not by the Company's Certificate of Formation, this Agreement, or any non-waivable provisions of the Act required to be exercised or done by the Members and in so doing shall have the right and authority to take all actions which such Managers deem necessary, useful or appropriate for the management and conduct of the Company's business.

ii. The Managers shall have the power to delegate authority to such officers, employees, agents, members and representatives of the Company as it may from time to time deem appropriate. Any delegation of authority to take any action must be approved in the same manner as would be required for the Managers to approve such action directly.

3.3 Two or More Managers. The provisions of this Section 3.3 shall apply whenever there are two or more Managers. Each Manager shall have one (1) vote. Except as otherwise provided in this Agreement, the Managers shall act by the affirmative vote of a majority of the total number of Managers. The Managers shall establish meeting times, dates and places and requisite notice requirements and adopt rules or procedures consistent with the terms of this Agreement. Any action required to be taken at a meeting of the Managers, or any action that may be taken at a meeting of the Managers, may be taken at a meeting held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other; participation in such a meeting shall constitute presence in person at such meeting. Notwithstanding anything to the contrary in this Section 3.3, any action required or otherwise permitted to be taken by the Managers may be taken without a meeting if the number of Managers required to approve such action at a meeting consent in writing. Copies of any written consents of the Managers pursuant to this Section 3.3 shall be delivered to all of the Managers as soon as reasonably practical following the date of the consent. Notwithstanding anything to the contrary in this Section 3.3, if all of the Managers shall meet at any time and place and each Manager consents to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and any lawful action taken at such meeting shall be the action of the Managers.

3.4 Restrictions on Authority of Managers. Notwithstanding any other provision of this Agreement, no action may be taken by the Company (whether by the Manager, or otherwise) in connection with any of the following matters without the consent of the Member:

i. A material change in the nature of the business of the Company;

ii. The dissolution or liquidation, in whole or in part, of the Company;

iii. The institution of proceedings to have the Company adjudicated bankrupt or insolvent;

iv. Any transaction by the Company to merge or consolidate with another Person;

v. Any transaction or election to convert the Company to another form of entity;

vi. The sale of all or substantially all of the Company's assets;

vii. The amendment of this Agreement or the Company's Certificate of Formation;

viii. The admission of an additional Member to the Company; and

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ix. The issuance, by the Company, of additional Membership Interests in the Company.

ARTICLE IV.
ACCOUNTING AND RECORDS

4.1 Books of Account. The Company shall maintain a register showing the names and addresses of all past and present Members, a copy of the Company's Certificate of Formation and all amendments thereto, copies of the Company's federal, state and local tax returns, if any, for the three most recent years, copies of the Company's financial statements, if any, for the three most recent years, a copy of this Agreement and all amendments hereto, and copies of any writings permitted or required by the Act.

4.2 Fiscal Year. The fiscal year of the Company shall be the calendar year.

4.3 Method of Accounting. The records of the Company shall be maintained on the same method of accounting as that of the Member.

ARTICLE V.
DISTRIBUTIONS

Except as otherwise required by any non-waivable provisions of the Act, the Company shall make distributions to the Members as determined from time to time by the Managers, and such distributions shall be in accordance with allocations.

ARTICLE VI.
ASSIGNMENT OF MEMBERSHIP INTEREST AND ISSUANCE OF ADDITIONAL MEMBERSHIP INTERESTS

6.1 Assignment of Membership Interest. Upon the written consent of the Managers, the Members may assign all or any part of its Membership Interest at any time. The assignee of a Membership Interest shall be admitted as a Member in accordance with the provisions of the Act.

6.2 Issuance of Additional Membership Interests. Upon the written consent of the Members, the Company may issue additional Membership Interests in the Company.

ARTICLE VII.
DISSOLUTION AND WINDING UP

7.1 Dissolution. The Company shall be dissolved and its affairs wound up upon the determination of the Members to dissolve the Company or when otherwise required by the Act.

7.2 Liquidation Upon Dissolution and Winding Up. Upon the dissolution of the Company, the Managers shall wind up the affairs of the Company. A full account of the assets and liabilities of the Company shall be taken. The assets shall be promptly liquidated and the proceeds thereof applied as required by the Act. In the process of winding up the Company, the Managers may elect to distribute certain property in kind.

7.3 Certificate of Cancellation. Upon completion of the distribution of Company assets as provided herein, the Company shall be terminated, and the Managers (or such other person or persons as the Act may require or permit) shall file a Certificate of Cancellation with the Secretary of State of

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Delaware under the Act, cancel any other filings made pursuant to this Agreement, and take such other actions as may be necessary to terminate the existence of the Company.

ARTICLE VIII.
INDEMNIFICATION AND COMPENSATION

8.1 Indemnification. The Company shall indemnify, protect, defend, save harmless, and pay all judgments and claims against the Members or Managers for all costs, losses, liabilities and damages paid or accrued by the Members (either as a Member or as an agent) or Managers in connection with the business of the Company or because such Person is a Member or Manager, to the fullest extent provided or allowed by applicable law. In addition, the Company shall advance costs of participation in any proceedings to the Members or Manager. Upon determination of the Member, the Company may indemnify all other employees or agents of the Company for all costs, losses, liabilities and damages paid or accrued by the employee or agent in connection with the business of the Company or because such Person is an employee or agent, to the fullest extent provided or allowed by applicable law.

8.2 Compensation of the Manager. The Managers shall be reimbursed all reasonable expenses incurred on behalf of the Company and shall be entitled to reasonable compensation in an amount to be determined from time to time by the Member.

ARTICLE IX.
ATTORNEY-IN FACT

9.1 The Members constitute and appoint Mark Hanf with full power of substitution and resubstitution, as each Member's true and lawful attorney-in-fact with full power and authority for each Member, and in Member's name, place and stead and either personally or by attorney-in-fact, to make, execute, deliver, acknowledge, publish, file and record, and swear to in the execution, delivery, acknowledgment, filing and/or recording of:

i. The Operating Agreement of the Company, the Certificate of Formation of the Company and any amendments to or cancellation of such Operating Agreement or Certificate of Formation permitted by and authorized under such Operating Agreement or required under the laws of the State of Delaware or the laws of any other jurisdiction in which such Certificate of Formation are required to be filed;

ii. Any certificates, counterparts, instruments and documents, and any amendments thereto as may be permitted by and authorized under this Agreement or required by, or may be appropriate under, the laws of the State of Delaware or of any jurisdiction in which the Company is doing or intends to do business;

iii. Any other instrument which may be required to be filed by the Company under the laws of any jurisdiction or by any governmental agency, or which such attorney-in-fact deems advisable to file; and

iv. Any documents which may be required to effect the admission of an additional member, a substituted member, or the dissolution and termination of the Company, in accordance with the terms of this Agreement.

The foregoing grant of authority:

i. Is a Special Power of Attorney coupled with an interest and is irrevocable;

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ii. May be exercised by such attorney-in-fact by executing an instrument as attorney-in-fact for Member, and Member's name shall be listed in the instrument as a member; and

iii. Shall survive Member's delivery of an assignment of the Membership Interest, except that where the assignee thereof has been approved by the Managers of the Company for admission to the Company as a substituted member as provided for in this Agreement, the Power of Attorney shall survive the delivery of such assignment for the sole purpose of enabling such attorney-in-fact to execute, acknowledge, and file any instrument necessary to effect such substitution.

Members agree to be bound to all of the representations of Member's attorney-in-fact and waives any and all defenses which may be available to each Member to contest, negate or disaffirm the actions of such attorney-in-fact under this Power of Attorney, and hereby ratifies and confirms all acts which said attorney-in-fact may take as attorney-in-fact hereunder in all respects as though performed by Member.

In the event of any conflict between the provisions of this Agreement and any document executed or filed by the attorney-in-fact or any of them, pursuant to the Power of Attorney, this Agreement shall govern.

ARTICLE X.
AMENDMENT

This Agreement may be amended or modified from time to time only by a written instrument executed by a majority in interests of the Members and the Managers.

ARTICLE XI.
MISCELLANEOUS

11.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware.

11.2 Headings. Headings in this Agreement are for convenience only and shall not affect its meaning.

11.3 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions.

11.4 Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Members and the Company and shall create no rights or obligations enforceable by any third party, including creditors of the Company, except as specifically provided herein or otherwise required by applicable law.

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ADOPTED by the undersigned effective as of May 1, 2013.

Company:

Private Money Management Group, LLC

By: Pacific Private Money, Inc., Manager

By: _____
Mark Hanf, President

[Member Signatures on Exhibit A]

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Exhibit A

List of Members and Membership Interest

Member Signatures	Membership Interest
Pacific Private Money Inc.	100%

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CERTIFICATE OF RESOLUTION

The undersigned Members of Powell Street Partners, LLC, a Limited Liability Company duly organized under the laws of California (hereinafter referred to as the "LLC"), on this date of January 1, 2016 ("Effective Date") hereby certify the following resolutions:

RESOLVED, that the majority of the LLC's outstanding membership interests hereby approve, ratify, accept and consent to the proposed assignment and transfer of all of the membership interests owned by Pacific Private Money, Inc., a California corporation to an affiliate Private Money Management Group, LLC, a Delaware limited liability company.

RESOLVED, that Private Money Management Group, LLC, a Delaware limited liability company be fully admitted as a Member of the LLC, having all rights and powers, and is subject to all restrictions and obligations of a Member under the Operating Agreement of the LLC and the California Revised Uniform Limited Liability Company Act.

RESOLVED, that Pacific Private Money, Inc., a California corporation, pursuant to Article V of the LLC's Operating Agreement, hereby resigns as a Manager of the LLC and appoint, as Managers and Members representing a majority of the Units outstanding in the LLC, Private Money Management Group, LLC, a Delaware limited liability company, as successor Manager.

RESOLVED, that Pacific Private Money Inc., pursuant to Section 3.2 of the LLC's Operating Agreement, hereby assigns and transfers all of its Units in the LLC to Private Money Management, LLC, a Delaware limited liability company.

RESOLVED, that Private Money Management, LLC, as an admitted Member, has all rights and powers, and is subject to all restrictions and obligations of a Member under the Operating Agreement of the LLC and the California Revised Uniform Limited Liability Company Act.

RESOLVED, that Section 5.1 of the LLC's current Operating Agreement is amended to read:

> 5.1 **Representative Management.** The LLC will be managed by one or more Managers. The Manager(s) shall have the right to participate in the management and conduct of the LLC's business. Subject to the limitations imposed by this Agreement or by action of the Members, each of the Managers shall be an agent of the LLC and has the authority to bind the LLC in the ordinary course of business. The LLC's Manager shall be Mark Hanf.

All other sections of the attached current Operating Agreement of the LLC remain in full force and effect.

RESOLVED, that all the acts taken above and resolutions are approved, ratified, and hereby adopted.

The undersigned have duly executed this Operating Agreement amendment and resolutions on the Effective Date as written above:

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Member
Kenneth Schmier

By: _____
Name: _____
Title: _____

Member
Art Gilberg

By: _____
Name: _____
Title: _____

Member
Pacific Private Money Inc.

By: _____
Name: Mark Hanf
Title: President

Private Money Management Group, LLC
A Delaware limited liability company

By: _____
Name: Mark Hanf
Title: Manager

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BA20231959605

STATE OF CALIFORNIA
Office of the Secretary of State
CERTIFICATE OF AMENDMENT
CA CORPORATION

California Secretary of State
1500 11th Street
Sacramento, California 95814
(916) 653-3516

For Office Use Only

-FILED-

File No.: BA20231959605

Date Filed: 12/28/2023

Corporation Details

Corporation Name	PACIFIC PRIVATE MONEY INC.
Entity No.	3344505

Amendment Details

Article IV of the Articles of Incorporation is amended to read:

The total number of shares the corporation is authorized to issue is: 15,000

Approval Statements

Approval Statements

1) The Board of Directors has approved the amendment of the Articles of Incorporation.
2) Share approval was by the required vote of shareholders in accordance with California Corporations Code section 902. The total number of outstanding shares of the corporation entitled to vote is 1,500. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

Signatures

☒ We declare under penalty of perjury under the laws of the State of California that the matters set forth herein are true and correct of our own knowledge.

President/Chief Executive Officer, Secretary	*Mark Hanf*	*12/28/2023*
Officer Title	Officer Signature	Date

B2369-4494 12/28/2023 1:16 PM Received by California Secretary of State

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

of

PMC FUND ONE, LLC

a *California limited liability company*

This limited liability company Operating Agreement ("Agreement") of PMC FUND ONE, LLC, a California limited liability company ("Company"), is by and among Pacific Mortgage Capital, LLC ("Initial Member" or "Manager"), and each of the additional Person who becomes a Member in accordance with the provisions of this Agreement. Any capitalized terms used herein but not defined herein shall have the meaning ascribed to them in the Private Placement Memorandum dated April 1, 2023 ("Memorandum").

RECITALS

The Company is a limited liability company formed under the California Revised Uniform Limited Liability Company Act, Cal. Corp. Code § 17701, et seq., as amended. The parties to this Agreement are the Initial Members and those additional Persons who are subsequently admitted as Members in accordance with the provisions of this Agreement. The parties intend by this Agreement to define their rights and obligations with respect to the Company's governance and financial affairs and to adopt regulations and procedures for the conduct of the Company's activities. Accordingly, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

ARTICLE 1: DEFINITIONS

1.1 **Scope.** For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is expressed or intended, all capitalized terms used herein have the meanings specified in this Article 1.

1.2 **Defined Terms.**

(a) "Act" means the California Revised Uniform Limited Liability Company Act, Cal. Corp. Code § 17701, et seq., as amended.

(b) "Affiliate," with respect to a Person, means (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Affiliate, (2) a Person who owns or controls at least Ten Percent (10%) of the outstanding voting interests of the Affiliate, (3) a Person who is an officer, director, manager or general partner of the Affiliate, or (4) a Person who is an officer, director, manager, general partner, trustee or owner of at least Ten Percent (10%) of the outstanding voting interests of an Affiliate described in clauses (1) through (3) of this sentence.

(c) "Agreement" means this Agreement, including any subsequent amendments thereto.

(d) "Articles" means the Articles of Organization filed with the Secretary of State to organize the Company as a limited liability company, including any subsequent amendments thereto.

(e) "Bankruptcy" means the filing of a petition seeking liquidation, reorganization, arrangement, readjustment, protection, relief or composition in any state or federal bankruptcy, insolvency, reorganization or receivership proceeding.

(f) "Capital Account" of a Member means the capital account maintained for such Member. The balance of the Capital Account of a Member, determined as set forth in Section 4.6 below, shall herein be referred to as the "Capital Account Balance."

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "Contribution" means anything of value that a Member contributes to the Company as a prerequisite for, or in connection with, membership including (without limitation) any combination of cash, property, services rendered, a promissory note or any other obligation to contribute cash or property or render services.

(i) "Dissociation" means a complete termination of a Member's membership in the Company due to an event described in Article 3 hereof.

(j) "Distribution" means the Company's direct or indirect transfer of money or other property to a Member with respect to a Membership Interest.

(k) "Effective Date" means the date on which the Company's existence as a limited liability company begins, as prescribed by the Act.

(l) "Entity" means an association, relationship or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative or association.

(m) "Family," with respect to a Member, means any individual(s) who are related to the Member by blood, marriage or adoption. For the purposes of this definition, an individual is related to the Member by marriage if the person is related by blood or adoption to the Member's current spouse.

(n) "Initial Member" means the persons identified above as the Initial Member.

(o) "Majority" means more than Fifty Percent (50%) of the outstanding Membership Interests in the Company.

(p) "Manager" means a Person who is vested with authority to manage the Company in accordance with Article 5 hereof.

(q) "Member" means any Initial Member or any Person who is admitted as an additional or a substitute Member after the Effective Date, in accordance with Article 3 hereof.

(r) "Membership Interest" means a Member's percentage interest in the Company.

(s) "Memorandum" shall mean the Private Placement Memorandum of the Company, dated as of April 1, 2020.

(t) "Minimum Gain" means minimum gain as defined in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

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(u) "Net Profits" means the Company's monthly gross revenue less (1) the Company's monthly operating expenses (including payment of outstanding debt (if any), administrative costs, legal expenses and accounting fees), (2) an allocation of income for a loan loss reserve and applicable compensation to the Manager, and (3) payment of the Fixed Return to the Members.

(v) "Permitted Transferee," with respect to a Member, means another Member, a member of the Member's Family, or a trust for the benefit of the Member or a member of the Member's Family.

(w) "Person" means a natural person or an Entity.

(x) "Profit," as to a positive amount, and "Loss," as to a negative amount, mean, for a Taxable Year, the Company's income or loss for the Taxable Year, as determined in accordance with accounting principles appropriate to the Company's method of accounting and consistently applied.

(y) "Regulations" means proposed, temporary or final regulations promulgated under the Code by the U.S. Department of the Treasury, as amended from time to time.

(z) "Servicer" refers to the servicer of the Company loans.

(aa) "Subscription Agreement" means the Subscription Agreement included as Exhibit B to the Memorandum.

(bb) "Taxable Year" means the Company's taxable year as determined in Article 6 hereof.

(cc) "Transfer," as a noun, means a transaction or event by which ownership of any Membership Interest is changed or encumbered, including, without limitation, a sale, exchange, abandonment, gift, pledge or foreclosure. "Transfer," as a verb, means to affect a Transfer.

(dd) "Transferee" means a Person who acquires any Membership Interest by Transfer from a Member or another Transferee not admitted as a Member in accordance with Article 3 hereof.

ARTICLE 2: THE COMPANY

2.1 **Status.** The Company is a limited liability company organized in the State of California under the Act.

2.1 **Name.** The name of the Company is PMC Fund One, llc, a California limited liability company.

2.3 **Term.** The Company's existence as a limited liability company will commence on the Effective Date and continue until dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein.

2.4 **Purpose.** The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act; provided that, subject to the foregoing, the Company presently intends to raise money through the offering of Membership Interest ("Offering") in order to originate, purchase, fund, acquire and sell loans secured by interests in real or personal property across the United States with a primary focus in California. It is presently anticipated that the Company will originate, or otherwise invest in loans with the intent to sell such loans within Thirty (30) days from

the date of such investment. The Fund may also manage, remodel, repair, lease, and/or sell real properties acquired through the Company's lending activities, including but not limited to properties acquired through foreclosure and real estate owned assets ("REO").

2.5 **Principal Place of Business.** The Company's principal place of business is located at: 1299 Fourth Street, Ste. 405, San Rafael, CA 94901.

ARTICLE 3: MEMBERSHIP

3.1 **Identification.**

(a) Members. The Manager will be the Initial Member of the Company. The Manager may choose to invest capital into the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing its interest in the Company on the same basis as any other person.

(b) Additional and Substitute Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Operating Agreement as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement along with payment in the amount of such investment.

(c) Rights of Additional or Substitute Members. A Person admitted as an additional or substitute Member has all the rights and powers and is subject to all the restrictions and obligations of a Member under this Agreement and the Act.

3.2 **Withdrawal.** Members who invest in the Company may not withdraw their capital until they have been members of the Company for at least Twelve (12) months. Members who have been members of the Company for a period longer than Twelve (12) months may request withdrawal from the Company in writing and give the Company at least Thirty (30) days' notice prior to expecting to be withdrawn from the Company. The withdrawal date shall be effective upon the date of receipt of the Member's withdrawal request. The Company will use its best efforts to return capital subject to, among other things, the Company's then cash flow, financial condition, and prospective transactions in assets. The Manager may, in its sole and absolute discretion, waive, adjust, or modify the requirements for withdrawal. There will be no penalty assessed or charged for early withdrawal.

The Manager may at any time suspend the withdrawal of funds from the Company, upon the occurrence of any of the following circumstances: (i) whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Manager or the Company, disposal of the assets of the Company is not reasonably practicable without being detrimental to the interests of the Company or its Members, determined in the sole and absolute discretion of the Manager; (ii) it is not reasonably practicable to determine the net asset value of the Company on an accurate and timely basis; or (iii) if the Manager has determined to dissolve the Company. Notice of any suspension will be given within Ten (10) business days from the time the decision was made to suspend distributions to any Member who has submitted a withdrawal request and to whom full payment of the redemption proceeds has not yet been remitted. If a redemption request is not rescinded by a Member following notification of a suspension, the redemption will be effected as of the last day of the calendar month in which the suspension is lifted, on the basis of the net asset value of the Company at that time and in the order determined by the Manager in its sole and absolute discretion.

3.3 **Restrictions on Transfer.**

(a) Restrictions on Transfer. A Member may Transfer his, her or its Membership Interest only in compliance with this Article 3. Restrictions have been placed upon the ability of all Members to resell or otherwise dispose of any Membership Interest obtained or acquired hereunder including, without limitation, the following:

(1) The Membership Interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended ("Act"), in reliance upon the exemptions provided for under Section 4(2) and Regulation D thereunder.

(2) There is no public market for Membership Interests and none is expected to develop in the future. Even if a potential buyer could be found, Membership Interests may not be resold or transferred without satisfying certain conditions designed to comply with applicable tax and securities laws, including, without limitation, provisions of the Act, Rule 144 thereunder, and the requirement that certain legal opinions be provided to the Manager with respect to such matters. A transferee must meet the same investor qualifications as the Members admitted during the Offering Period. Any potential buyer must be capable of bearing the economic risks of this investment with the understanding that Membership Interests may not be liquidated by resale or redemption and should expect to hold their Membership Interests as a long-term investment.

(3) A legend will be placed upon all instruments evidencing ownership of Membership Interests in the Company stating that the Membership Interests have not been registered under the Securities Act of 1933, as amended, and set forth the foregoing limitations on resale. Notations regarding these limitations shall be made in the appropriate records of the Company with respect to all Membership Interests offered hereby. Any Member who transfers, upon the Manager's consent, any Membership Interests to another Person shall, subject to the sole and absolute discretion of the Manager, pay the Manager a transfer fee of at least Five Hundred Dollars ($500) to cover administrative costs related thereto. If a Member transfers Membership Interests to more than one person, except transferees who will hold title together, the transfer to each person will be considered a separate transfer.

(b) Null and Void. An attempted Transfer of all or a portion of a Membership Interest that is not in compliance with this Article will be null and void. No Membership Interest may be transferred if, in the judgment of the Manager, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the Company as a limited liability company or, cause a termination of the Company for federal income tax purposes.

(c) Permitted Transfers. A Member may at any time Transfer one or more Membership Interests to a Permitted Transferee if, as of the date the Transfer takes effect, the Company is reasonably satisfied that all of the following conditions are met:

(1) the conditions listed above have been met;

(2) the Transferee is a person with the same qualifications as the original Member;

(3) the Transfer, alone or in combination with other Transfers, will not result in the Company's termination for federal income tax purposes;

(4) the Transfer is the subject of an effective registration under, or exempt from the registration requirements of, applicable state and federal securities laws;

(5) the Company receives from the Transferee the information and agreements reasonably required to permit it to file federal and state income tax returns and reports; and

(6) the Manager receives payment from the Transferee of a transfer fee of Five Hundred Dollars ($500) for each Transferee.

(d) Transferor's Membership Status. If a Member Transfers less than all of his, her, or its Membership Interest, the Member's rights with respect to the transferred portion of the Membership Interest, including the right to vote or otherwise participate in the Company's governance and the right to receive Distributions, will terminate as of the effective date of the Transfer. However, the Member will remain liable for any obligation with respect to the transferred portion that existed prior to the effective date of the Transfer, including (without limitation) any costs or damages resulting from the Member's breach of this Agreement. If the Member Transfers all of his, her or its Membership Interest, the Transfer will constitute an event of Dissociation.

(e) Transferee's Status.

(1) Admission as a Member. A Member who Transfers one or more Membership Interests has no power to confer on the Transferee the status of a Member. A Transferee may be admitted as a Member only in accordance with the provisions of this Article. A Transferee who wishes to become a Member must make application in writing to the Company and provide evidence, as requested by the Company, of compliance with all conditions to admission, as set forth above. Prior to admission, each proposed member must execute and deliver a counterpart of this Agreement, as amended to date, or a separate written agreement to be bound hereby. The Company shall not without cause refuse the application for membership of a Transferee who has complied with all the provisions of this Agreement.

(2) Rights of Non-Member Transferee. A Transferee who is not admitted as a Member in accordance with the provisions of this Article: (i) has no right to vote or otherwise participate in the Company's governance; (ii) is not entitled to receive information concerning the Company's affairs or inspect the Company's books and records; (iii) with respect to the transferred Membership Interests, is entitled to receive the Distributions to which the Member would have been entitled had the Transfer not occurred; and (iv) is subject to the restrictions imposed by this Article to the same extent as a Member. Any provision of the Agreement permitting or requiring the Members to take action by vote or written approval of a specified percentage of the Membership Interests shall be deemed to mean only Membership Interests then owned by Members.

3.4 **Expulsion of a Member.** At any time there are more than Two (2) Members, the Company may expel a Member, but only for cause. Cause for expulsion exists if the Member has materially breached this Agreement, is unable to perform the Member's material obligations under this Agreement, or if the Manager suspects the Member has violated federal or state law, rules, and regulations or the Member is under investigation by the federal, state, and/or local authorities, subject to the sole and absolute discretion and notwithstanding any of the withdrawal restrictions described herein. If a Member is expelled, that Member forfeits any and all rights to any accrued distribution during the interim quarter whether or not the withdrawal is partial or total. A Member's expulsion from the Company will be effective upon the Member's receipt of written notice of the expulsion.

3.5 **Return of Capital.** Subject to the terms contained herein, the Company may return all or a portion of a Member's capital at the Manager's discretion. Any such return of capital would not be considered a Distribution and would not be included in the determination of such Member's return on investment. However, any such return of capital would reduce the Member's Membership Interest in the Company. Thus, if Manager elects to return all of Member's capital, Member shall no longer be a Member in the Company and the Member would be considered to have withdrawn or to have elected redemption from the Company.

3.6 **Upon Dissociation.** Dissociation from the Company occurs upon a Member's expulsion, transfer or redemption of all of the Member's Membership Interests, withdrawal or resignation ("Event of Dissociation"). Upon the occurrence of an Event of Dissociation: (1) the Member's right to participate in the Company's governance, receive information concerning the Company's affairs and inspect the Company's books and records will terminate; and (2) unless the Dissociation resulted from the Transfer of the Member's Membership Interests, the Member will be entitled to receive the Distributions to which the Member would have been entitled as of the effective date of the Dissociation had the Dissociation not occurred. The Member will remain liable for any obligation to the Company that existed prior to the effective date of the Dissociation, including any costs or damages resulting from the Member's breach of this Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the Company unless the Manager elects to return capital to a Member. The effect of such Dissociation on the remaining Members who do not sell will be to increase their percentage share of the remaining assets of the Company, and thus their proportionate share of its future earnings, losses and Distributions. The reduction in the outstanding Membership Interests will also increase the relative voting power of remaining Members.

3.7 **Verification of Membership Interest.** Within Thirty (30) days after receipt of a Member's written request, the Company will provide such Member with a statement evidencing his, her, or its Membership Interest in the Company.

3.8 **Manner of Action by Members.**

(a) Meetings.

(1) Right to Call. The Manager, or any combination of Members holding in the aggregate more than Twenty-Five Percent (25%) of the total outstanding Membership Interest, may call a meeting of Members by giving written notice to all Members not less than Thirty (30) days, or more than Sixty (60) days prior to the date of the meeting. The notice must specify the date, time and place of the meeting and the nature of any business to be transacted. A Member may waive notice of a meeting of Members orally, in writing, or by attendance at the meeting.

(2) Time and Place. Unless otherwise specified in the notice of meeting, all meetings shall be held at 2:00 p.m. on a regular business day of the Company, at the Company's principal place of business. No meeting may be held on a Sunday or legal holiday; at a time that is before 7:30 a.m. or after 9:00 p.m.; or at a place more than Sixty (60) miles from the Company's principal place of business.

(3) Proxy Voting. A Member may act at a meeting of Members through a Person authorized by signed proxy.

(4) Quorum. Members whose aggregate holdings exceed a Majority of the outstanding Membership Interest will constitute a quorum at a meeting of Members. No action may be taken in the absence of a quorum.

(5) Required Vote. Except with respect to matters for which a greater minimum vote is required by the Act or this Agreement, the vote of Members present whose aggregate holdings exceed a Majority of the outstanding Membership Interests will constitute the act of the Members at a meeting of Members.

(b) Written Consent. The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate holdings of the Membership Interest equal or exceed the minimum that would be necessary to take the action at a meeting at which all Members were present.

3.9 **Limitation on Individual Authority.** A Member who is not also the Manager has no authority to bind the Company. A Member whose unauthorized act obligates the Company to a third party will indemnify the Company for any costs or damages the Company incurs as a result of the unauthorized act.

3.10 **Negation of Fiduciary Duties.** A Member who is not also the Manager owes no fiduciary duties to the Company or to the other Members solely by reason of being a Member.

ARTICLE 4: FINANCE

4.1 **Contributions.**

(a) Initial Member. The Manager will be the Initial Member of the Company. Nothing contained herein shall be deemed to prohibit the Manager from increasing or decreasing its interest in the Company on the same basis as any other person or entity.

(b) Additional Members. The Company may admit additional or substitute Members with the sole approval of the Manager. Except as set forth herein, the Manager may withhold approval of the admission of any Person for any or no reason. The Manager will not permit any person to become a member until such person has agreed to be bound by all the provisions of this Agreement as amended as of the date of the proposed admission, and the terms of the Memorandum, and has delivered to the Company a completed Subscription Agreement along with payment in the amount of such investment. Members' subscription funds will be released to the operating bank account of the Company and Membership Interests will be issued to such Members.

(c) Additional Contributions. The Company may authorize additional Contributions at such times and on such terms and conditions as it determines to be in its best interest. Absent the Company's authorization, no Member is permitted to make additional Contributions.

(d) Contributions Not Interest Bearing. A Member is not entitled to interest or other compensation with respect to any cash or property the Member contributes to the Company.

4.2 **Allocation of Profit and Loss.** After giving effect to special allocations, if any, the Company's Profit or Loss for a Taxable Year, including the Taxable Year in which the Company is dissolved, will be allocated among the Members in proportion to their Capital Account Balances during the applicable tax reporting period.

4.3 **Tax Allocations.** For federal income tax purposes, unless the Code otherwise requires, each item of the Company's income, gain, loss or deduction will be allocated to the Members in proportion to their allocations of the Company's Profit or Loss.

4.4 **Distributions.**

(a) Fixed Return. Members will generally be eligible to receive a non-cumulative annualized fixed return ("Fixed Return") on their capital account balance, payable on a monthly basis (and prorated as applicable for the amount of time that a Member was a member of the Company). The Fixed Return will be payable prior to any profit participation by the Manager (however, all expenses and fees other than profit participation will be paid to the Manager prior to the Fixed Return). As of April 1, 2022023, the Fixed Return for any Member shall be equal to a non-cumulative annualized rate of EightPercent (8%), calculated and payable on a monthly basis. All Fixed Returns shall be distributed after payment of all expenses and fees and to the extent that cash is available, and provided that such distribution will not impact the continuing operations of the Company, as determined by the Manager in its sole and absolute discretion. The Manager reserves the right to adjust the interest rate return based on current market conditions at given times.

At the end of the fiscal year, the Company may review all distributions paid or payable to Members in order to ensure that Members receive accurate Fixed Return distributions for the annual year in accordance with the intent and provisions of this Agreement.

Distributions of the Fixed Return are not a guaranteed distribution and are subject to the cash availability of the Company. The Manager and the Company make no guarantees, assurances or commitments to the distribution of any returns. The Manager will only make distributions to the extent cash is available and, in the sole and absolute discretion of the Manager, and to the extent that any distributions will not impact the continuing operations of the fund.

(b) Distribution of Profits. Any Net Profits in excess of the Fixed Return shall be distributed to the Manager on a monthly basis, in arrears, as follows: One Hundred Percent (100%) of the Net Profits of the Company shall be distributed to the Manager. The Manager reserves the right to allow any net profits to remain in the fund to build net asset value.

(c) By the end of the Company's fiscal year, the Manager will make every effort to have distributed to each Member the amount of Profit or Loss that will be allocated to that Member on the Schedule K-1 that he, she, or it receives for income tax reporting. However, the amount of income reported to each Member on his, her, or its Schedule K-1 may differ somewhat from the actual cash distributions made during the fiscal year covered by the Schedule K-1 due to, among other things the loan loss reserve and factors unique to the tax accounting of limited liability companies, such as the treatment of investment expense.

4.5 **Reinvestment Election.** Each Member must elect to (a) receive cash distributions for his, her or its share distributions of the Company that is payable to the Member, or (b) having such amount(s) credited to his, her or its capital accounts and reinvested in the Company to purchase additional Membership Interests. Notwithstanding the foregoing, the Manager reserves the right to commence making cash distributions at any time to any Member(s) in order for the Company to remain exempt from the ERISA plan asset regulations. Members must elect to receive cash or reinvest all of their monthly income distributions. No partial reinvestment is permitted.

An election to reinvest the Fixed Return is revocable at any time upon a written request to revoke such election. If no election is made, then the monthly Fixed Return will be a cash disbursement. Members may change their election at any time upon Thirty (30) days written notice to the Company. Upon receipt and after the Thirty (30) day notice has occurred, the Member's election shall be changed and reflected on the following first day of the monthly in which the Member is entitled to receive a distribution. Notwithstanding the preceding sentences, the Manager may at any time immediately commence with income distributions in cash only (hence, suspending the reinvestment option for such Member(s)) to any Member(s) in order for the Company to remain exempt from the ERISA plan asset regulations. No partial reinvestment is permitted.

4.6 **Capital Accounts.**

(a) General Maintenance. The Company will establish and maintain a Capital Account for each Member. A Member's Capital Account Balance will be:

(1) increased by: (i) the amount of any money the Member contributes to the Company's capital; and (ii) the Member's share of the Company's Profits and any separately stated items of income or gain; and

(2) decreased by: (i) the amount of any money the Company distributes to the Member; and (ii) the Member's share of the Company's Losses and any separately stated items of deduction or loss.

(b) Transfer of Capital Account. A Transferee of Membership Interests succeeds to the portion of the transferor's Capital Account that corresponds to the portion of the Membership Interest that is the subject of the Transfer.

(c) Compliance with Code. The requirements of this Article are intended and will be construed to ensure that the allocations of the Company's income, gain, losses, deductions and credits have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code.

ARTICLE 5: MANAGEMENT

5.1 **Representative Management.** The Company will be managed by One (1) Manager. By execution of this Agreement, and without prejudice to the right of the Members to remove the Manager as set forth in Article 5, the Initial Members and each Person hereafter admitted as a Member, other than Transferees, shall be deemed to have elected such Manager. The initial manager of the Company shall be: Pacific Private Money Inc., a California corporation.

5.2 **Time Devoted to Business.** The Manager will devote to the Company's activities the amount of time reasonably necessary to discharge the Manager's responsibilities.

5.3 **Powers and Authority.**

(a) General Scope. Except for matters on which the Members' approval is required by the Act or this Agreement, the Manager has full power, authority and discretion to manage and direct the Company's business, affairs and properties, including the specific powers referred to in paragraph (b), below.

(b) Specific Powers.

(1) The Manager is authorized on the Company's behalf to make all decisions as to (i) the development, sale, lease or other disposition of the Company's assets; (ii) the origination and purchase of loans or any other assets of all kinds; (iii) the acquisition, purchase, leasing, and/or sale of properties or any other assets of all kinds; (iv) the management of all or any part of the Company's assets and business; (v) the borrowing of money and the granting of security interests in the Company's assets (including loans from Members) as, and only if, provided for in the Memorandum; (vi) the prepayment, refinancing or extension of any mortgage affecting the Company's assets; (vii) the compromise or release of any of the Company's claims or debts; (viii) the employment of Persons for the operation and management of the Company's business; and (ix) all elections available to the Company under any federal or state tax law or regulation.

(2) The Manager on the Company's behalf may execute and deliver (i) all contracts, conveyances, assignments, leases, subleases, franchise agreements, licensing agreements, management contracts and maintenance contracts covering or affecting the Company's assets; (ii) all checks, drafts and other orders for the payment of the Company's funds; (iii) all loan documents including, without limitation, promissory notes, mortgages, deeds of trust, security agreements and other similar documents; (iv) all articles, certificates and reports pertaining to the Company's organization, qualification and dissolution; (v) all tax returns and reports; and (vi) all other instruments of any kind or character relating to the Company's affairs.

5.4 **Required Member Approval.** Except as specifically provided herein, without the approval of the Members holding a Majority of the issued and outstanding Membership Interests, the Company may not take any action with respect to: (a) the Company's merger with or conversion into another Entity; (b) causing the Company to incur debt which would exceed the amount provided for in the Memorandum; or (c) a transaction, not expressly permitted by this Agreement or Memorandum, involving a conflict of interest between the Manager and the Company

5.5 **Duties of Manager.**

(a) Fiduciary Duty. The Manager shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in the Manager's possession or control. Except as expressly permitted herein, or by subsequent approval of the Members, the Manager shall not employ, or permit another to employ Company funds or assets in any manner except for the exclusive benefit of the Company.

(b) Standard of Care.

(1) Exculpation. The Manager will not be liable to the Company or any Member for an act or omission done in good faith to promote the Company's best interests, unless the act or omission constitutes gross negligence, fraud, bad faith, intentional misconduct, or a knowing violation of law.

(2) Justifiable Reliance. The Manager may rely on the Company's records maintained in good faith and on information, opinions, reports or statements received from any Person pertaining to matters the Manager reasonably believes to be within the Person's expertise or competence.

(c) Competing Activities. The Manager may participate in any business or activity without accounting to the Company or the Members. Each Member waives the benefit of the corporate opportunity doctrine, on his or her own behalf and on behalf of the Company, and agrees that the Manager

may deal in other real estate transactions for its own account and/or for the accounts of others without any requirement to account to the Company for such dealings.

(d) Self-Dealing. In addition to the transactions expressly permitted by this Agreement, the Manager may enter into business transactions with the Company if the terms of the transaction are no less favorable to the Company than those of a similar transaction with an independent third party, including without limitation selling loans to, and buying loans from, the Company.

(e) Specific Transactions. Without limiting the generality of the foregoing, it is hereby acknowledged and agreed that the Manager shall be permitted to bargain for and accept the following transactions connected with the business of the Company, subject to the terms of any other agreement among the Members, including, without limitations, receiving interest income from Company loans, loan origination and documentation, loan processing, loan extension and modification, servicing loans, drafting documents, securing collateral, collecting rent and real estate commissions (including those from REOs), collecting forbearance fees, default interest and fees, late fees, collection fees, prepayment penalties, and other similar fees, and paying expenses. This income will be allocated to the Company as set forth in Section 5.7 below.

(f) Reimbursement of Business Expenses. The Manager shall be entitled to reimbursement by the Company (but only to the extent that Company assets are sufficient therefore) for reasonable and necessary out-of-pocket expenses incurred by the Manager on behalf of the Company. Further, the Company shall reimburse the Manager and its Affiliates for any reasonable formation, accounting, analyst, banking, transactional fees and legal costs incurred in connection with the formation of the Company and the capital raising activities undertaken by the Company.

5.6 **Indemnification of Manager.** Except as limited by law, the Company shall indemnify the Manager for all expenses (including, without limitation, legal fees and costs), losses, liabilities and damages the Manager actually and reasonably incurs in connection with the defense or settlement of any action arising out of or relating to the conduct of the Company's activities, except an action with respect to which the Manager is adjudged to be liable for fraud, bad faith, willful misconduct, and/or breach of a fiduciary duty owed to the Company or the Members under the Act or this Agreement. Therefore, Members may have a more limited right of action than they would have absent these provisions in the Operating Agreement. The Company shall advance the costs and expenses of defending actions against the Manager arising out of or relating to the management of the Company, provided it first receives the written undertaking of the Manager to reimburse the Company if ultimately found not to be entitled to indemnification. A successful indemnification of the Manager or any litigation that may arise in connection with the Manager's indemnification could deplete the assets of the Company. Members who believe the Manager has engaged in conduct resulting in fraud, willful misconduct, bad faith, or breach of the Manager's fiduciary duty, should consult with their own legal counsel.

5.7 **Income to the Company.** The Company will allocate and distribute the fee income as follows:

(a) Profit Participation. The Manager shall participate in the distribution of any excess Net Profits as follows: after distribution of the Fixed Return to the Members, the Manager shall receive One Hundred Percent (100%) of all Net Profits on a monthly basis.

(b) Income to the Company. The Manager's income will commonly include the following:

(1) interest income from the Company loans;

(2) loan origination fees and lender discount points, which averages (in the aggregate) between One and Ten Percent (1-10%) but could be as low as Zero Percent (0%) or as high as Fifteen Percent (15%) depending on market condition;

(3) loan extension and modification fees, typically between One and Three Percent (1-3%) of the original loan amount, but could be higher or lower depending on market rates and conditions;

(4) loan processing, documentation and other similar fees; forbearance fees, late fees, late charges, collection fees, prepayment penalties, default interest, and all other similarly related fees incurred by borrowers; and

(5) when the Company purchases an existing loan (or pool of loans) from a third party, the Company will be paid a fee comparable to a loan origination fee.

(c) Loan Servicing Fee. Any loan servicing fees payable to the Servicer shall be calculated as an expense to the Company. This fee shall be collected monthly from the payments received by the Company from the borrowers. Notwithstanding the foregoing, the loan servicing fee may vary from loan to loan.

(d) Income from REOs. Any REOs acquired through the Company's lending activities will be managed, remodeled, repaired, leased, and/or sold by the Company, the Manager, and/or its Affiliates, as determined by the Manager in its sole and absolute discretion. Any cash flow derived from REOs, or profits gained from sale of such properties shall be retained by the Company, including any real estate commissions, property management fees, and/or fees accrued in connection with the REOs.

(e) Operating Expenses. The Manager shall be entitled to reimbursement by the Company (but only to the extent that Company assets are sufficient therefore) for reasonable and necessary out-of-pocket expenses incurred by the Manager on behalf of the Company. Further, the Company shall reimburse the Manager and its Affiliates for any reasonable formation, accounting, analyst, banking, transactional fees and legal costs incurred in connection with the formation of the Company and the capital raising activities undertaken by the Company.

(f) The Company will bear the cost of the annual tax preparation of the Company's tax returns, any state and federal income tax due, and any required independent audit reports required by agencies governing the business activities of the Company.

(g) The definition of Manager's Fees includes all the fees described in "Income to the Company".

(h) The Manager may, but has no obligation to, defer all or a portion of the Manager's Fees. In such event, the Manager will be entitled to recover the deferred fees at a later time.

5.8 **Tenure.**

(a) Term. The Manager will serve until the earlier of (1) the Manager's resignation; (2) the Manager's removal; (3) as to a Manager who is a natural person, the Manager's death or adjudication of incompetency; and (4) as to a Manager that is an Entity, the Manager's dissolution. In any such event, Members representing a Majority of the Membership Interest outstanding shall promptly elect a successor as Manager; provided, however if the then Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager without Member approval.

(b) Resignation. The Manager at any time may resign by written notice delivered to the Members at Thirty (30) days prior to the effective date of the resignation. Members may elect a replacement Manager with a Majority vote, provided, however if the then Manager desires to appoint an Affiliate as the new Manager, then such Affiliate may become the Manager without Member approval.

(c) Removal. The Members may remove the Manager if: (1) the Manager is convicted or found liable for an act of gross negligence or fraud which materially lowers the net asset value of the Company, or (2) the holders of at least a Majority of the outstanding Membership Interests vote in favor of such removal. A successor manager of the Company may only be elected by the Members, provided that if the then-current Manager appoints an Affiliate as the successor Manager then no vote or consent of the Members shall be required unless expressly mandated by applicable California law.

ARTICLE 6: RECORDS AND ACCOUNTING

6.1 **Maintenance of Records.**

(a) Required Records. The Company will maintain, at its registered office in California, such books, records and other materials as are reasonably necessary to document and account for its activities, including without limitation, those required to be maintained by the Act.

(b) Member Access. A Member and the Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records and other materials pertaining to the Company or its activities so long as it does not violate another member's right to privacy or confidentiality. The exercise of such rights will be at the requesting Member's expense.

(c) Confidentiality. No Member or Manager will disclose any information relating to the Company or its activities to any unauthorized person or use any such information for his or her or any other Person's personal gain.

6.2 **Financial Accounting.**

(a) Accounting Method. The Company will account for its financial transactions using the accrual basis method of accounting. The Manager reserves the right to change such methods of accounting upon written notice to Members.

(b) Taxable Year. The Company's Taxable Year is the calendar year.

6.3 **Reports.**

(a) Members. Annual reports concerning the Company's business affairs, including the Company's annual income tax return, will be provided to Members who request them in writing. Each Member will receive his, her, or its respective K-1 Form as required by applicable law. The Manager may, at its sole and absolute discretion, designate any Person to provide tax and accounting advice to the Company, at any time and for any reason.

(b) Periodic Reports. The Company will complete and file any periodic reports required by the Act or the law of any other jurisdiction in which the Company is qualified to do business.

6.4 **Tax Compliance.**

(a) Withholding. If the Company is required by law or regulation to withhold and pay over to a governmental agency any part or all of a Distribution or allocation of Profit to a Member:

(1) the amount withheld will be considered a Distribution to the Member; and

(2) if the withholding requirement pertains to a Distribution in kind or an allocation of Profit, the Company will pay the amount required to be withheld to the governmental agency and promptly take such action as it considers necessary or appropriate to recover a like amount from the Member, including offset against any Distributions to which the Member would otherwise be entitled.

(b) Tax Matters Partner. The Manager, or a Person designated by the Manager, shall act as the "Tax Matters Partner" pursuant to Section 6231(a)(7) of the Code. The Tax Matters Partner will inform the Members of all administrative and judicial proceedings pertaining to the determination of the Company's tax items and will provide the Members with copies of all notices received from the U.S. Internal Revenue Service regarding the commencement of a LLC-level audit or a proposed adjustment of any of the Company's tax items. The Tax Matters Partner may extend the statute of limitations for assessment of tax deficiencies against the Members attributable to any adjustment of any tax item. The Company will reimburse the Tax Matters Partner for reasonable expenses properly incurred while acting within the scope of the Tax Matters Partner's authority.

ARTICLE 7: DISSOLUTION

7.1 **Events of Dissolution.** The Company will continue until (a) dissolved herein pursuant to Article 7 below, unless sooner dissolved or terminated under the Act or as described herein; (b) the sale or other disposition of all or substantially all the assets of the Company; (c) any event that makes the Company ineligible to conduct its activities as a limited liability company under the Act; or (d) otherwise by option of law.

7.2 **Effect of Dissolution.**

(a) Appointment of Liquidator. Upon the Company's dissolution, the Manager (unless unwilling or unable to serve as such) shall serve as liquidator, and as such will wind up and liquidate the Company in an orderly, prudent and expeditious manner in accordance with the following provisions of this Article. While serving as liquidator, the Manager shall have the same authority, powers, duties and compensation as before dissolution, except that the liquidator shall not acquire any additional assets for the Company, and shall use its best efforts to liquidate the Company's existing assets as rapidly as is consistent

with receiving the fair market value thereof. If the Manager is unwilling or unable to serve as liquidator, or has resigned or been removed, the Members shall elect another person, who may be a Member, to serve as liquidator.

(b) Distributions Upon Dissolution. The Company will not cease to exist immediately upon the occurrence of an event of dissolution, but will continue until its affairs have been wound up. Upon dissolution of the Company, the Manager will wind up the Company's affairs by liquidating the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loan(s) until a suitable sale can be arranged. All funds received by the Company shall be applied to satisfy or provide for Company debts and liabilities and the balance, if any, shall be distributed to Members on a pro-rata basis.

(c) Time for Liquidation. The Company will not immediately cease to exist upon the occurrence of an event causing its dissolution but will continue until its affairs have been wound up. It is acknowledged and agreed that the assets of the Company are illiquid, and will take time to sell. The liquidator shall liquidate the Company's assets as promptly as is consistent with obtaining the fair market value thereof, either by sale to third parties or by collecting loan payments under the terms of the loans. Due to high prevailing interest rates or other factors, the Company could suffer reduced earnings (or losses) if a substantial portion of its loan portfolio remains and must be liquidated quickly during the winding up period. Members who sell their Membership Interests prior to any such liquidation will not be exposed to this risk. Conversely, if prevailing interest rates have declined at a time when the loan portfolio must be liquidated, unanticipated profits could be realized by those Members who remained in the Company until its termination.

(d) Final Accounting. The liquidator will make proper accountings, (1) to the end of the month in which the event of dissolution occurred, and (2) to the date on which the Company is finally and completely liquidated.

(e) Duties and Authority of Liquidator. The liquidator will make adequate provision for the discharge of all of the Company's debts, obligations and liabilities. The liquidator may sell, encumber or retain for distribution in kind any of the Company's assets. Any gain or loss recognized on the sale of assets will be allocated to the Members' Capital Accounts in accordance with the provisions of Article 4. With respect to any asset the liquidator determines to retain for distribution in kind, the liquidator will allocate to the Members' Capital Accounts the amount of gain or loss that would have been recognized had the asset been sold at its fair market value.

(f) Final Distribution. The liquidator will distribute any assets remaining after the discharge or accommodation of the Company's debts, obligations and liabilities to the Members in proportion to their Capital Accounts. The liquidator will distribute any assets distributable in kind to the Members in undivided interests as tenants in common. A Member whose Capital Account is negative will have no liability to the Company, the Company's creditors or any other Member with respect to the negative balance.

(g) Required Filings. The liquidator will file with the appropriate Secretary of State such statements, certificates and other instruments, and take such other actions, as are reasonably necessary or appropriate to effectuate and confirm the cessation of the Company's existence.

ARTICLE 8: GENERAL PROVISIONS

8.1 **Amendments.** Except as otherwise provided herein, the Manager or any Member may propose, for consideration and action, an amendment to this Agreement or to the Articles. Except as otherwise provided herein, a proposed amendment will become effective at such time as it is approved by the Members holding a Majority of the outstanding Membership Interests. Notwithstanding the foregoing, the Company, the Manager will execute and file any amendment to the Articles required by the Act. If any such amendment results in inconsistencies between the Articles and this Agreement, this Agreement will be considered to have been amended in the specifics necessary to eliminate fine inconsistencies.

8.2 **Power of Attorney.** Each Member appoints the Manager, with full power of substitution, as the Member's attorney-in-fact, to act in the Member's name to execute and file (a) all certificates, applications, reports and other instruments necessary to qualify or maintain the Company as a limited liability company in the states and foreign countries where the Company conducts its activities, (b) all instruments that effect or confirm changes or modifications of the Company or its status, including, without limitation, amendments to the Articles, and (c) all instruments of transfer necessary to effect the Company's dissolution and termination. The power of attorney granted by this Article is irrevocable, coupled with an interest and shall survive the death of the Member.

8.3 **Binding Arbitration.** ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION OR VALIDITY THEREOF, INCLUDING (WITHOUT LIMITATION) THE DETERMINATION OF THE SCOPE OR APPLICABILITY OF THIS AGREEMENT TO ARBITRATE, OR ANY OTHER DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF ANY INTERACTION BETWEEN THE COMPANY AND A MEMBER, SHALL BE BROUGHT WITHIN ONE YEAR OF ITS ACCRUAL AND BE DETERMINED BY ARBITRATION IN THE COUNTY OF MARIN, STATE OF CALIFORNIA, BEFORE ONE ARBITRATOR. THE ARBITRATION SHALL BE ADMINISTERED BY JAMS PURSUANT TO ITS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY EXCEEDS TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000)) OR ITS STREAMLINED ARBITRATION RULES AND PROCEDURES (IF THE AMOUNT IN CONTROVERSY IS LESS THAN OR EQUAL TO TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000)). IF THE ARBITRATION IS A CLASS ARBITRATION, THE AGGREGATE AMOUNT, OF THE PURPORTED CLAIMS OF ALL PUTATIVE CLASS MEMBERS, SHALL BE USED TO DETERMINE WHICH RULES APPLY. JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THIS CLAUSE SHALL NOT PRECLUDE PARTIES FROM SEEKING PROVISIONAL REMEDIES IN AID OF ARBITRATION FROM A COURT OF APPROPRIATE JURISDICTION. THE PREVAILING PARTY IN ANY DISPUTE, CLAIM OR CONTROVERSY HEREUNDER SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREOF.

8.4 **Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, e-mail or private courier. The notice must be prepaid and addressed as set forth in the Company's records. The notice will be effective on the date of receipt or, in the case of notice sent by first class mail, the Fifth (5^{th}) day after mailing.

8.5 **Resolution of Inconsistencies.** If there are inconsistencies between this Agreement and the Articles, the Articles will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement. If there are inconsistencies between this Agreement and the Memorandum, this Agreement will control. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the

Company's governance and financial affairs and the rights of the Members upon Dissociation and dissolution will supersede the provisions of the Act relating to the same matters.

8.6 **Provisions Applicable to Transferees.** Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule or regulation governing the Company's formation and activities.

8.7 **Additional Instruments.** Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule or regulation governing the Company's formation and activities.

8.8 **Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run is not included. The last day of the period is included, unless it is a Saturday, Sunday or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m. in the time zone where the Company then maintains its principal place of business.

8.9 **Entire Agreement.** This Agreement and the Articles comprise the entire agreement among the parties with respect to the Company. This Agreement and the Articles supersede any prior agreements or understandings with respect to the Company. No representation, statement or condition not contained in this Agreement or the Articles has any force or effect.

8.10 **Waiver.** No right or remedy under this Agreement may be waived, except by an instrument in writing signed by the party sought to be charged with the waiver.

8.11 **General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa. The headings and underlined paragraph titles are for guidance only and have no significance in the interpretation of this Agreement.

8.12 **Binding Effect.** Subject to the provisions of this Agreement relating to the transferability of Membership Interests and the rights of Transferees, this Agreement is binding on and will inure to the benefit of the Company, the Members and their respective distributees, successors and assigns.

8.13 **Governing Law**. California law governs the construction and application of the terms of this Agreement.

8.14 **Severability**. If any provision of this Agreement shall be deemed invalid, unenforceable or illegal, then notwithstanding such invalidity, unenforceability or illegality, the remainder of this Agreement shall continue in full force and effect.

8.15 **Counterparts; Facsimile.** This Agreement may be executed in counterparts, each of which will be considered an original as to the party signing it. Facsimile signatures shall have the same legal effect as original signatures.

[*Signature Page to Operating Agreement Follows]*

[*Signature Page to Operating Agreement*]

PMC FUND ONE, LLC, a California limited liability company

By:_____
William Aubrey, President of Pacific Mortgage Capital, LLC, Manager of the Company

BY PURCHASING A MEMBERSHIP INTEREST IN THE COMPANY AND EXECUTING A SUBSCRIPTION AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT AND THE MEMORANDUM

OPERATING AGREEMENT
OF
PACIFIC PRIVATE CAPITAL GROUP, LLC
a California limited liability company

This Operating Agreement is entered into on August 1, 2019 by and between Mark Hanf (the "Manager") and the Non-Managing Members listed on Exhibit A.

A. The Members intend to form a Manager-managed California limited liability company under the California Revised Uniform Limited Liability Company Act, as amended.

B. The Members enter into this Operating Agreement in order to form and provide for the governance of the Company and the conduct of its business and to specify their relative rights and obligations.

NOW THEREFORE, the Members and Manager hereby agree as follows:

ARTICLE 1: DEFINITIONS

The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement and when not so defined shall have the meanings set forth in California Corporations Code section 17701.02.

1.1 "Act" means the California Revised Uniform Limited Liability Company Act (California Corporations Code sections 17701.01-17713.13), as amended.

1.2 "Agreement" means this Operating Agreement, as originally executed and as amended from time to time.

1.3 "Articles of Organization" is defined in California Corporations Code Section 17701.02(b) as applied to this Company.

1.4 "Capital Account" means, as to any Member, a separate account maintained and adjusted in accordance with Section 3.3.

1.5 "Capital Contribution" means, with respect to any Member, the amount of the money and the Fair Market Value of any property (other than money) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take "subject to" under IRC Section 752) in consideration of a Percentage Interest held by such Member. A Capital Contribution shall not be deemed a loan.

1.6 "Company" means the company named in Section 2.2.

1.7 "Economic Interest" means a person's right to share in the income, gains, losses, deductions, credits or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote or to participate in management.

1.8 "Encumbrance" means, with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.9 "Fair Market Value" means the cash price that a willing buyer would pay a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the purchase date.

1.10 "IRC" means the Internal Revenue Code of 1986, as amended, and any successor provision.

1.11 "Majority of Members" means a Member or Members whose Percentage Interests represent more than 50 percent of the Percentage Interests of all the Members.

1.12 "Manager" shall be Mark Hanf, who shall operate and manage the Company. The Manager and any successor Manager may, but need not be, a Member of the Company. Except to the extent that a Member may also serve as a Manager, the Members shall not participate in the management of the Company. A "Non-Managing Member" is a Member who is not serving as a Manager.

1.13 "Member" means an initial Member or a person who otherwise acquires a Membership Interest, as permitted under this Agreement, and who agrees in writing to assume all of the obligations and undertakings of a Member under this Agreement.

1.14 "Membership Interest" means a Member's rights in the Company, collectively, including the Member's Economic Interest, Voting Interest and right to participate in management, and any right to information concerning the business and affairs of the Company.

1.15 The "Percentage Interest" means a Member's share of the Company's profits and losses as stated in Exhibit A, which may be amended from time to time to reflect the admission of any new Members.

1.16 "Profits and Losses" means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with IRC section 703(a).

1.17 "Transfer" means, with respect to a Membership Interest, or any element of a Membership Interest, any sale, assignment, gift, involuntary transfer, or other disposition of a Membership Interest or any element of such a Membership Interest, directly or indirectly.

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1.18 "Voting Interest" means, with respect to a Member, the right to vote and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. A Member's Voting Interest shall be directly proportional to that Member's Percentage Interest. A Member who is also a Manager shall participate in any vote by the Members.

ARTICLE 2: ORGANIZATION

2.1 Formation. The Members shall cause Articles of Organization to be filed with the California Secretary of State. The Articles may not be amended without the written consent of the Members holding Sixty Percent (60%) or more of the Membership Interests in the Company.

2.2 Name. The name of the Company shall be Pacific Private Capital Group, LLC (the "Company").

2.3 Place of Business. The principal executive office of the Company shall be at 1555 Grant Avenue, Novato CA 94945 or such other place or places as may be determined by the Manager from time to time.

2.4 Agent for Service. The initial agent for service of process on the Company shall be Mark Hanf, whose address is 1555 Grant Avenue, Novato CA 94945. The Manager may from time to time change the Company's agent for service of process.

2.5 Purpose. Except as otherwise provided in the Company's Certificate of Formation, the purpose of the Company is to engage in any activity for which limited liability companies may be organized in the State of California.

2.6 Term. The term of existence of the Company shall commence on the effective date of filing of Articles of Organization with the California Secretary of State, and shall continue until terminated by the provisions of this Agreement or as provided by law.

ARTICLE 3: CAPITALIZATION

3.1 Contributions. Each Member shall contribute to the capital of the Company as the Member's Capital Contribution the money, or property or services as specified in Exhibit B to this Agreement.

3.2 Additional Capital and Loans.

a. Unless otherwise agreed in writing by all the Members, no Member shall make or be required to make any additional Capital Contribution to the Company. Additional Capital Contributions shall be made in proportion to each Member's Percentage Interest.

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b. If the Manager determines that the Company requires additional funds but all Members do not agree to make additional Capital Contributions, those Members willing to do so may loan the required funds to the Company. Each Member may participate in the loan in proportion to his or her Percentage Interest in the Company. If any Member elects not to participate in the loan, the other Members may loan the additional amount required in proportion to their Percentage Interests in the Company. If even after the forgoing loans, there is still a shortfall in the amount of money being lent to the Company because not enough Members are willing to participate in the loan to the Company, then any willing Member may lend as much money as is needed to meet the stated funding goal, without any limitation as to the Member's proportion of Percentage Interests in the Company. Any loan by a Member to the Company shall be made on commercially reasonable terms as agreed to by the Manager in his or her sole discretion.

3.3 Capital Accounts. An individual Capital Account shall be maintained for each Member consisting of that Member's Capital Contribution, (1) increased by that Member's share of Profits, (2) decreased by that Member's share of Losses, and (3) adjusted as required in accordance with applicable provisions of the IRC and Regulations.

3.4 No Withdrawals. A Member shall not be entitled to withdraw any part of the Member's Capital Contribution or to receive any distributions, whether of money or property from the Company except as provided in Sections 4.4 and 4.6 of this Agreement.

3.5 Interest. No interest shall be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account. However, interest shall be paid on any loans made to the Company by a Member.

3.6 Liabilities. A Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company.

3.7 Priority Returns. No Member shall have priority over any other Member, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

ARTICLE 4: ALLOCATIONS AND DISTRIBUTIONS

4.1 Profits and Losses. The Profits and Losses of the Company and all items of Company income, gain, loss, deduction, or credit shall be allocated, for Company book purposes and for tax purposes, to the Members in accordance with their Percentage Interests.

4.2 Qualified Income Offset. If any Member unexpectedly receives any adjustment, allocation, or distribution as described in Treasury Regulation §1.704–1(b)(2)(ii)(d)(4)–(6), items of Company gross income and gain shall be specially allocated to that Member as quickly as possible in an amount and manner sufficient to eliminate any deficit balance in the Member's Capital Account created by the adjustment,

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allocation, or distribution. Any special allocation under this Section 4.2 shall be taken into account in computing subsequent allocations of Profits and Losses, so that the net amount of allocations of income and loss and all other items shall, to the extent possible, be equal to the net amount that would have been allocated if the unexpected adjustment, allocation, or distribution had not occurred. The provisions of this Section 4.2 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations §§1.704–1(b) and 1.704–2 and shall be interpreted and applied in a manner consistent with those Regulations.

4.3 Allocations Respecting Asset Distributions. Any unrealized appreciation or unrealized depreciation in the values of Company property distributed in kind to all the Members shall be treated in accordance with applicable law.

4.4 Distributions. Cash available for distribution resulting from the operations of the Company shall be distributed among the Members in proportion to their Percentage Interests at such times as the Manager determines. "Cash available for distribution" means the Company's taxable income, increased by: (1) any depreciation or depletion deductions taken into account for computing taxable income; and (2) any non-taxable income or receipts (other than Capital Contributions) and reduced by: (3) any principal payments on any Company debt; (4) expenditures to acquire or improve Company assets; and (5) reasonable reserves as determined by the Manager for future Company expenses and improvements. Any distributions are subject to the terms and conditions stated in Section 10.3 below, and as described in the Company's Confidential Offering Circular.

4.5 Non-Cash Proceeds. If the proceeds from a sale or other disposition of a Company asset consist of property other than cash, the value of such property shall be as determined by the Manager. Such non-cash proceeds shall then be allocated among all the Members in proportion to their Percentage Interests. If such non-cash proceeds are subsequently reduced to cash, such cash shall be distributed to each Member in accordance with Section 4.4.

4.6 Liquidation. Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Company, or when any Member's interest is liquidated, all items of income and loss first shall be allocated to the Members' Capital Accounts under this Article 4, and other credits and deductions to the Members' Capital Accounts shall be made before the final distribution is made. The final distribution to the Members shall be made to the Members to the extent of and in proportion to their positive Capital Account balances. Any distributions upon dissolution are subject to the terms and conditions stated in Section 10.3 below, and as described in the Company's Confidential Offering Circular.

4.7 Compliance with IRC Section 704. The tax allocations and distributions under the Agreement are intended to comply with Section 704 and other related provisions of the IRC and corresponding Treasury Regulations and are to be interpreted accordingly. If the Manager determines that it is necessary to amend this Agreement in order to so comply, the Manager is authorized to make the minimum modification necessary to

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achieve such purpose provided that such modification does not materially affect the economic distributions provided in this Article 4. The Manager shall give Notice of such modification to all of the Members describing its contents and purpose.

4.8 Tax Elections. No election shall be made to exclude the Company from the application of the provisions of Subchapter K of the IRC or from any similar provisions of state tax laws. If a Membership Interest is transferred, a Member dies, or Company assets are distributed to a Member, the Manager may, in his or her discretion, cause the Company to elect to cause the basis of the Company's assets to be adjusted for federal income tax purposes under IRC Sections 734 and 743 by taking the Section 754 election. The Members and the Company acknowledge that the Company is currently qualified under IRC §6221(b) to elect out of Subchapter C of Chapter 63 of the IRC. The Members and the Company agree not to take any action that would cause the Company to lose its eligibility to elect out of Subchapter C of Chapter 63 of the IRC.

ARTICLE 5: MANAGEMENT

5.1 Manager.

a. The Manager of the Company shall be Mark Hanf.

b. Notwithstanding any provision of this Agreement to the contrary, on the withdrawal or bankruptcy of the Manager named in Section 5.1(a), the Company shall dissolve and wind up, unless a Majority of Members elect to continue the Company pursuant to Section 10.1.

5.2 General Powers. The Manager shall have full, exclusive and complete discretion, power and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer and operate the business and affairs of the Company for the purposes herein stated, and to make all decisions affecting such business and affairs, including, without limitation, the power to:

a. Acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

b. Construct, operate, maintain, finance, and improve, and to own, convey, assign, mortgage, or lease any real estate and any personal property;

c. Enter into agreements and contracts and to give receipts, releases and discharges;

d. Purchase liability and other insurance to protect the Company's properties and business;

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e. Borrow money for and on behalf of the Company and pledge assets of the Company as security for any loan;

f. Execute or modify leases with respect to any part or all the assets of the Company;

g. Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such mortgages or deeds of trust;

h. Execute any and all other instruments and documents which may be necessary, or in the opinion of the Manager, desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

i. Make any and all expenditures which the Manager, in his or her sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, expenditures for legal, accounting, and other related expenses incurred in connection with the organization, financing, and operation of the Company;

j. Enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company; and

k. Invest and reinvest Company reserves in short-term instruments or money market funds.

5.3 Actions Requiring Consent of Members. The Manager, without the prior written consent or ratification of the Majority of Members, may not take any of the following actions on behalf of the Company:

a. Any act that would make it impossible to carry on the ordinary business of the Company;

b. Any confession of a judgment against the Company;

c. The incurring of any debt not in the ordinary course of business;

e. A change in the nature of the principal business of the Company;

f. The filing of a petition in bankruptcy or entering into an arrangement among the Company's creditors; and

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g. The entering into, on behalf of the Company, of any transaction constituting a "reorganization" within the meaning of California Corporations Code §17711.01.

5.4 Reserved.

5.5 Limitation on Authority of Members. No Member is an agent of the Company solely by virtue of being a Member, and no Member has authority to act for the Company solely by virtue of being a Member. Any Member who takes any action or binds the Company in violation of this Section 5.5 shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify, defend and hold the Company harmless with respect to the loss or expense.

5.6 Duties of Manager. The Manager shall devote such time to the conduct of the Company's business as is reasonably necessary for its operation.

5.7 Bank Accounts. One or more Company bank accounts shall be established and checks from the accounts shall be signed by the Manager or such persons as the Manager may designate.

5.8 Compensation of Manager. The Manager shall be reimbursed all reasonable expenses incurred on behalf of the Company and shall be entitled to reasonable compensation in an amount to be determined from time to time by the Members.

5.9 Meetings. The Company is not required to hold regular meetings of the Members, and the Company shall not be required to maintain minutes or other records of any meetings.

ARTICLE 6: ACCOUNTS AND RECORDS

6.1 Books and Records. Complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office and shall be open to inspection and copying by each Member or the Member's authorized representatives on reasonable Notice during normal business hours. The costs of such inspection and copying shall be borne by the Member.

6.2 Accounting. Financial books and records of the Company shall be kept on the accrual or cash method of accounting, as determined by the Company's accountant. A balance sheet and income statement of the Company shall be prepared promptly following the close of each fiscal year in a manner appropriate to and adequate for the Company's business and for carrying out the provisions of this Agreement. The fiscal year of the Company shall be January 1 through December 31.

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6.3 Records. At all times during the term of existence of the Company, and beyond that term if a Majority of Members deem it necessary, the Manager shall keep or cause to be kept the books of account referred to in Section 6.2, and the following:

a. A current list of the full name and last known business or residence address of each Member, together with the Capital Contribution and the share in Profits and Losses of each Member;

b. A copy of the Articles of Organization, as amended;

c. Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

d. Executed counterparts of this Agreement, as amended;

e. Any powers of attorney under which the Articles of Organization or any amendments thereto were executed;

f. Financial statements of the Company for the six most recent fiscal years; and

g. The Books and Records of the Company as they relate to the Company's internal affairs for the current and past six fiscal years.

6.4 Tax Returns. Within 90 days after the end of each taxable year of the Company the Company shall send to each of the Members all information necessary for the Members to complete their federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for such year.

ARTICLE 7: FIDUCIARY DUTIES

7.1 Fiduciary Duties of Manager. The fiduciary duties that the Manager owes to the Company and the Members are the duties of loyalty and care.

a. The Manager's duty of loyalty to the Company and the Members is limited to the following:

i) To account to the Company and hold as trustee for it any property, profit, or benefit derived by the Manager in the conduct of the Company or the winding up of the activities of the Company, or derived from a use by the Manager of Company property, including the appropriation of a Company opportunity.

ii) To refrain from dealing with the Company in the conduct or winding up of the activities of the Company as or on behalf of a party having an interest adverse to the Company.

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iii) To refrain from competing with the Company in the conduct or winding up of the activities of the Company.

b. The Manager's duty of care to the Company and the Members in the conduct and winding up of the activities of the Company is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

c. The Manager shall discharge the duties under this Section 7.1 and exercise any rights under this Operating Agreement consistent with the obligation of good faith and fair dealing.

d. The Manager does not violate a duty or obligation under this Section 7.1 or under the Operating Agreement merely because the Manager's conduct furthers his or her own interest.

e. The Members expressly agree that a Manager does not violate its duty of loyalty to the Company, or the Members, merely because it, or its Affiliate, participates in other real estate investment opportunities. Furthermore, a Manager does not violate its duty of loyalty to the Company merely because the Manager, or an Affiliate of the Manager, does business with the Company, so long as any fees charged by the Manager or Affiliate to the Company are fair and reasonable. The term "Affiliate" shall mean any of the following: (1) a person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Manager, (2) a person who, directly or indirectly, owns or controls at least ten percent (10%) of the outstanding voting interests of the Manager, (3) a person who is an officer, director, manager or member of the Manager, or (4) a person who is an officer, director, manager, member, general partner, trustee or owns at least ten percent (10%) of the outstanding voting interests of a person described in clauses (1) through (3) of this sentence.

7.2 Fiduciary Duties of Members. Each of the Members shall discharge their duties and exercise any rights under this Operating Agreement consistent with the obligation of good faith and fair dealing. Except as otherwise provided, a Member does not have any fiduciary duty to the Company or to any other Member solely by reason of being a Member.

ARTICLE 8: TRANSFERS OF INTERESTS

8.1 Condition Precedent to Admission of Transferee. No person to whom a Membership Interest is properly transferred shall be substituted as a new Member in place of the transferring Member unless the Manager consents to the Transfer, a Majority of Members agree, and the transferee agrees to become a party to this Agreement. If the foregoing does not happen, then the transferee of the Economic Interest shall only be a "Transferee" (as that term is defined in Section 17701.02(ab) of the Act) and shall have no right to: (i) become a Member; (ii) exercise any Membership rights other than those specifically pertaining to the ownership of an Economic Interest; or (iii) act as an agent of the Company.

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8.2 Transfer Restrictions. Except as expressly provided in this Agreement, a Member will not Transfer any part of the Member's Membership Interest in the Company, whether now owned or later acquired, unless the Membership Interest to be Transferred, when added to the total of all other Membership Interests Transferred in the preceding 12 months, will not cause the termination of the Company under the IRC. No Member may Transfer or Encumber or permit or suffer any Encumbrance of all or any part of the Member's Membership Interest in the Company unless the Transfer or Encumbrance has been approved in writing by the Manager. Approval may be granted or withheld in the Manager's sole discretion. Any Transfer or Encumbrance of a Membership Interest without that approval will be void.

a. Permitted Transfer. Notwithstanding any other provision of this Agreement to the contrary, a Member who is a natural person may Transfer all or any portion of his or her Membership Interest to any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse, and the Member's issue, provided that the Member retains a beneficial interest in the trust and all of the Voting Interest included in the Membership Interest. Such a permitted Transfer may be done without needing the approval of a Majority of Members, but the Manager's review and consent will still be needed to ensure compliance with other provisions contained herein, such as securities law and tax law compliance. A Transfer of a Member's beneficial interest in the trust, or failure to retain the Voting Interest, will not be deemed a permitted Transfer of a Membership Interest under this Section 8.2(a).

8.3 Securities Laws Compliance. The initial sale of Membership Interests in the Company to the initial Members has not been qualified or registered under the securities laws of any state, including California, or registered under the Securities Act of 1933, in reliance on exemptions from the registration provisions of those laws. Notwithstanding any other provision of this Agreement, Membership Interests may not be Transferred unless registered or qualified under applicable state and federal securities laws unless, in the opinion of legal counsel satisfactory to the Company, qualification or registration is not required. A Member who desires to transfer a Membership Interest will be responsible for all legal fees incurred in connection with that opinion.

8.4 No Transfer of Management Authority. No Transfer of all or any portion of a Membership Interest shall include any right or authority to act as a Manager of the Company.

8.5 Dissociation Prohibited. No Member shall have the right or power to voluntarily dissociate from the Company other than as otherwise provided by this Article 8 such as by a Transfer.

ARTICLE 9: INDEMNIFICATION

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9.1 Indemnification of Manager. The Company shall indemnify the Manager to the fullest extent permissible under California law for any act performed by him or her with respect to Company matters, subject to the limitations set forth in this Article 9.

9.2 Indemnification. The Company will have the power to indemnify any person who was or is a party, or who is threatened to be made a party, to any Proceeding by reason of the fact that the person was or is a Member, Manager, officer, employee, or other agent of the Company, or was or is serving at the request of the Company as a director, officer, employee, or other Agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by that person in connection with the proceeding, if that person acted in good faith and in a manner that the person reasonably believed to be in the best interests of the Company, and, in the case of a criminal proceeding, the person had no reasonable cause to believe that the person's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, will not, of itself, create a presumption that the person did not act in good faith and in a manner that the person reasonably believed to be in the best interests of the Company, or that the person had reasonable cause to believe that the person's conduct was unlawful.

To the extent that an agent of the Company has been successful on the merits in defense of any Proceeding, or in defense of any claim, issue, or matter in any Proceeding, the agent will be indemnified against expenses actually and reasonably incurred in connection with the Proceeding. In all other cases, indemnification will be provided by the Company only if authorized in the specific case by a Majority of disinterested Members.

9.3 Expenses. Expenses of each person indemnified under this Agreement actually and reasonably incurred in connection with the defense or settlement of a proceeding may be paid by the Company in advance of the final disposition of the proceeding, as authorized by the Manager who is not seeking indemnification or, if there are none, by a Majority of Members, on receipt of an undertaking by that person to repay that amount unless it will ultimately be determined that the person is entitled to be indemnified by the Company.

9.4 Definitions. "Agent," as used in this Article 9, will include a trustee or other fiduciary of a plan, trust, or other entity or arrangement described in Corp C §207(f). "Expenses," as used in this Article 9, includes, without limitation, attorney fees and expenses of establishing a right to indemnification, if any, under this Article 9. "Proceeding," as used in this Article 9, means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative.

ARTICLE 10: DISSOLUTION AND WINDING UP

10.1 Events of Dissolution. The Company shall be dissolved on the first to occur of the following events:

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a. The withdrawal or bankruptcy of the Manager named in Section 5.1; provided, however, that the Members may, by the vote of the Majority of Members within ninety (90) days of the happening of that event, vote to appoint a new Manager and continue the Company.

b. The written agreement of Members holding at least 80% of the Percentage Interests.

c. The sale or other disposition of substantially all of the Company assets.

d. Entry of a decree of judicial dissolution.

10.2 Death, Disability or Bankruptcy of Member. The death, disability or bankruptcy of a Member will not dissolve the Company. Rather, the Member or his or her legal representatives shall have the same rights, subject to the same limitations, as the deceased, disabled or bankrupt Member, and shall be subject to the provisions of Article 8 regarding transferring the interest of the deceased, disabled or bankrupt Member.

10.3 Winding Up. On the dissolution of the Company, the Company shall engage in no further business other than that necessary to wind up the business and affairs of the Company. The persons winding up the affairs of the Company shall give written Notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to Members) the remaining assets of the Company shall be distributed or applied in the following order of priority:

a. To pay the expenses of liquidation.

b. To the establishment of reasonable reserves for contingent liabilities or obligations of the Company. On the determination that reserves are no longer necessary, they shall be distributed as provided in this Section 10.3.

c. To repay outstanding loans to Members. If there are insufficient funds to pay such loans in full, each Member shall be repaid in the ratio that the Member's respective loan, together with interest accrued and unpaid thereon, bears to the total of all such loans from Members, including all interest accrued and unpaid on those loans. Such repayment shall first be credited to unpaid principal due and the remainder shall be credited to accrued and unpaid interest.

d. To the Members in accordance with Section 4.6.

10.4 Assets Sole Recourse. Each Member shall look solely to the assets of the Company for the return of the Member's investment, and if the Company property

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remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the investment of any Member, such Member shall have no recourse against any other Members for indemnification, contribution, or reimbursement.

ARTICLE 11: GENERAL PROVISIONS

11.1 Assurances. Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the Manager deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

11.2 Notices.

a. All notices, requests, demands, consents, offers, approvals and any other communications permitted or required under this Agreement ("Notices") must be in writing and will be effective (i) immediately upon delivery in person, (ii) on the first business day after deposit with a commercial courier or delivery service providing receipted overnight delivery service, or (iii) three (3) days after deposit with the United States Postal Service, certified mail, return receipt requested, postage prepaid.

b. In the alternative, Notices may be delivered by facsimile or electronic transmission (e-mail) and such Notices shall be deemed given as of the date of transmission provided that the sending party shall maintain a transmission record showing the date and time of delivery.

c. The address for purpose of giving Notice to any Member is the Member's last known address in the records of the Company. The address for purpose of giving Notice to the Company is the address of the Company's principal office.

11.3 Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by California law.

11.4 Attorneys' Fees. If any legal action, arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not suit proceeds to final judgment.

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11.7 Arbitration. Any action to enforce or interpret this Agreement or to resolve disputes between the Manager and/or Members, or by or against any Manager or Member, shall be first submitted to mediation. If the parties fail to come to an agreement out of mediation, the matter shall be settled by arbitration in accordance with California Code of Civil Procedure Section 1280, et seq. Any party may commence an arbitration by sending a written demand for arbitration to the other parties. Such demand shall set forth the nature of the matter to be resolved by arbitration. The substantive law of the State of California shall be applied by the arbitrator to resolve the dispute. The parties shall share equally all initial costs of arbitration. If the arbitrator determines that there is a "prevailing party," the prevailing party shall be entitled to reimbursement of attorneys' fees, costs and expenses incurred in connection with the arbitration. All decisions of the arbitrator shall be final, binding, and conclusive on all parties. Judgment may be entered upon any such decision in accordance with applicable law in any court having jurisdiction.

11.8 Binding Provisions. This Agreement is binding upon and inures to the benefit of the parties hereto, and to the limited extent specifically provided herein, the parties' respective heirs, executors, administrators, personal and legal representatives, successors, and assigns.

11.9 Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

11.10 Severability of Provisions. Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

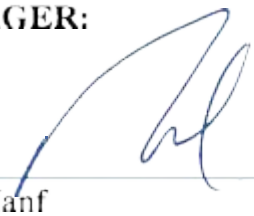
11.11 Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of the Members holding Sixty Percent (60%) or more of the Membership Interests in the Company.

11.12 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

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IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth beside the signature of each.

MANAGER:

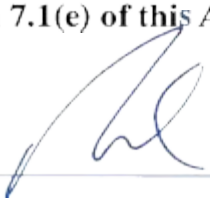


Mark Hanf

Date: 7/31/19

NON-MANAGING MEMBER:

By signing below, each Member hereby consents to be bound by the terms of this Operating Agreement, and furthermore, pursuant to California Corporations Code §17701.10(e), each of the Members gives his/her/its informed consent to the reasonable modifications to the Manager's statutory duty of loyalty which are set forth in Section 7.1(e) of this Agreement.

Signature: 

Date: 7/31/19

Print Name: Mark Hanf

Print Title: _____
(if applicable)

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EXHIBIT A

LIST OF NON-MANAGING MEMBERS
AND THEIR RESPECTIVE PERCENTAGE INTERESTS

1. Mark Hanf 100 %

2. %

3. %

4. %

5. %

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Pacific Private Money Fund I LLC

December 31, 2017 and 2016

Audited Financial Statements



SPIEGEL ACCOUNTANCY CORP
CERTIFIED PUBLIC ACCOUNTANTS

2300 Contra Costa Blvd, Suite 425 ▪ Pleasant Hill, CA 94523 ▪ Phone (925) 977-4000 ▪ Fax (925) 363-3370

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SPIEGEL ACCOUNTANCY CORP

Independent Auditors' Report

To the Members
Pacific Private Money Fund I LLC
Novato, California

We have audited the accompanying financial statements of Pacific Private Money Fund I LLC, a California limited liability company, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Pacific Private Money Fund I LLC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Private Money Fund I LLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

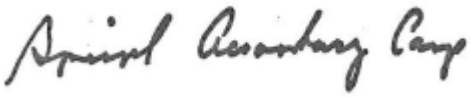
To the Members
Pacific Private MoneyFund I LLC
Novato, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Private MoneyFund I LLC as of December 31, 2017 and 2016, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generallyaccepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedule - Loan Concentrations and Characteristics is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Pleasant Hill, California
September 12, 2018

Spiegel AccountancyCorp.
Certified Public Accountants

Pacific Private Money Fund I LLC
Balance Sheets

	December 31, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash	$ 797,435	$ 1,193,468
Interest and Other Receivables	647,320	615,466
Real Estate Owned	-	483,228
Mortgage Loans Receivable, Net	24,903,617	11,989,652
Total Current Assets	26,348,372	14,281,814
Mortgage Loans Receivable, Net of Current Portion	10,461,590	10,308,122
Total Assets	$ 36,809,962	$ 24,589,936
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 527,685	$ 389,802
Subscriptions Payable	444,000	11,804
Distribution Payable	109,037	74,565
Notes Payable to Members	650,000	1,700,033
Line of Credit	1,260,000	-
Total Current Liabilities	2,990,722	2,176,204
Total Members' Equity	33,819,240	22,413,732
Total Liabilities and Members' Equity	$ 36,809,962	$ 24,589,936

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Statements of Income and Changes in Members' Equity

	Years Ended December 31,	
	2017	2016
Revenue:		
Mortgage Interest Income	$ 2,950,978	$ 1,768,552
Origination Fees	291,688	185,010
Gain on Sale of Real Estate Owned	53,470	-
Gain on Foreclosure of Mortgage Loans	-	19,228
Other Income	24,594	13,698
Total Revenue	3,320,730	1,986,488
Operating Expenses:		
Management Fees	863,713	512,040
Fund Administration	69,097	51,877
Provision for Loan Losses	36,179	7,392
Bank Charges	6,728	2,400
Legal and Accounting	37,200	32,350
Miscellaneous Fees	288	-
Interest Expense	36,475	30,081
Total Operating Expenses	1,049,680	636,140
Income before Income Taxes	2,271,050	1,350,348
Provision for Income Taxes	17,420	10,600
Net Income	2,253,630	1,339,748
Members' Equity - Beginning of Year	22,413,732	12,412,327
Members' Contributions and Reinvestments	14,702,718	10,730,021
Members' Withdrawals and Distributions	(5,550,840)	(2,068,364)
Members' Equity - End of Year	$ 33,819,240	$ 22,413,732

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Statements of Cash Flows

	Years Ended December 31,	
	2017	2016
Cash Flows From Operating Activities:		
Net Income	$ 2,253,630	$ 1,339,748
Adjustments to Reconcile Net Income to Net Cash From by Operating Activities:		
Provision for Loan Losses	36,179	7,392
Gain on Sale of Real Estate Owned	(53,470)	-
Gains on Foreclosure of Mortgage Loans	-	(19,228)
Improvements to Real Estate Owned	382,698	
Decrease (Increase) in Operating Assets:		
Interest and Other Receivables	(31,854)	(383,136)
Issuance of Mortgage Loans Receivable	(23,846,049)	(18,288,923)
Collections on Mortgage Loans Receivable	10,742,437	7,972,593
Increase in Operating Liabilities:		
Accounts Payable and Accrued Expenses	291,883	86,330
Net Cash Used by Operating Activities	(10,224,546)	(9,285,224)
Cash Flows From Financing Activities:		
Members' Contributions and Reinvestments	2,344,028	649,412
Members' Withdrawals and Distributions	(5,516,368)	(2,124,305)
Proceeds from Subscriptions Payable	11,740,853	10,354,665
Proceeds from Line of Credit	1,260,000	-
Net Cash Provided by Financing Activities	9,828,513	8,879,772
Net Decrease in Cash	(396,033)	(405,452)
Cash - Beginning of Year	1,193,468	1,598,920
Cash - End of Year	$ 797,435	$ 1,193,468

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Pacific Private Money Fund I LLC (the "Fund") operates under the California Revised Uniform Limited Liability Act (the "Act") to conduct any lawful business for which a limited liability company may be organized under the Act. This may include using the Fund's proceeds raised from the offering for the purpose of originating mortgage loans to the general public and acquiring existing mortgage loans secured by deeds of trust on real estate throughout the United States, primarily in California. The Fund is licensed by the California Department of Business Oversight, the California Bureau of Real Estate and is registered with the Nationwide Mortgage Licensing System.

General Fund Provisions

The rights, duties and powers of the Members, as defined in the operating agreement, of the Fund, are governed by the operating agreement. The description of the Fund's operating agreement contained in these financial statements provides only general information. Members should refer to the Fund's operating agreement and offering circular for a more complete description of the provisions.

The Fund is managed by a California limited liability company, Private Money Management Group LLC (the "Manager"). The Manager is in control of the Fund business, subject to the voting rights of the Members on specified matters. The Manager acting alone has the power and authority to act for and bind the Fund. The Manager may be removed by the written consent of Members representing 80.00% of the outstanding Membership interests, as defined in the operating agreement, of the Fund.

Members representing 80.00% of the outstanding Fund Membership interest may take the following actions: (i) dissolve or terminate the Fund or (ii) amend certain provisions of the Fund operating agreement.

Term of the Fund

The Fund's operating plan is to continue to seek investors and use those proceeds to fund suitable loans consistent with the Fund's lending criteria. The Fund will continue to operate indefinitely.

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NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Preferred Return

Members will receive a noncumulative annual preferred return of 7.00% of the Members' capital account and an allocation of 50.00% of profits in excess of the preferred return for each month.

Profits and Losses

The profits and losses of the Fund are allocated to the Members in proportion to their respective percentage interests until the Members receive the 7.00% preferred return. The Manager is required to allocate to the Members 50.00% of all profits realized by the Fund during the month in excess of the preferred return as of the close of business on the last day of each month.

Distributions

Distributions will be made monthly based on the cash available. Cash available for distribution to Members is 50.00% of the net income during the month, using the accrual method of accounting, after having paid the 7.00% preferred return.

Reinvestments

Members may elect to reinvest their distributions.

Redemptions

Fund Members are required to hold their Membership units, as defined in the operating agreement, for a minimum of 24 months before they can request redemption, subject to a 2.00% to 5.00% penalty. The Fund will not establish a reserve from which to fund redemptions and, accordingly, the Fund's capacity to return a Member's capital account is restricted by the availability of the Fund's cash flow.

Liquidity

There is no public market for units of the Fund and none are expected to develop in the foreseeable future. There are substantial restrictions on transferability of Membership interests. Any transferee must be a person with the same qualifications as the original Member, and a transferee may not become a substituted Member without the consent of the Manager.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The Fund's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These require the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Although the Fund uses its best estimates and judgments, actual results could differ from these estimates as future confirming events occur.

Mortgage Loans Receivable

Mortgage loans receivable are recorded at their outstanding unpaid principal balance with interest thereon being accrued as earned. The Fund loans will have varying terms at the discretion of the Manager. Most Fund loans will generally have a term between 6 months to 3 years and will provide for monthly payments of principal and/or interest, with some Fund loans providing for interest only with a "balloon payment" at the end of the term. The Fund will not recognize interest income on loans once they are determined to be impaired until the interest is collected in cash. A loan is impaired when, based on current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the underlying collateral.

Allowance for Loan Losses

The allowance for loan losses is established when losses are estimated to have occurred through a provision for loan loss that is charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to income. The allowance for loan losses is evaluated on a regular basis by management and is based on the collectability of the loans in light of historical experience, the types and dollar amounts of loans in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. At December 31, 2017 and 2016, the allowance for loan losses consists of general reserves not related to impairment of a specific loan.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Owned

Real estate owned includes real estate acquired in full or partial settlement of loan obligations plus capitalized construction and other development costs incurred while preparing the real estate for sale. When property is acquired, any excess of the Fund's carrying value of the loan over the fair market value of the property, less estimated costs to sell it, is charged against the allowance for loan losses. Following foreclosure, valuations are periodically performed, with any subsequent increases or decreases recorded directly against the asset and charged to holding gains on real estate owned, net of holding losses on real estate owned. Subsequent increases to the real estate owned are only allowed to the extent of the original cost basis, which is equal to the value of the property at the time of purchase. The maintenance of the real estate owned, including expenses associated with the property's disposition, is expensed as incurred. Gains or losses on dispositions are recorded in other operating income or expense. Recognition of gains on the sale of real estate is dependent upon the transaction meeting certain criteria related to the nature the property and terms of the sale and potential financing.

Subscriptions Payable and Notes Payable to Members

Proceeds for investor contributions received by the Fund are deposited into a subscription cash account and a subscription payable is established. Once an investment has been made, the funds are transferred to the operating account and the subscription payable is transferred to notes payable to Members until the first day of the calendar month immediately following the deposit date when notes are converted to capital contributions. The Manager pays annualized interest of 7.00% on these notes payable to Members. As soon after the first day of calendar month ("Effective Date") as is practicable, the Fund shall issue units to the investor at the prevailing unit price for any and all amounts transferred into the operating account since the date the investor's funds were initially contributed ("Deposit Date").

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The Fund determines the fair values of its assets and liabilities based on a fair value hierarchy that includes 3 levels of inputs that may be used to measure fair value

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The 3 levels are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Fund's own assumptions about the inferences that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Fund's own data.

Valuation Process and Techniques

The Fund has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models by the personnel who are independent of the executive management, and periodic reassessments of models to ensure that they are continuing to perform as designed.

While the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the year ended December 31, 2017, there were no changes to the valuation techniques that had, or are expected to have, a material impact on the Fund's financial position or results of operations.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Values Measurements (Continued)

Valuation Processes and Techniques (Continued)

The following specified methods and assumptions were used to estimate the fair value of the following asset groups:

> Non-performing and impaired mortgage loans are reported at the net realizable value of the collateral based on an observable market price or a current appraised value, and these loans are classified as Level 2. There are no loans classified as Level 2. If an appraised value is not available or there is no observable market price, the Fund reports the loan as Level 3. There are no loans classified as Level 3.

At December 31, 2017 and 2016, there were no non-recurring assets or liabilities recorded at fair value.

Due to their short term nature, the carrying values of cash, interest and other receivables, accounts payable and accrued expenses, subscriptions payable, distributions payable and notes payable to Members approximate their fair values at December 31, 2017 and 2016.

No non-recurring assets or liabilities were measured at fair value at December 31, 2017 and 2016.

Revenue Recognition

Interest is recognized on performing loans according to the contractual terms of the loan agreement.

Mortgage origination fee income is deferred and recognized over the term of the underlying loan.

Income Taxes

The Fund, with the consent of its Members, has elected to be treated as a partnership under the Internal Revenue Code and a similar section of the state code. The Members of a partnership are taxed on their proportionate shares of the Fund's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The Fund is, however, required to pay an $800 minimum state franchise tax and the LLC gross receipt fees.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Fund has evaluated its current tax positions and has concluded that as of December 31, 2017 and 2016, it does not have any significant uncertain tax positions for which a reserve would be necessary

The Fund's income tax returns are subject to review and examination by federal, state and local governmental authorities. As of December 31, 2017 and 2016, there are 3 years open to examination by the Internal Revenue Service, state and local governmental authorities. To the extent penalties and interest are incurred through the examinations, they would be included in the income tax expense section of the statements of income and changes in member's equity. For the years ended December 31, 2017 and 2016, there were no tax penalties or interest incurred.

Recently Issued Accounting Pronouncements

Accounting Standard Issued but Not Yet Effective

Credit Losses - In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13 *Financial Instruments - Credit Losses (Topic 326)* which is effective for interim and annual periods beginning after December 15, 2020, with early adoption allowed one year earlier. Prior to this pronouncement, generally accepted accounting principles required use of the incurred loss method for recognizing credit losses in the reserve. The incurred loss method recognizes a credit loss when it is probable that a loss has been incurred. The new guidance replaces the incurred loss method with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance is being evaluated, however management does not believe it will have a significant impact on the financial statements of the Fund.

The following FASB ASU has been adopted:

Technical Corrections and Improvements - In December 2016, the FASB issued ASU 2016-19, that included the following disclosure considerations:

* *Fair value measurement:* Requires that a detail valuation technique, rather than an overall approach, be disclosed in the Fund's methodology regarding valuation.

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NOTE 3 - CASH CONCENTRATION

The Fund maintains funds in financial institutions that are members of the Federal Deposit Insurance Corporation. As such, funds are insured based on Federal Reserve limits. The Fund has not experienced any losses in the past, and Fund management believes it is not exposed to any significant credit risk on the current account balances. At times, cash balances may exceed insured amounts.

NOTE 4 - MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable consist of the following as of December 31,

	2017	2016
Mortgage loans receivable consists of notes to individuals, secured by deeds of trust, bearing interest at various rates ranging from 8.50% to 12.50% per annum, partially or fully amortized. These notes have original maturity dates ranging from June 1, 2017 to October 1, 2020.	$ 35,424,184	$ 22,320,572
Less: Allowance for Loan Losses	(58,977)	(22,798)
Mortgage Loans Receivable, Net of Allowance for Loan Losses	35,365,207	22,297,774
Current Portion of Mortgage Loans Receivable	(24,903,617)	(11,989,652)
Mortgage Loans Receivable, Net	$ 10,461,590	$ 10,308,122

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NOTE 5 - REAL ESTATE OWNED

At December 31, 2017, the Fund did not own property acquired through foreclosure. The Fund's real estate owned activity is as follows for the years ended December 31:

	2017	2016
Beginning Balance	$ 483,228	$ -
Value of Real Estate Acquired	-	329,228
Improvement Cost	28,934	154,000
Sale of Real Estate Owned	(512,162)	-
Ending Balance	$ -	$ 483,228

NOTE 6 - LINE OF CREDIT

The Fund entered into a revolving business line of credit as of November 6, 2017 which provides for a maximum borrowing limit of $2,000,000 of which $1,260,000 was outstanding at December 31, 2017. The line of credit bears interest at a rate equal to 2.00% above prime and is guaranteed by 2 parties related to the Fund.

NOTE 7 - RELATED PARTY TRANSACTIONS

Loan Fees Receivable

At December 31, 2017 and 2016, the Fund has loan fees receivable of $88,121 and $250,201, respectively. The fees are due from a related entity and are included in interest and other receivables on the accompanying balance sheet.

Mortgage Loans Receivable

At December 31, 2017 and 2016, the Fund had a mortgage loan receivable of $305,000 from a related entity. The mortgage loan was issued to the related entity upon foreclosure and transfer of a real estate property. The mortgage loan is secured by a deed of trust, bears interest at 11.00% per annum, is interest only, and will be paid in full upon sale of the associated real estate. Any gain recognized upon the sale will be income of the Fund. No impairment is associated with this mortgage loan.

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NOTE 7 - RELATED PARTY TRANSACTIONS (CONTINUED)

Manager Equity Investment in Fund

As of December 31, 2017 and 2016, 3 and 2 related parties held equity investments of $311,283 and $84,149, respectively, in the Fund. These related parties consist of Members of the Fund, immediate family members of the Manager, a service provider and other related entities. Related party Members receive no priority over non-related party Members. Distributions paid to these related parties for the years ended December 31, 2017 and 2016 amounted to $9,624 and $6,068, respectively. At December 31, 2017 and 2016, there were no distributions payable to these related parties.

Late Fees

The Manager is entitled to 100.00% of all late fees collected from borrowers. These fees are paid by the borrowers directly to the Manager and are not expenses of the Fund.

Management Fees

The Manager is entitled to receive management fees of 2.00% per annum on the total assets under management and is paid compensation of 50.00% of the remainder of excess profit after the preferred return is paid. The management fees are accrued daily and payable monthly to the Manager. Fees earned by the Manager amounted to $863,713 and $512,040 for the years ended December 31, 2017 and 2016, respectively.

Origination Fees

In connection with the origination of Fund loans, origination fees are charged to the borrowers. Loan origination fees consist of points, loan processing fees, underwriting fees, document preparation fees, escrow fees, disbursement fees, warehouse fees, administration fees and other similar charges. The Fund and Manager each receive 50% of the origination fees. For the years ended December 31, 2017 and 2016, the Fund earned loan origination fees of $291,688 and $185,010, respectively.

Accounts Payable

At December 31, 2017 and 2016, the Fund owes $92,676 and $214,760, repectively, to the Manager related to the aforementioned services, which is included in accounts payable and accrued expenses on the accompanying balance sheet.

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NOTE 8 - REGULATORY REQUIREMENTS

Securities Laws

In offering the units of Membership interest, the Fund is subject to applicable federal and state securities laws. On the federal level, the Membership interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933 (the "Act"), as amended, in reliance upon the exemptions provided for under Section 3(a)(11) and Rule 147 of the Act. On the state level, the Fund is offering the units of Membership interest pursuant to a permit issued by the State of California Department of Business Oversight. The license is renewable annually.

Membership interest may not be sold or otherwise transferred without registration under the Securities Act or pursuant to an exemption from the Securities Act. The Fund must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual. Members are prohibited from transferring any part of their Membership interest to out-of-state transferees without the prior written consent of the Commissioner of Business Oversight of the State of California.

Restrictions on Investments from Retirement Assets

The Department of Labor ("DOL") plan asset regulations define what constitutes plan assets of benefit plan investors, which include employee benefit plans governed by the Employee Retirement Income Security Act ("ERISA") and Individual Retirement Accounts and other plans covered by Section 4975 of the Internal Revenue Code ("IRS Section 4975"). As a general rule, the plan asset regulations provide that when a benefit plan investor purchases an equity interest in a non-public fund in which the equity participation by all benefit plan investors combined does not exceed 25%, the equity interest in the fund will not be treated as the plan's assets.

For funds exceeding the 25% limit, the underlying assets of the fund are deemed plan assets for purposes of ERISA and IRS Section 4975. As a result, the Fund Manager's activities would be subject to the general fiduciary requirements of Section 404 of ERISA, Fund activities would be subject to the prohibited transaction rules ERISA and IRS Section 4975, as well as other potential consequences.

At December 31, 2017 and 2016, the cumulative equity participation of benefit plan investors in the Fund exceeded the 25% threshold. Management is taking steps to remediate the matter.

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NOTE 9 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During the Year for:

	2017	2016
Income Taxes	$ 7,100	$ 6,800
Interest	$ 39,870	$ 23,167

Non-Cash Investing and Financing Activities:

	2017	2016
Mortgage Loans Receivable Converted to Real Estate Owned	$ -	$ 634,228
Mortgage Loan Receivable Issued on Sale of Real Estate Owned	$ -	$ 305,000
Distributions Reinvested	$ 1,164,724	$ 638,217

NOTE 10 - RECLASSIFICATIONS

Reclassifications have been made to the prior year financial statements in order to conform to the classifications used in the current year financial statements. These reclassifications have no effect on the prior year's net income.

NOTE 11 - SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through September 12, 2018, the date the financial statements were available to be issued, noting no items requiring disclosure.

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Supplementary Schedule

Pacific Private Money Fund I LLC
Supplementary Schedule - Loan Concentrations and Characteristics

The loans are secured by recorded deeds of trust. Outstanding loan characteristics are as follows at December 31:

	2017	2016
Number of Secured Loans Outstanding	54	60
Total Secured Loans Outstanding	$ 35,424,184	$ 22,320,572
Average Secured Loan Outstanding	$ 656,003	$ 372,010
Average Secured Loan as Percent of Total Secured Loans	1.85	1.67
Average Secured Loan as Percent of Members' Equity	1.94	1.66
Largest Secured Loan Outstanding	$ 2,350,000	$ 1,250,000
Largest Secured Loan as Percent of Total Secured Loans	6.63	5.60
Largest Secured Loan as Percent of Members' Equity	6.95	5.58
Number of Counties where Loans are Located	32	22
Largest Percentage of Loans in One County	20	18

The following categories of secured loans were held at December 31:

First Trust Deeds	$ 26,178,340	$ 16,607,086
Second Trust Deeds	7,323,473	4,036,041
Third Trust Deeds	1,922,371	1,677,445
	$ 35,424,184	$ 22,320,572

The following categories of secured loans were held at December 31:

Single-Family	$ 24,811,705	18,848,139
Multi-Family	1,180,000	467,433
Commercial	3,169,574	885,000
Land	6,262,905	2,120,000
	$ 35,424,184	$ 22,320,572

See Notes to Financial Statements

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Pacific Private Money Fund I LLC

December 31, 2016 and 2015

Audited Financial Statements



SPIEGEL ACCOUNTANCY CORP
CERTIFIED PUBLIC ACCOUNTANTS

2300 Contra Costa Blvd, Suite 425 ▪ Pleasant Hill, CA 94523 ▪ Phone (925) 977-4000 ▪ Fax (925) 363-3370

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Pacific Private Money Fund I LLC
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December 31, 2016 and 2015

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Independent Auditors' Report

To the Members
Pacific Private MoneyFund I LLC
Novato, California

We have audited the accompanying financial statements of Pacific Private Money Fund I LLC, a California limited liability company, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally a ccepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Pacific Private Money Fund I LLC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Private Money Fund I LLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by m anagement, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members
Pacific Private MoneyFund I LLC
Novato, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Private MoneyFund I LLC as of December 31, 2016 and 2015, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedule - Loan Concentrations and Characteristics is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Pleasant Hill, California
May 8, 2017

Spiegel Accountancy Corp.
Certified Public Accountants

Pacific Private Money Fund I LLC
Balance Sheets

	December 31, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash	$ 1,193,468	$ 1,598,920
Interest and Other Receivables	615,466	232,330
Real Estate Owned	483,228	-
Mortgage Loans Receivable, Net	10,308,122	4,553,394
Total Current Assets	12,600,284	6,384,644
Mortgage Loans Receivable, Net of Current Portion	11,989,652	7,745,442
Total Assets	$ 24,589,936	$ 14,130,086
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 389,802	$ 149,472
Subscriptions Payable	11,804	1,287,563
Distribution Payable	74,565	130,506
Notes Payable to Members	1,700,033	150,218
Total Current Liabilities	2,176,204	1,717,759
Total Members' Equity	22,413,732	12,412,327
Total Liabilities and Members' Equity	$ 24,589,936	$ 14,130,086

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Statements of Income and Changes in Members' Equity

	Years Ended December 31,	
	2016	2015
Revenue:		
Mortgage Interest Income	$ 1,768,552	$ 1,050,606
Origination Fees	185,010	141,973
Gains on Foreclosure of Mortgage Loans	19,228	-
Other Income	13,698	5,874
Total Revenue	1,986,488	1,198,453
Operating Expenses:		
Management Fees	512,040	325,558
Fund Administration	51,877	31,158
Provision for Loan Losses	7,392	-
Bank Charges	2,400	1,819
Legal and Accounting	32,350	29,321
Interest Expense	30,081	18,349
Total Operating Expenses	636,140	406,205
Income before Income Taxes	1,350,348	792,248
Provision for Income Taxes	10,600	6,167
Net Income	1,339,748	786,081
Members' Equity - Beginning	12,412,327	7,082,471
Members' Contributions and Reinvestments	10,730,021	5,428,201
Members' Withdrawals and Distributions	(2,068,364)	(884,426)
Members' Equity - Ending	$ 22,413,732	$ 12,412,327

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Statements of Cash Flows

	Years Ended December 31,	
	2016	2015
Cash Flows From Operating Activities:		
Net Income	$ 1,339,748	$ 786,081
Adjustments to Reconcile Net Income to Net Cash From by Operating Activities:		
Provision for Loan Losses	7,392	-
Gains on Foreclosure of Mortgage Loans	(19,228)	-
Increase (Decrease) in Operating Assets:		
Interest and Other Receivables	(383,136)	(125,487)
Issuances of Mortgage Loans Receivable	(18,288,923)	(11,363,406)
Collections of Mortgage Loans Receivable	7,972,593	6,562,426
Increase in Operating Liabilities:		
Accounts Payable and Accrued Expenses	86,330	15,779
Net Cash Used by Operating Activities	(9,285,224)	(4,124,607)
Cash Flows From Financing Activities:		
Members' Contributions and Reinvestments	649,412	404,585
Members' Withdrawals and Distributions	(2,124,305)	(732,019)
Proceeds from Subscriptions Payable	10,354,665	6,056,652
Repayments on Line of Credit	-	(300,000)
Net Cash Provided by Financing Activities	8,879,772	5,429,218
Net (Decrease) Increase in Cash	(405,452)	1,304,611
Cash - Beginning of Year	1,598,920	294,309
Cash - End of Year	$ 1,193,468	$ 1,598,920

See Notes to Financial Statements

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NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Pacific Private Money Fund I LLC (the "Fund") operates under the California Revised Uniform Limited Liability Act (the "Act") to conduct any lawful business for which a limited liability company may be organized under the Act. This may include using the Fund's proceeds raised from the offering for the purpose of originating mortgage loans to the general public and acquiring existing mortgage loans secured by deeds of trust on real estate throughout the United States, primarily in California. The Fund is licensed by the California Department of Business Oversight, the California Bureau of Real Estate and is registered with the Nationwide Mortgage Licensing System.

General Fund Provisions

The rights, duties and powers of the Members, as defined in the operating agreement, of the Fund, are governed by the operating agreement. The description of the Fund's operating agreement contained in these financial statements provides only general information. Members should refer to the Fund's operating agreement and offering circular for a more complete description of the provisions.

The Fund is managed by a California limited liability company, Private Money Management Group LLC (the "Manager"). The Manager is in control of the Fund business, subject to the voting rights of the Members on specified matters. The Manager acting alone has the power and authority to act for and bind the Fund. The Manager may be removed by the written consent of Members representing 80.00% of the outstanding Membership interests, as defined in the operating agreement, of the Fund.

Members representing 80.00% of the outstanding Fund Membership interest may take the following actions: (i) dissolve or terminate the Fund or (ii) amend certain provisions of the Fund operating agreement.

Term of the Fund

The Fund's operating plan is to continue to seek investors and use those proceeds to fund suitable loans consistent with the Fund's lending criteria. The Fund will continue to operate indefinitely.

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NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Preferred Return

Members will receive a noncumulative annual preferred return of 7.00% of the Members' capital account and an allocation of 50.00% of profits in excess of the preferred return for each month.

Profits and Losses

The profits and/or losses of the Fund are allocated to the Members in proportion to their respective percentage interests until the Members receive the 7.00% preferred return. The Manager is required to allocate to the Members 50.00% of all profits realized by the Fund during the month in excess of the preferred return as of the close of business on the last day of each month.

Distributions

Distributions will be made monthly based on the cash available. Cash available for distribution to Members is 50.00% of the net income during the month, using the accrual method of accounting, after having paid the 7.00% preferred return.

Reinvestments

Members may elect to reinvest their distributions.

Redemptions

Fund Members are required to hold their Membership units, as defined in the operating agreement, for a minimum of 24 months before they can request redemption, subject to a 2.00% to 5.00% penalty. The Fund will not establish a reserve from which to fund redemptions and, accordingly, the Fund's capacity to return a Member's capital account is restricted by the availability of the Fund's cash flow.

Liquidity

There is no public market for units of the Fund and none are expected to develop in the foreseeable future. There are substantial restrictions on transferability of Membership interests. Any transferee must be a person with the same qualifications as the original Member, and a transferee may not become a substituted Member without the consent of the Manager.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The Fund's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These require the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Although the Fund uses its best estimates and judgments, actual results could differ from these estimates as future confirming events occur.

Mortgage Loans Receivable

Mortgage loans receivable are recorded at their outstanding unpaid principal balance with interest thereon being accrued as earned. The Fund loans will have varying terms at the discretion of the Manager. Most Fund loans will generally have a term between 6 months to 3 years and will provide for monthly payments of principal and/or interest, with some Fund loans providing for interest only with a "balloon payment" at the end of the term. The Fund will not recognize interest income on loans once they are determined to be impaired until the interest is collected in cash. A loan is impaired when, based on current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the underlying collateral.

Allowance for Loan Losses

The allowance for loan losses is established when losses are estimated to have occurred through a provision for loan loss that is charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to income. The allowance for loan losses is evaluated on a regular basis by management and is based on the collectability of the loans in light of historical experience, the types and dollar amounts of loans in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. At December 31, 2016 and 2015, the allowance for loan losses consists of general reserves not related to impairment of a specific loan.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Owned

Real estate owned includes real estate acquired in full or partial settlement of loan obligations plus capitalized construction and other development costs incurred while preparing the real estate for sale. When property is acquired, any excess of the Fund's carrying value of the loan over the fair market value of the property, less estimated costs to sell it, is charged against the allowance for loan losses. Following foreclosure, valuations are periodically performed, with any subsequent increases or decreases recorded directly against the asset and charged to holding gains on real estate owned, net of holding losses on real estate owned. Subsequent increases to the real estate owned are only allowed to the extent of the original cost basis, which is equal to the value of the property at the time of purchase. The maintenance of the real estate owned, including expenses associated with the property's disposition, is expensed as incurred. Gains or losses on dispositions are recorded in other operating income or expense. Recognition of gains on the sale of real estate is dependent upon the transaction meeting certain criteria related to the nature the property and terms of the sale and potential financing.

Subscriptions Payable and Notes Payable to Members

Proceeds for investor contributions received by the Fund are deposited into a subscription cash account and a subscription payable is established. Once an investment has been made, the funds are transferred to the operating account and the subscription payable is transferred to notes payable to Members until the first day of the calendar month immediately following the deposit date when notes are converted to capital contributions. The Manager pays annualized interest of 7.00% on these notes payable to Members. As soon after the first day of calendar month ("Effective Date") as is practicable, the Fund shall issue units to the investor at the prevailing unit price for any and all amounts transferred into the operating account since the date the investor's funds were initially contributed ("Deposit Date").

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The Fund determines the fair values of its assets and liabilities based on a fair value hierarchy that includes 3 levels of inputs that may be used to measure fair value.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The 3 levels are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Fund's own assumptions about the inferences that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Fund's own data.

Due to their short term nature, the carrying values of cash, interest and other receivables, accounts payable and accrued expenses, subscriptions payable, distributions payable and notes payable to Members approximate their fair values at December 31, 2016 and 2015.

No non-recurring assets or liabilities were measured at fair value at December 31, 2016 and 2015.

Revenue Recognition

Interest is recognized on performing loans according to the contractual terms of the loan agreement.

Mortgage loan fee income is deferred and recognized over the term of the underlying loan.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Fund, with the consent of its Members, has elected to be a partnership under the Internal Revenue Code and a similar section of the state code. The Members of a partnership are taxed on their proportionate shares of the Fund's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The Fund is, however, required to pay an $800 minimum state franchise tax and the LLC gross receipt fees.

The Fund has evaluated its current tax positions and has concluded that as of December 31, 2016 and 2015, it does not have any significant uncertain tax positions for which a reserve would be necessary.

The Fund's income tax returns are subject to review and examination by federal, state and local governmental authorities. As of December 31, 2016 and 2015, there are 3 years open to examination by the Internal Revenue Service, state and local governmental authorities. To the extent penalties and interest are incurred through the examinations, they are included in the income tax expense section of the statements of income and changes in member's equity. For the years ended December 31, 2016 and 2015 there were no tax penalties or interest incurred.

Recently Issued Accounting Pronouncements

Credit Losses - In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13 *Financial Instruments - Credit Losses (Topic 326)* which is effective for interim and annual periods beginning after December 15, 2020, with early adoption allowed one year earlier. Prior to this pronouncement, generally accepted accounting principles required use of the incurred loss method for recognizing credit losses in the reserve. The incurred loss method recognizes a credit loss when it is probable that a loss has been incurred. The new guidance replaces the incurred loss method with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance is being evaluated, however management does not believe it will have a significant impact on the financial statements of the Fund.

Technical Corrections and Improvements - In December 2016, the FASB issued ASU 2016-19, that includes changes to various accounting principles in the Accounting Standards Codification.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

The following pronouncements are relevant to the Fund:

- *Fair value measurement*: Requires that a detail valuation technique, rather than an overall approach, be disclosed in the Fund's methodology regarding valuation. This guidance is effective for fiscal years beginning after December 15, 2016.

Management is currently evaluating the fair value measurement guidance and whether there will be an impact on the financial statements in the future.

NOTE 3 - CASH CONCENTRATION

The Fund maintains funds in financial institutions that are Members of the Federal Deposit Insurance Corporation. As such, funds are insured based on Federal Reserve limits. The Fund has not experienced any losses in the past, and Fund management believes it is not exposed to any significant credit risk on the current account balances. At times, cash balances may exceed insured amounts.

NOTE 4 - MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable consist of the following as of December 31,

	2016	2015
Mortgage loans receivable consists of notes to individuals, secured by deeds of trust, bearing interest at various rates ranging from 8.90% to 13.00% per annum, partially or fully amortized. These notes have original maturity dates ranging from December 1, 2015 to September 1, 2046.	$ 22,320,572	$ 12,314,242
Less: Allowance for Loan Losses	(22,798)	(15,406)
Mortgage Loans Receivable, Net of Allowance for Loan Losses	22,297,774	12,298,836
Current Portion of Mortgage Loans Receivable	(11,989,652)	(7,745,442)
Mortgage Loans Receivable, Net	$ 10,308,122	$ 4,553,394

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NOTE 5 - REAL ESTATE OWNED

At December 31, 2016, the Fund owns 1 real estate property acquired through foreclosure. The Fund's real estate owned activity is as follows for the year ended December 31, 2016:

Beginning Balance	$ -
Value of Real Estate Acquired	634,228
Improvement Cost	154,000
Sale of Real Estate Owned to Related Party	(305,000)
Ending Balance	$ 483,228

NOTE 6 - LINE OF CREDIT

The Fund had a revolving business line of credit which provided for a maximum borrowing limit of $300,000. The line of credit matured January 21, 2015 and was not renewed. There was no balance outstanding at December 31, 2016 or 2015.

NOTE 7 - RELATED PARTY TRANSACTIONS

Loan Fees Receivable

At December 31, 2016, the Fund has loan fees receivable of $192,679 from a related entity, which are included in interest and other receivables on the accompanying balance sheet. The Fund had no loan fees receivable from a related entity or individual at December 31, 2015.

Mortgage Loans Receivable

At December 31, 2016, the Fund has a mortgage loan receivable of $305,000 from a related entity. The mortgage loan was issued to the related entity upon foreclosure and transfer of a real estate property. The mortgage loan is secured by a deed of trust, bears interest at 11.00% per annum, is interest only, and will be paid in full upon sale of the associated real estate. Any gain recognized upon the sale will be income of the Fund. No impairment is associated with this mortgage loan. At December 31, 2015, the Fund did not have mortgage loans receivable to related individuals or entities.

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NOTE 7 - RELATED PARTY TRANSACTIONS (CONTINUED)

Manager Equity Investment in Fund

As of December 31, 2016 and 2015, 2 and 5 related parties, had equity investments of $84,149 and $114,187, respectively, in the Fund. These related parties consist of Members of the Fund, immediate family Members of the Manager, a service provider and other related entities. Related party Members receive no priority over non-related party Members. Distributions paid to these related parties for the years ended December 31, 2016 and 2015 were amounted to $6,068 and $22,395, respectively. At December 31, 2016 and 2015, there were no distributions payable to these related parties.

Late Fees

The Manager is entitled to 100.00% of all late fees collected from borrowers. These fees are paid by the borrowers and are not expenses of the Fund.

Management Fees

The Manager is entitled to receive management fees of 2.00% per annum on the total assets under management and is paid compensation of 50.00% of the remainder of excess profit after the preferred return is paid. The management fees are accrued daily and payable monthly to the Manager. Fees earned by the Manager amounted to $512,040 and $325,558 for the years ended December 31, 2016 and 2015, respectively.

Origination Fees

In connection with the origination of Fund loans, origination fees are charged to the borrowers. Loan origination fees consist of points, loan processing fees, underwriting fees, document preparation fees, escrow fees, disbursement fees, warehouse fees, administration fees and other similar charges. The Fund and Manager each receive 50% of the origination fees. For the years ended December 31, 2016 and 2015, the Fund earned loan origination fees of $185,010 and $141,973, respectively.

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NOTE 7 - RELATED PARTY TRANSACTIONS (CONTINUED)

Accounts Payable

At December 31, 2016 and 2015, the Fund owes $214,760 and $36,980, respectively, to the Manager related to the aforementioned services, included in accounts payable and accrued expenses on the accompanying balance sheets.

NOTE 8 - REGULATORY REQUIREMENTS

Employee Retirement Income Security Act of 1974 ("ERISA")

Some of the investors purchasing Membership interests are employee benefit plans, including Individual Retirement Accounts, which are subject to ERISA. Persons making the investment decisions for such ERISA investors are deemed to be "fiduciaries" of such investors and must discharge their duties with the care, skill and prudence which a prudent person would exercise under the circumstances. Normally, an investment in an equity interest of an entity, such as a Membership interest in the Fund, will be deemed a "plan asset" of the ERISA investor, but the underlying assets of the entity will not be deemed plan assets. However, if (i) the equity interests are not publicly-offered securities, (ii) the entity is not one of several types of "operating companies" defined in ERISA regulations, and (iii) investments by ERISA investors exceeds 25% of the value of the class of equity interest, then the underlying assets of the entity may be deemed "plan assets" with the entity deemed a "fiduciary" with respect to the ERISA investors.

Securities Laws

In offering the units of Membership interest, the Fund is subject to applicable federal and state securities laws. On the federal level, the Membership interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933 (the "Securities Act"), as amended, in reliance upon the exemptions provided for under Section 3(a)(11) and Rule 147. Membership interest may not be sold or otherwise transferred without registration under the Securities Act or pursuant to an exemption from the Securities Act. The Fund must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual.

On the state level, the Fund is offering the units of Membership interest pursuant to a permit issued by the State of California Department of Business Oversight. The license is renewable annually. Members are prohibited from transferring any part of their Membership interest to out-of-state transferees without the prior written consent of the Commissioner of Business Oversight of the State of California.

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NOTE 9 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During the Year for:

	2016	2015
Income Taxes	$ 6,800	$ 5,800
Interest	$ 23,167	$ 17,740

Non-Cash Investing and Financing Activities:

	2016	2015
Subscriptions Payable Converted to Members' Equity	$ 10,080,609	$ 6,819,897
Mortgage Loans Receivable Converted to Real Estate Owned	$ 634,228	$ -
Mortgage Loan Receivable Issued on Sale of Real Estate Owned	$ 305,000	$ -
Distribution Payable	$ 74,565	$ 130,506

NOTE 10 - RECLASSIFICATIONS

Reclassifications have been made to prior year financial statements in order to conform to the classifications used in the current year financial statements. These reclassifications have no effect on prior year's net income.

NOTE 11 - SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through May 8, 2017, the date the financial statements were available to be issued, noting no items requiring disclosure.

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Supplementary Schedule

Pacific Private Money Fund I LLC
Supplementary Schedule - Loan Concentrations and Characteristics

The loans are secured by recorded deeds of trust. Outstanding loan characteristics are as follows at December 31:

	2016	2015
Number of Secured Loans Outstanding	60	58
Total Secured Loans Outstanding	$ 22,320,572	$ 12,314,242
Average Secured Loan Outstanding	$ 372,010	$ 212,315
Average Secured Loan as Percent of Total Secured Loans	1.67	1.72
Average Secured Loan as Percent of Members' Equity	1.66	1.71
Largest Secured Loan Outstanding	$ 1,250,000	$ 681,406
Largest Secured Loan as Percent of Total Secured Loans	5.60	5.53
Largest Secured Loan as Percent of Members' Equity	5.58	5.49
Number of Counties where Loans are Located	22	19
Largest Percentage of Loans in One County	18	24

The following categories of secured loans were held at December 31:

First Trust Deeds	$ 16,607,086	$ 8,847,502
Second Trust Deeds	4,036,041	2,288,000
Third Trust Deeds	1,677,445	1,178,740
	$ 22,320,572	$ 12,314,242

The following categories of secured loans were held at December 31:

Single-Family	$ 18,848,139	9,984,818
Multi-Family	467,433	700,000
Commercial	885,000	854,424
Land	2,120,000	775,000
	$ 22,320,572	$ 12,314,242

See Notes to Financial Statements

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Unanimous Consent Resolution of the Members of

PACIFIC PRIVATE CAPITAL GROUP LLC, a California Limited Liability Company

Pursuant to the Operating Agreement of PACIFIC PRIVATE CAPITAL GROUP LLC, a California limited liability company ("Company") dated August 1, 2019, and resolution(s) thereto, the undersigned, constituting all Members of the Company, do hereby unanimously resolve and consent in lieu of a formal meeting to the following effective this 27th day of May, 2020:

WHEREAS, Mark Hanf is the Managing Member and sole Member of PACIFIC PRIVATE CAPITAL GROUP LLC, a California Limited Liability Company;

WHEREAS, the Company wishes to change its name to HANF CAPITAL LLC;

WHEREAS, no other changes to the legal structure, tax identification numbers or other corporate formalities will be made to the Company aside from the name change;

NOW THEREFORE, BE IT RESOLVED the undersigned, constituting all voting Members of the Company, do hereby resolve and consent in lieu of a formal meeting to the following:

1. In accordance with Section 5.2 of the Company's Operating Agreement, the Managing Member, under the authority granted him, shall change the legal name of PACIFIC PRIVATE CAPITAL GROUP LLC to HANF CAPITAL LLC by duly causing to be filed the appropriate documents with the State of California and any further acts necessary to accomplish said name change;

2. For a period not to exceed One Hundred and Eighty (180) days from the effective date of the name change, the Company does hereby authorize the use by HANF CAPITAL LLC of the PACIFIC PRIVATE CAPITAL GROUP LLC name in day-to day business activities as well as the use of such items still titled in the name of PACIFIC PRIVATE CAPITAL GROUP LLC such as bank accounts, checks, letterhead, operating documents, etc. to allow sufficient time for completion of such items necessary to fully effectuate the change of the business name;

3. This resolution may be relied upon by any third-party with no further authorization of the activities set forth herein required.

All Members hereby waive notice and a scheduled meeting with regard to the above action. This Resolution may be executed in counterparts each of which, when taken together, shall constitute the entire agreement, and facsimile or scanned copies shall be valid for all purposes.

IN WITNESS WHEREOF, the Managing Member of the Company has executed this Resolution by unanimous consent effective as of the date first shown above.

MANAGING MEMBER:

PACIFIC PRIVATE CAPITAL GROUP LLC, a California Limited Liability Company,

By: _____
Mark Hanf, Managing Member

ADDRESS OF RECORD:

1555 Grant Avenue
Novato, California 94945
Telephone: (415) 883-2150
Email: mark@pacificprivatemoney.com

11.7 Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

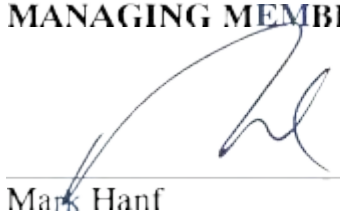
11.8 Severability of Provisions. Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

11.9 Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of the Members holding Sixty Percent (60%) or more of the Membership Interests in the Company.

11.10 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth beside the signature of each.

MANAGING MEMBER:



Mark Hanf

Date: 6/1/20

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[*Signature Page to Operating Agreement*]

POWELL STREET PARTNERS, LLC, a California limited liability company, as Manager of PACIFIC LENDING PARTNERS, LLC, a California limited liability company

By: _____
Name: Mark Hanf
Title: Manager

MEMBER

By: _____
Name: _____
Title: _____

BY PURCHASING A MEMBERSHIP INTEREST IN THE LLC AND EXECUTING A SUBSCRIPTION AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT, SUBSCRIPTION AGREEMENT AND OFFERING CIRCULAR.

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[*Signature Page to Operating Agreement*]

THE UNDERSIGNED MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT.

MEMBER

By: 

Name: Mark Hanf

Title: Manager

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PACIFIC ALPHA ONE FUNDING, LLC
MANAGER'S CERTIFICATE

June___, 2022

The undersigned, being the duly appointed, qualified and acting manager (the "Manager") of Pacific Alpha One Funding, LLC, a Delaware limited liability company (the "Company"), acting in his capacity as Manager and not individually, does hereby deliver this certificate in connection with that certain Loan and Security Agreement, dated as of the date hereof, by and among Quanta Finance, LLC, a California limited liability company, as Lender, Company, as Borrower, and Pacific Private Money Inc., a California corporation, as Pledgor and Limited Guarantor, and does hereby certify that:

1. Attached hereto as **Exhibit A** is a true, correct and complete copy of the Certificate of Formation of the Company, together with all amendments thereto, as filed with the Secretary of State of the State of Delaware and as in effect on the date hereof (the "Certificate of Formation"). The Certificate of Formation is in full force and effect and has not been amended, altered, modified or rescinded, and no actions or proceedings for the amendment, alteration, modification or rescission thereof are pending or contemplated.

2. Attached hereto as **Exhibit B** is a true, complete and correct copy of the Operating Agreement of the Company, together with all amendments thereto, as in effect on the date hereof (the "Operating Agreement"). The Operating Agreement is in full force and effect and has not been amended, altered, modified or rescinded, and no actions or proceedings for the amendment, alteration, modification or rescission thereof are pending or contemplated.

3. Attached hereto on **Exhibit C** is a Certificate of Good Standing for the Company, certified as of a recent date by the appropriate governmental authority of the State of Delaware.

4. Set forth on **Exhibit D** hereto is the name, title and genuine signature of certain of the Managers of the Company, each of which is duly elected to hold such offices for each of such entities as of the date hereof.

5. Attached hereto as **Exhibit E** is a true, correct and complete copy of the Resolutions adopted by the manager of the Company dated as of the date hereof (the "Resolutions"). The Resolutions have not been amended or modified or rescinded and are in full force and effect in the form adopted, and they are the only resolutions adopted by the Manager relating to the execution, delivery and performance by the Company of the transactions contemplated by the Loan and Security Agreement.

6. The federal tax identification number of the Company is 88-2246166.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Manager's Certificate as of the date set forth above.

_____

Name: Mark Hanf
Title: Manager

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EXHIBIT A

Certificate of Formation

See attached

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "PACIFIC ALPHA ONE FUNDING, LLC", FILED IN THIS OFFICE ON THE THIRD DAY OF MAY, A.D. 2022, AT 6:57 O`CLOCK P.M.

Jeffrey W. Bullock, Secretary of State

6776374 8100
SR# 20221762502

Authentication: 203396537
Date: 05-10-22

You may verify this certificate online at corp.delaware.gov/authver.shtml

PACIFIC ALPHA ONE FUNDING, LLC

CERTIFICATE OF FORMATION

The undersigned, for the purpose of forming a limited liability company under the provisions and subject to the requirements of the State of Delaware (particularly Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto, as known, identified, and referred to as the "Delaware Limited Liability Company Act"), hereby certifies that:

First: The name of this limited liability company is **PACIFIC ALPHA ONE FUNDING, LLC** (the "Company").

Second: The address of its registered office in the State of Delaware is to be located at 251 Little Falls Drive, Wilmington, Delaware, 19808. The name of the Registered Agent at such address is Corporation Service Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on the 3rd day of May, 2022.

SIMA PATEL
Authorized Person

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:57 PM 05/03/2022
FILED 06:57 PM 05/03/2022
SR 20221762582 File Number 8748574

PCFG_0000502746_Pacific Alpha One Funding, LLC Operating Agreement_May 3, 2022.pdf

EXHIBIT B

Operating Agreement

See attached

DocuSign Envelope ID: 75504F56-9EFE-442D-891D-BEDE5A00575E

OPERATING AGREEMENT

OF

PACIFIC ALPHA ONE FUNDING, LLC

Dated as of May 3, 2022

DocuSign Envelope ID: 75504F56-9EFE-442D-891D-BEDE5A00575E

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OPERATING AGREEMENT
OF PACIFIC ALPHA ONE FUNDING, LLC

This OPERATING AGREEMENT (this "Agreement") of Pacific Alpha One Funding, LLC, a Delaware limited liability company (the "Company"), dated as of May 3, 2022 (the "Effective Date"), is executed by Pacific Private Money, Inc., a California corporation, as the sole member of the Company (the "Member"), and Mark Hanf, an individual, as manager (the "Manager"), and Michelle A. Dreyer, as the Independent Manager (as defined herein) with reference to the following facts.

A. On May 3, 2022, a Certificate of Formation for the Company was filed with the Secretary of State of Delaware (the "Certificate"), pursuant to the provisions of the Delaware Limited Liability Company Act, Delaware Corporations Code Section 18-101 et seq. (the "Act").

B. The Member wishes to execute this Agreement to provide for (i) the purposes for which the Company is formed, (ii) the allocation and distribution of profits and losses from the operations of the Company, (iii) the management of the Company, and (iv) other matters related to the operations, management, affairs and conduct of the business of the Company.

NOW, THEREFORE, the Member sets forth this operating agreement for the Company under the laws of the State of Delaware, upon the terms and subject to the conditions set forth below.

SECTION 1. PURPOSE; POWERS; DURATION

1.1 Name of the Company. The name of the Company shall be Pacific Alpha One Funding, LLC. Subject to the provisions of Section 10, the Manager may adopt any one or more trade names of the Company under which to conduct business.

1.2 Purpose. The Company (i) has been, is, and will be organized for the sole purposes of (A) originating, holding and managing mortgage loans to third parties ("Loans"), (B) entering into one or more revolving credit facilities ("Credit Facility") made to the Company by Quanta Finance, LLC, a California limited liability company ("Lender"), and (C) selling such Loans to third parties as permitted under the loan documents governing the Credit Facility ("Credit Facility Documents") and (ii) has not owned, does not own, and will not own any asset or property other than (A) the Loans and replacements, substitutions, distributions on and proceeds of the Loans, including without limitation, all principal and interest payments, all prepayments and payoffs, insurance claims, condemnation awards, sale proceeds, real estate owned, rents and any other income and all other amounts received with respect to such Loans, (B) cash and Cash Equivalents as defined in and as permitted by the Credit Facility Documents and (C) incidental personal property necessary for the origination, ownership, management or sale of the Loans.

1.3 Registration. The Manager will cause the Company to be registered to do business in the State of California and any other state where failure to be so registered would violate the provisions of the Credit Facility Documents .

1.4 **Principal Place of Business.** The Company's principal place of business shall be 1555 Grant Avenue, Novato, CA 94945. Subject to the provisions hereof and the Credit Facility Documents, the Manager may change the Company's principal place of business from time to time in the Manager's sole and absolute discretion.

1.5 **Duration of the Company.** The duration of the Company shall be from the date of the filing of the Certificate with the Secretary of State of Delaware to the earlier of the date (the "Termination Date") (a) on which the Company ceases to exist under the Act; (b) on which the Company ceases to exist under this Agreement; and (c) on which the Member dissolves the Company pursuant to Section 8.

1.6 **Powers of the Company.** Except as expressly otherwise provided in this Agreement, the Company shall have all powers provided to limited liability companies under the Act.

1.7 **Registered Agent.** The Company shall have a registered agent in each of the State of Delaware and the State of California. The Company's initial registered agent in the State of Delaware shall be as set forth in the Certificate. The Company's initial registered agent in the State of California shall be the Manager at 1555 Grant Avenue, Novato, CA 94945. The Member may change such registered agents from time to time in the Member's sole and absolute discretion.

1.8 **Identity of the Member.** The Member shall be the only initial member of the Company. A replacement or substitute member may only be admitted to the Company in accordance with Section 5 of this Agreement.

1.9 **Limited Liability of the Member and Manager.** Neither the Member nor the Manager shall be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company solely by reason of being a Member or Manager or otherwise participating in the management of the Company, except to the extent otherwise expressly provided in the Act.

1.10 **Company Management.** The Company shall be managed exclusively and solely by the Manager. All decisions required or permitted to be made by the Manager under this Agreement, and all decisions required or permitted to be made by the Company shall be made by, and all actions proposed to be taken by or on behalf of the Company shall be taken by, the Manager except for those decisions expressly reserved to the Member or requiring the additional consent of the Independent Manager under this Agreement.

1.11 **Effect of the Act.** Except as otherwise provided in this Agreement or by applicable law, the business and internal affairs of the Company shall be governed by (a) this Agreement, and (b) the Act as in effect on the Effective Date. In the event of any inconsistency between the Act and this Agreement, to the extent permitted by the Act, this Agreement shall control.

1.12 **Amendment of Agreement and Certificate.** Subject to the provision of Section 10 hereof and the Credit Facility Documents, no amendment of this Agreement or of the Certificate shall be valid except as set forth in a writing signed by the Member.

SECTION 2. CAPITAL CONTRIBUTIONS

2.1 Contributions of Cash and Non-Cash Property. As of the Effective Date, the Member will be deemed to have contributed to the capital of the Company the amount set forth on **Exhibit A** (the "Contribution").

2.2 No Duty to Make Additional Contributions. Except for the Contribution or to the extent required by the Act, the Member shall have no obligation to make any advances or contributions to the capital of the Company or to endorse any obligations of the Company.

SECTION 3. PROFITS AND LOSSES

3.1 Profits, Losses and Distributions. Except as otherwise determined by the Manager and subject to the provisions of the Credit Facility Documents:

(a) The Member shall have the sole right and entitlement to receive allocations of Company profits and losses and to distributions of profits and other Company assets; and

(b) No other Person shall have any right to any allocations or distributions of Company profits, losses, or other assets.

3.2 Allocations. It shall be within the sole and absolute discretion of the Manager to decide, subject to the provisions of the Credit Facility Documents:

(a) Whether or not to make allocations of Company profits and losses to the Member;

(b) Whether or not to make distributions of profits and other Company assets to the Member; and

(c) When and in what amounts to make any such allocation or distribution.

Notwithstanding the foregoing, the Manager shall not cause the Company to make any distributions that, immediately after the distribution, would cause the Company's liabilities to exceed its assets.

SECTION 4. MANAGEMENT

4.1 Authority of the Member. The Manager shall have the sole right, authority, and power, to the fullest extent permitted by applicable law, subject to the provisions of this Agreement and the Credit Facility Documents, to (a) make decisions concerning the business and affairs of the Company, and (b) act as the Company's agent. The term "Manager" shall not include the Independent Manager.

4.2 **No Duty Not to Compete .** The Manager shall have no duty:

(a) Not to compete with the Company; or

(b) To disclose business opportunities to the Company.

4.3 **Indemnification of the Manager.** The Company shall indemnify and hold harmless the Manager and each of the Manager's employees, agents, attorneys, affiliates, subsidiaries and assigns from and against any claims, demands, losses, costs (including reasonable attorneys' fees), liabilities, damages, actions and rights of action incurred by any such Person or by the Company by reason of any act or omission in connection with the business of the Company, and any amounts expended in the settlement of any claims of liability, loss or damage; provided that the Person whose act or omission caused the liability, loss or damage must have determined, in good faith, that such course of conduct was in the best interests of the Company, and such conduct did not constitute fraud, gross negligence or willful misconduct. Any indemnification under this Section shall be recoverable only from the assets of the Company and not from the assets of the Manager. All judgments against the Company and the Manager, wherein the Manager is entitled to indemnification, must first be satisfied from Company assets before the Manager is responsible for such obligations. All indemnification by the Company under this Agreement is expressly subject and subordinate to the repayment obligations of the Company under the Credit Facility.

4.4 **Reliance by Third Parties.** Any Person dealing with the Company or with the Manager in the Manager's capacity as a Manager of the Company may rely on a certificate signed by the Manager as to:

(a) The identity of the Manager as a Manager of the Company;

(b) The right, power and authority of the Manager or other Persons to execute and deliver any instrument or document of or on behalf of the Company or otherwise to act as the Company's agent; and

(c) The existence or non-existence of any fact that constitutes a condition precedent to acts by the Manager or are in any other manner relevant to the business or affairs of the Company.

4.5 **Compensation.** Subject to Section 10 and the provisions of the Credit Facility Documents, the Company may compensate the Manager in exchange for the Manager's services to the Company pursuant to a written compensation agreement, as approved by the Member in its sole and absolute discretion. No compensation made pursuant to said written compensation agreement, if any, shall be deemed to be a distribution to the Manager for purposes of any applicable law relating to unlawful distributions or to creditors' remedies against the Company or the Manager or in violation of the Credit Facility Documents.

SECTION 5. TRANSFERS AND PLEDGES OF MEMBERSHIP INTERESTS

5.1 **Transfers of Interests.** Subject to the provisions of Section 1.2 and Section 10, the Member, in the Member's sole and absolute discretion, may transfer (whether by sale, gift or

otherwise) all or any part of the Member's membership rights and interests, including both economic and non-economic rights and interests, in and to the Company (collectively, "LLC Interests") to any Person at any time. The Member may make any such transfer under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion, provided that such terms shall comply with any Credit Facility Documents to which the Company is a party as of the effective date and time of such transfer.

5.2 Pledge of Interests. The Member shall have sole and absolute discretion to pledge all or any part of the Member's LLC Interests to any Person at any time as collateral for any debt of the Member. The Member may make any such pledge under any terms and conditions that the Member deems appropriate, in its sole and absolute discretion, provided that such terms shall comply with the restrictions set forth in the Credit Facility Documents in effect at the time of such pledge.

SECTION 6. CESSATION OF MEMBERSHIP.

Except as provided in Section 5 or elsewhere in this Agreement, the Member shall cease to be a member of the Company only upon the Member's dissolution and shall not cease to be a member for any other reason, including the Member's Bankruptcy.

SECTION 7. BOOKS AND RECORDS

The Company shall maintain on a current basis accurate books of account in accordance with financial standards normally applied to business organizations generally similar to the Company in size and business activities. The books and records shall be kept at the principal place of business of the Company.

SECTION 8. DISSOLUTION

8.1 Definitions.

(a) "Dissolution" shall mean the cessation of the Company's normal business activities and the beginning of the process of winding it up and liquidating it.

(b) "Winding Up" shall mean the process of concluding the Company's external business activities and internal affairs and preparing for its liquidation.

(c) "Liquidation" shall mean the sale, distribution, or other disposition of all of the Company's assets, including the distribution of the proceeds of such sale or other disposition.

8.2 Dissolution. Subject to Sections 8.4, 8.5 and Section 10, the Member shall have the right to elect whether and when to cause the Dissolution of the Company. On the Termination Date, the Manager shall file a Certificate of Dissolution with the Secretary of State of Delaware.

8.3 Winding Up and Liquidation; Distribution of Assets. Promptly after the Termination Date, the Manager shall commence and diligently pursue to completion all activities

required, necessary and appropriate under applicable law and this Agreement to complete the Winding Up and Liquidation of the Company.

8.4 Satisfaction of Debts. In connection with the Winding Up of the Company, subject to Section 8.5 below, the Manager shall take all appropriate measures:

(a) To comply with applicable federal and state tax laws and other laws relating to the Dissolution of the Company; and

(b) To the extent possible under the laws of the State of Delaware, to bar known and unknown claims against the Company.

8.5 Credit Facility Provisions. Notwithstanding anything contained in this Agreement to the contrary:

(a) The Company shall be dissolved, and its affairs shall be wound up upon the first to occur of the following: (i) the termination of the legal existence of the last remaining Member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining member of the Company in the Company unless the Company is continued without dissolution in a manner required under Section 9 or this Section 8.5 or permitted by this Agreement or the Act or (ii) the entry of a decree of judicial dissolution under Section 18-802 of the Act. Upon the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company or that causes the Member to cease to be a member of the Company (other than (A) upon an assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee in accordance with the Credit Facility Documents, or (B) the withdrawal or disassociation of the Member and the admission of an additional member of the Company in accordance with the Credit Facility Documents), to the fullest extent permitted by law, the personal representative of such member is hereby authorized to, and shall, within 90 days after the occurrence of the event that terminated the continued membership of such member in the Company, agree in writing (I) to continue the Company and (II) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining member of the Company or the Member in the Company.

(b) Notwithstanding any other provision of this Agreement, the Bankruptcy, insolvency or dissolution of the Member or a Special Member or any additional member shall not cause the Member or Special Member or additional member, respectively, to cease to be a member of the Company and upon the occurrence of such an event, the Company shall continue without dissolution.

(c) Notwithstanding any other provision of this Agreement, each of the Member, the Special Member and any additional member waive any right it might have to agree in writing to dissolve the Company upon the Bankruptcy, insolvency or dissolution of the Member, Special Member or additional member, or the occurrence of an event that causes the Member, Special Member, or additional member to cease to be a member of the Company.

(d) In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner), and the assets of the Company shall be applied in the manner, and in the order of priority, set forth in Section 18-804 of the Act.

(e) The Company shall terminate when (i) all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company shall have been distributed to the Member in the manner provided for in this Agreement and (ii) the Certificate of Formation shall have been canceled in the manner required by the Act.

(f) For purposes of this Agreement:

"Affiliate" shall mean, for any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Bankruptcy" means, with respect to any Person, if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (vii) if 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, if the proceeding has not been dismissed, or if within 90 days after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of "Bankruptcy" is intended to replace and shall supersede and replace the definition of "Bankruptcy" set forth in Sections 18-101(1) and 18-304 of the Act.

"Change of Control" means the occurrence of any of the following:

(a) the direct or indirect sale, conveyance, transfer, lease, or other disposition (other than by way of merger or consolidation), in one or a series of related

transactions, of all or substantially all of the assets of the Company or of any guarantor or pledgor under the Credit Facility Documents to any other Person;

(b) the adoption of a plan relating to the liquidation or dissolution of the Company or any guarantor or pledgor under the Credit Facility Documents;

(c) the consummation of any transaction (including any merger or consolidation) the result of which is that any Person other than the current owners of the issued and outstanding stock of the Manager becomes the "beneficial owner" (as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (c) such Person shall be deemed to have "beneficial ownership" of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50.1% of the voting stock of the Manager; or

(d) the first day on which Mark Hanf ceases to "beneficially own" (as defined above) at least 50.1% of the LLC Interests or loses the power to direct or cause the direction of the management or policies of the Company.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any governmental authority.

"Guarantor Default" means, with respect to any guarantor or pledgor under the Credit Facility Documents, when such guarantor or pledgor shall repudiate, purport to revoke or fail to perform its obligations under any guaranty, pledge, or any other Credit Facility Document to which it is party.

"Subsidiary" means, for any entity, means any corporation, limited liability company, partnership, or other legal entity of which such entity directly or indirectly owns or controls at least a majority of the outstanding stock or other equity interest having general voting power. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.

SECTION 9. INDEPENDENT MANAGER; SPECIAL MEMBERS

9.1 At all times as Section 10 below remains in effect, the Company shall have an Independent Manager. The initial Independent Manager shall be Michelle A. Dreyer. Subject to the immediately following sentence, (i) an Independent Manager may resign by written notice to the Manager, and (ii) the Sole Member may, with or without cause, remove and replace an Independent Manager. Any resignation, removal or replacement of any Independent Manager shall not be effective without the Company providing two (2) business days' prior written notice to Lender accompanied by evidence that the replacement Independent Manager satisfies the applicable terms and conditions hereof. (As used herein, "Independent Manager" shall mean, a duly appointed manager of the Company reasonably satisfactory to Lender who shall not have

been at the time of such individual's initial appointment, and shall not have been at any time during the preceding five years, and shall not be at any time while serving as a manager of such of such Company either (a) a shareholder (or other equity owner) of, officer, manager (other than an Independent Manager), partner, attorney, counsel, member (other than a Special Member) or employee of, the Company or any of its respective shareholders, partners, Member, subsidiaries or Affiliates, (b) a customer of, or supplier to, or any other Person that derives any of its purchases or revenues from activities with, the Company, or any its respective shareholders, partners, Member, subsidiaries or affiliate (other than a nationally-recognized company that routinely provides professional independent directors, independent managers, or independent Member and other corporate services to the Company any Member or any of their respective Member of Affiliates in the ordinary course of business), (c) a Person who controls or is under common control with any such shareholder, partner, officer, director, member, employee, supplier, customer or affiliate, or (d) a member of immediate family of such shareholder, director officer, partner, member, employee, supplier, customer or affiliate.) To the fullest extent permitted by law, including Section 18-1101(c) of the Act, the Independent Manager shall consider only the interests of the Company, including its creditors , in acting or otherwise voting on the matters referred to in Section 10.1(b). Except for duties to the Company as set forth above in the immediately preceding sentence, the Independent Manager shall not have any fiduciary duties to the Member, the Manager or any other Person bound by this Agreement; provided, however, the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing. To the fullest extent permitted by law, including Section 18-1101(e) of the Act, an Independent Manager shall not be liable to the Company, the Member or any other Person bound by this Agreement for breach of contract or breach of duties (including fiduciary duties), unless the Independent Manager acted in bad faith or engaged in willful misconduct. An Independent Manager is hereby designated as a "manager" within the meaning of Section 18-101(12) of the Act; however, for the avoidance of doubt if the term "Manager' is used in this Agreement, it shall not include the Independent Manager All right, power and authority of the Independent Manager[s] shall be limited to the extent necessary to exercise those rights and perform those duties specifically set forth in this Agreement and the Independent Manager shall otherwise have no authority to bind the Company. No Independent Manager shall at any time serve as trustee in bankruptcy for any Affiliate of the Company.

At all times Section 10 below remains in effect, upon the occurrence of any event that causes the Member to cease to be a member of the Company, other than upon (a) an assignment by the Member of all of its LLC Interests in accordance with Section 5 and the admission of the applicable transferee, or (b) the resignation of the Member and the admission of a substitute member of the Company, (a "Cessation Event"), the Independent Manager shall, without any action of any Person and simultaneously with the Cessation Event, automatically be admitted to the Company as the "Special Member," and the Company shall continue without dissolution.

9.2 The Company shall not have more than one Special Member at any time. In order to implement the admission to the Company of a Special Member pursuant to this Section 9, the Independent Manager shall execute a counterpart to this Agreement. The Independent Manager shall not become a member of the Company unless and until admitted as the Special Member. The Special Member may not resign from the Company or transfer its rights as Special Member unless a successor Special Member is simultaneously admitted to the Company, provided that the Special Member shall automatically cease to be a member of the Company upon the admission

to the Company of a substitute Member. The term "Member" shall not include the Special Member.

9.3 The Special Member shall:

(a) have no LLC Interests or other rights or interest in the profits, losses, assets, and capital of the Company;

(b) have no right to receive any distributions of Company assets;

(c) pursuant to Section 18-301 of the Act, not be required to make any capital contributions to the Company and shall not receive any LLC Interests;

(d) have no right to, and shall not, bind the Company; and

(e) except as required by the Act, have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including the merger, consolidation, or conversion of the Company.

9.4 No resignation or removal of a Special Member, and no appointment of a successor Special Member, shall be effective unless and until the successor Special Member shall have executed a counterpart to this Agreement. In the event of a vacancy in the position of a Special Member, the Member shall, as soon as practicable, appoint an individual to fill such vacancy. By signing this Agreement, the Independent Manager agrees that, should such Independent Manager become the Special Member, such Independent Manager will be subject to and bound by the provisions of this Agreement applicable to the Special Member.

9.5 The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be the debts, obligations and liabilities solely of the Company, and the Independent Manager and Special Member shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being an Independent Manager or Special Member of the Company.

9.6 Notwithstanding any duty otherwise existing at law or in equity, the Independent Manager and Special Member and any Affiliate of the Independent Manager or Special Member may engage in or possess an interest in other business ventures of every kind and description, independently or with others. The Company or Member shall not have any rights in or to such independent ventures or the income or profits therefrom by virtue of this Agreement.

9.7 The Company shall hold harmless and shall indemnify and advance fees and expenses incurred by the Independent Manager or Special Member and any affiliate of the Independent Manager or Special Member, to the fullest extent provided by law and as agreed to in writing by the Company and pursuant to that certain service agreement between the Company and Corporation Service Company, which such service agreement shall survive the termination of this Agreement.

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SECTION 10. SINGLE-PURPOSE ENTITY

10.1 Notwithstanding anything to the contrary contained herein, until such time as all the repayment obligations of the Company under the Credit Facility are satisfied in full, the Company shall be and remain a Single Purpose Entity. A "Single Purpose Entity" means a limited liability company that at all times since its formation and thereafter:

(a) shall not: (i) own any assets or engage in any business, other than the assets and transactions specifically contemplated by this Agreement and any Credit Facility Documents, (ii) create, incur, assume or suffer to exist any debt or guaranty an obligation or hold itself out to be responsible for the debts or obligations of any other Person or pledge its assets to secure the obligations of any other Person other than in connection with the Credit Facility; (iii) create, incur or permit to exist, or permit or allow others to create, incur or permit to exist, any lien, security interest or claim on or to any of its property, other than the liens in favor of the Lender and liens expressly permitted under the Credit Facility Documents; (iv) merge or consolidate with any Affiliate or consummate any Change of Control or other transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution) or sell all or substantially all of its assets, or change its legal structure, other than pursuant to a transaction with the prior written consent of Lender, the proceeds of which are used to pay all or a portion of the Loan; (v) make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets constituting a business unit of, or make any other investment in any Person, other than in connection with the Loans or as otherwise permitted by the Credit Facility Documents; (vi) amend, modify or waive provisions of its certificate of formation or limited liability company agreement or other similar organizational or constitutive documents without the prior written consent of the Lender, which consent may be withheld in its sole discretion and following any securitization of the Loan, the applicable rating agencies confirm in writing that such change will not result in the qualification, withdrawal or downgrade of any securities ratings; (vii) form acquire or hold any Subsidiaries; (viii) commingle its funds or other assets with those of any guarantor or pledgor under the Credit Facility Documents, any Affiliate or any other Person and it shall own and maintain its properties and assets in its own name and in such a manner that it would not be costly or difficult to identify, segregate or ascertain its properties and assets from those of others; (ix) enter into any transaction with an Affiliate except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's-length transaction; (x) take any action which is reasonably likely to result in a Guarantor Default; or (xi) engage in any business or activity that is inconsistent in any way with the purposes of the Company as set forth in this Agreement; and

(b) shall not, without the written consent of the Member and the written consent of the Independent Manager, take any "Bankruptcy Action", which is defined to include without limitation:

(i) Taking any action that might cause the Company to become insolvent;

(ii) Commencing any case, proceeding or other action on behalf of the Company or otherwise seek relief under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors;

(iii)Instituting proceedings to have the Company adjudicated as bankrupt or insolvent;

(iv)Consenting to the institution of bankruptcy or insolvency proceedings against the Company;

(v) Filing a petition or consenting to a petition seeking reorganization, arrangement, adjustment, winding-up, dissolution, composition, liquidation or other relief of its debts on behalf of the Company under any federal or state law relating to bankruptcy;

(vi)Seeking or consenting to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for the Company or a substantial portion of its assets or properties;

(vii) Admitting in writing the Company's inability to pay debts generally as they become due;

(viii) Making any assignment for the benefit of the Company's creditors; or

(ix)Taking any action in furtherance of the foregoing; and

(c) shall: (i) pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) only from its own assets, (ii) comply with the provisions of its organizational documents, (iii) do all things necessary to observe organizational formalities and to preserve its existence as an entity duly organized, validly existing and in good standing (if required) under the applicable laws of the jurisdiction of its organization or formation and where it conducts business, (iv) maintain all of its books, records, financial statements and bank accounts in accordance with GAAP and separate from those of its Affiliates (except that such financial statements may be consolidated to the extent consolidation is required under GAAP or as a matter of law, provided, that (A) appropriate notation shall be made on such financial statements to indicate the separateness of the Company from such Affiliate and to indicate that such Person's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person and (B) such assets shall also be listed on the Company's own separate balance sheet) and file its own tax returns (except to the extent consolidation is required or permitted under law), (v) maintain its books, records, resolutions and agreements as official records, (vi) be, and at all times shall hold itself out to the public as, a legal entity separate and distinct from any other entity (including any guarantor or pledgor under the Credit Facility Documents and any other Affiliate), shall correct any known misunderstanding regarding its status as a separate entity, shall conduct business in its own name, and shall not identify itself or any of its Affiliates as a division of the other, (vii) maintain adequate capital in light of its contemplated business operations and shall remain solvent, (viii) maintain its properties, assets and accounts separate from those of any Affiliate or any other Person, (ix) pay the salaries of only its own employees and maintain a sufficient number of employees in light of contemplated business operations, (x) allocate fairly and reasonably any overhead for shared office space and for services performed by an employee of an Affiliate; (xi) use separate stationery, invoices and checks; and

(d) The following additional provisions shall also apply:

(1) To the fullest extent permitted by applicable law, the Member shall at all times take into account the interests of the Company's creditors as well as the interests of its Member with all matters subject to the consideration or vote of the Member;

(2) The Company's assets shall be utilized at all times to satisfy fully any and all of the Company's obligations and liabilities to Lender in accordance with the Security Instrument and other Loan Documents prior to paying or distributing any of such proceeds to satisfy other obligations or liabilities of the Company.

To the extent this Section 10.1 conflicts with any other provisions of this Agreement or any other organizational or formation document of the Company, this Section 10.1 shall control.

10.2 Beneficiary. Lender is an intended third-party beneficiary of the "special purpose" provisions set forth in this Article 10 and in Section 1.2.

10.3 Effect. Upon the repayment or other termination of the Credit Facility for reasons other than a default by the Company thereunder, this Section 10 shall have no further force or effect.

SECTION 11. MISCELLANEOUS PROVISIONS

11.1 Entire Agreement. This Agreement constitutes the entire operating agreement of the Company and supersedes any and all prior agreements and representations, either oral or in writing, with respect to the subject matter contained herein.

11.2 Incorporation of Exhibits. All exhibits expressly identified in this Agreement as exhibits to this Agreement are hereby incorporated herein and made integral parts hereof.

11.3 Governing Law. This Agreement shall be governed exclusively by the laws of the State of Delaware.

11.4 Assignments and Delegations. This Agreement shall benefit and bind the Member and its successors and permitted assigns.

11.5 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement.

11.6 Number and Gender; Interpretation. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, as the masculine, feminine and neuter genders shall each include the others. Any term defined in this Agreement by reference to any other agreement or instrument has such meaning whether or not such other agreement or instrument is in effect. The words "including" and "includes" and terms of similar import shall be deemed to mean "including, without limitation". References to a Person are also to its successors and permitted assigns.

11.7 Waivers. No waiver by any party of any breach of, or default under, this Agreement by any other party shall be construed or deemed a waiver of any other breach of or default under this Agreement and shall not preclude any party from exercising or asserting any rights under this Agreement with respect to any other breach or default.

11.8 Imaged Documents. This Agreement may be imaged and stored electronically and (a) such imaged Agreement may be introduced as evidence in any proceeding as if it was an original, and (b) no party shall contest the admissibility of such imaged document as evidence in any proceeding.

11.9 Severability of Provisions. If any term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

[signature page follows]

This Operating Agreement of Pacific Alpha One Funding, LLC, is entered into as of the Effective Date.

MEMBER:

PACIFIC PRIVATE MONEY, INC.
a California corporation

By: DocuSigned by: _____
FF3965A51DB4469...
Mark Hanf
President

MANAGER:

DocuSigned by: _____
FF3965A51DB4469...
Mark Hanf

INDEPENDENT MANAGER:

_____
Michelle A. Dreyer

EXHIBIT A

CONTRIBUTION

Pacific Private Money, Inc.	$1,000.00

EXHIBIT C

Certificate of Good Standing

See attached

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "PACIFIC ALPHA ONE FUNDING, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE ELEVENTH DAY OF MAY, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "PACIFIC ALPHA ONE FUNDING, LLC" WAS FORMED ON THE THIRD DAY OF MAY, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.





6776374 8300

Authentication: 203406752

SR# 20221934323

Date: 05-11-22

You may verify this certificate online at corp.delaware.gov/authver.shtml

EXHIBIT D

Incumbency

Name	Position	Signature
Mark D. Hanf	Manager	_____

EXHIBIT E

Resolution

See attached

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Secretary of State
Statement of Information
(Limited Liability Company)

LLC-12

21-F02936

FILED

In the office of the Secretary of State
of the State of California

SEP 29, 2021

This Space For Office Use Only

IMPORTANT — Read instructions **before completing this form.**

Filing Fee – $20.00

Copy Fees – First page $1.00; each attachment page $0.50;
Certification Fee - $5.00 plus copy fees

1. Limited Liability Company Name (Enter the exact name of the LLC. If you registered in California using an alternate name, see instructions.)

PACIFIC MORTGAGE CAPITAL, LLC

2. 12-Digit Secretary of State File Number	**3. State, Foreign Country or Place of Organization** (only if formed outside of California)
201927010076	CALIFORNIA

4. Business Addresses

a. Street Address of Principal Office - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
1555 Grant Ave.	Novato	CA	94945
b. Mailing Address of LLC, **if different than item 4a**	City (no abbreviations)	State	Zip Code
1555 Grant Ave.	Novato	CA	94945
c. Street Address of **California** Office, if Item 4a is not in California - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
1555 Grant Ave.	Novato	**CA**	94945

5. Manager(s) or Member(s)

If no **managers** have been appointed or elected, provide the name and address of each **member**. At least one name **and** address must be listed. If the manager/member is an individual, complete Items 5a and 5c (leave Item 5b blank). If the manager/member is an entity, complete Items 5b and 5c (leave Item 5a blank). Note: The LLC cannot serve as its own manager or member. If the LLC has additional managers/members, enter the name(s) and addresses on Form LLC-12A (see instructions).

a. First Name, if an individual - Do not complete Item 5b	Middle Name	Last Name	Suffix
Mark		Hanf	
b. Entity Name - Do not complete Item 5a			
c. Address	City (no abbreviations)	State	Zip Code
1555 Grant Ave.	Novato	CA	94945

6. Service of Process (Must provide either Individual **OR** Corporation.)

INDIVIDUAL – Complete Items 6a and 6b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is **not** a corporation)	Middle Name	Last Name	Suffix
Mark		Hanf	
b. Street Address (if agent is **not** a corporation) - **Do not enter a P.O. Box**	City (no abbreviations)	State	Zip Code
1555 Grant Ave.	Novato	**CA**	94945

CORPORATION – Complete Item 6c only. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 6a or 6b

7. Type of Business

a. Describe the type of business or services of the Limited Liability Company
Mortgage Lender

8. Chief Executive Officer, if elected or appointed

a. First Name	Middle Name	Last Name	Suffix
Mark		Hanf	
b. Address	City (no abbreviations)	State	Zip Code
1555 Grant Ave.	Novato	CA	94945

9. The Information contained herein, including any attachments, is true and correct.

09/29/2021	Mark Hanf	CEO	
Date	Type or Print Name of Person Completing the Form	Title	Signature

Return Address (Optional) (For communication from the Secretary of State related to this document, or if purchasing a copy of the filed document enter the name of a person or company and the mailing address. This information will become public when filed. SEE INSTRUCTIONS BEFORE COMPLETING.)

Name:

Company:

Address:

City/State/Zip:

PCFG_0000530807.pdf

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CONFIDENTIAL

SUBSCRIPTION BOOKLET

PACIFIC PRIVATE MONEY FUND I, LLC

MEMBERSHIP UNITS

March 18, 2013

1604 Grant Avenue
Novato, CA 94945

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PACIFIC PRIVATE MONEY FUND I LLC
OVERVIEW

This booklet contains documents which must be read, executed, and returned if you wish to invest in Pacific Private Money Fund I LLC, a Delaware limited liability company (the "Fund"). You should consult with an attorney, accountant, investment advisor, and/or other advisor regarding an investment in the Fund.

If you decide to invest, please fill out, sign, and return the documents pertinent to you, as listed under each of the headings below with a check or wire (wire instructions provided separately) payable to Pacific Private Money Fund I LLC, at the following address: 1604 Grant Avenue, Novato, CA, 94945.

For <u>individuals</u> the documents to be signed and/or completed and returned are:

1. The Signature Page for Individuals.

2. The Suitability Statement for Individuals.

3. The Signature Page of the Operating Agreement.

For <u>entities</u> the documents to be signed and/or completed and returned are:

1. The Signature Page for Entities.

2. The Suitability Statement for Entities.

3. The Signature Page of the Operating Agreement.

What this Booklet Contains:

1. An Operating Agreement.

2. A Subscription Agreement.

The Subscription Agreement is the document by which you agree to subscribe for and purchase membership units in the Fund (the "Membership Units" or "Units"). Section 2 of the Subscription Agreement includes a power of attorney granted to Private Money Management Group LLC, Manager of the Fund ("Manager" or "PMMG"). By signing this Agreement you will be granting the power of attorney contained therein.

3. <u>The Suitability Statements</u>.

The Suitability Statements, which are in Section 11 of the Subscription Agreement and part of the Subscription Agreement, are important and must be completed by each U.S. investor.

Privacy Statement:

The Fund is committed to maintaining the confidentiality, integrity, and security of the personal information of its Members. The Fund does not disclose nonpublic personal information about its Members to third parties other than as described below. The Fund collects information about its Members (such as the Member's name, address, tax ID

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number, assets, and income) and their transactions with the Fund (such as investments, withdrawals, performance, and account balances) from discussions with Members and from documents that Members may deliver to the Fund such as subscription agreements. In order to provide services to the Fund and the Members, the Fund may provide a Member's personal information to its affiliates and to firms that assist the Fund and that have a need for such information, such as lawyers, accountants, or other service providers and as permitted by law. The Fund maintains physical, electronic, and procedural safeguards designed to protect the nonpublic personal information the Fund obtains about its Members.

****

Please contact Mark Hanf at 415-883-2150 or mark@pacificprivatemoney.com if you have any questions.

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PACIFIC PRIVATE MONEY FUND I LLC,
OPERATING AGREEMENT

THIS OPERATING AGREEMENT (the "Agreement") is made as of the 8th day of March, 2013, by the Members of Pacific Private Money Fund I LLC (the "Company" or "Fund").

1. FORMATION

1.1 Definitions. Capitalized terms used in this Agreement have the meanings specified in Section 4 below.

1.2 Name. The name of the limited liability company is Pacific Private Money Fund I LLC.

1.3 Formation. The Company was organized as a Delaware limited liability company on March 7, 2013, pursuant to filing the Articles of Organization with the Secretary of State of Delaware.

1.4 Principal Place of Business. The principal place of business of the Company shall be 1604 Grant Avenue, Novato, California 94945, or such other place or places as the Manager may from time to time determine.

1.5 Registered Office and Registered Agent. The Company's initial registered office shall be at 1604 Grant Avenue, Novato, California 94945 and the name of the initial registered agent is Private Money Management Group LLC, at the same address.

1.6 Term. The Fund is an evergreen offering, meaning there is no set end date to the term of the Fund, and thus the Fund shall continue in perpetuity unless dissolved pursuant to Section 12 or elsewhere in this Agreement. The Manager expects to originate and acquire Fund Assets on a frequent and ongoing basis and will continue to do so indefinitely until the maximum offering of $50,000,000 has been reached, or until the Manager believes market conditions do not justify doing so. The Manager may also increase the maximum offering in its sole discretion. Members will be required to hold their Units for a minimum of twenty-four (24) months before they may request redemption. The Manager shall have no obligation to redeem any Units held by any Member during the first five (5) years of the Member's ownership of any given Unit.

1.7 Name of Each Member. The name of each Member is contained on Exhibit A, attached hereto and incorporated herein by reference, as may be amended from time to time.

1.8 Effect of Inconsistencies with the Act. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provisions, this Agreement shall, to the extent permitted by the Act, control.

2. PURPOSE AND BUSINESS OF THE COMPANY

The purpose and business of the Company will be to generate returns by originating and acquiring Fund Assets as described more fully in the PPM in target markets primarily in the state of California.

3. CAPITAL AND CONTRIBUTIONS

3.1 Initial Capital Contributions. The initial capital of the Company shall be the amount set forth by the Manager as of the Closing Date.

3.2 Membership Units. The interest of each Member in the capital and profits of the Company will be in the form of Membership Units. Each Unit shall represent a contribution to the capital of the Company in an amount equal to the price paid per Unit. The Fund will sell Membership Units at a "Unit Price" that shall fluctuate monthly based on the total collective Stated Value of the Fund assets. The initial Unit Price will be $1,000.

Investors who wish to purchase Units must complete and sign the Subscription Agreement, a signature page to the Operating Agreement, and other such documentation as is deemed appropriate by the Manager, and send them together with a check or wire for the purchase price of the Units to the Manager. Upon receipt of appropriately executed documents, the Fund will immediately deposit Investor funds into its holding account (the "Subscription Account"), the date of which shall be the "Deposit Date." Investors may execute the Unit Subscription documents at any time throughout a calendar month. However, an investment in the Units would only become effective as an equity investment upon the Company's transfer of an Investor's funds into its operating account (the "Operating Account") **and** as of the first day of the calendar month (the "Effective Date") immediately following the Deposit Date. Investor funds held in the Subscription Account shall pay no interest to the Investor.

The Company may utilize a new Investor's funds for its operations between the Deposit Date and the Effective Date by transferring all or a portion of such funds as determined by the Manager (the date of which shall be the "Transfer Date") from the Subscription Account to the Operating Account. Any such amounts transferred shall be treated as a loan to the Fund for which the Investor shall receive interest at 7% (annualized) during the period between the Transfer Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. The Fund will pay the accrued interest (running from the Transfer Date of any funds to the Effective Date) on any funds transferred from the Subscription Account to the Operating Account in the form of a check to the Investor to be prepared and mailed within 10 business days of the Effective Date. An Investor's obligation to purchase Units with their full deposited amount shall be irrevocable during the time between the Deposit Date and the first day of the subsequent calendar month.

As soon after the Effective Date as is practicable (typically on or around the 15th of the month), the Fund shall issue Units at the prevailing Unit Price, both as of the Effective Date, to the Investor for any and all amounts transferred into the Operating Account since the Deposit Date (i.e., funds that were treated as loaned to the Fund between the Transfer Date and the Effective Date). On the Effective Date, the Fund shall also be obligated and shall have the unilateral right to transfer some or all of any remaining Investor funds from the Subscription Account into the Operating Account and issue Units at the prevailing Unit Price as described above, and/or to notify the Investor of any amounts it intends to let remain in the Subscription Account. Upon notice to the Investor of any such amounts the Fund does not intend to transfer to the Operating Account and issue Units, the Investor shall have ten (10) days to decide to either leave the money with the Company in its Subscription Account, or to have the Company reimburse the remaining funds in the Subscription Account to the Investor. If an Investor chooses the reimbursement option, the Investor shall have no further right or obligation to use these remaining funds to purchase Units. If an Investor chooses to leave the remaining funds in the Subscription Account, the

Investor's obligation to utilize such funds to purchase Units (and the Company's right to transfer the funds to its Operating Account) shall once again be irrevocable, and the funds shall again be treated during each successive month as detailed in this section.

Units may be sold to any person or entity that the Manager determines meets the qualification requirements established by the Manager. The Manager may, in its sole and complete discretion, determine the terms and conditions of the offering and the sale of Units including the length of the offering period. The Manager is authorized and directed to do all things which it deems to be necessary, convenient, appropriate or advisable in connection therewith.

3.3 Capital Accounts. An individual capital account (a "Capital Account") shall be established and maintained for each Member in accordance with the following:

(a) There shall be credited to each Member's Capital Account: (i) the amount of any money paid by such Member for the purchase of Units in the Company, whether through the initial purchase of Units or through the purchase of additional Units via the reinvestment of Distributions; and (ii) such Member's share of the income and gain (and all items thereof) of the Company (including income or gain exempt from federal income tax and income and gain described in Treasury Regulation §1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treasury Regulation §1.704-1(b)(4)(i)).

(b) There shall be charged against each Member's Capital Account: (i) the amount of capital distributed to such Member by the Company; (ii) such Member's share of expenditures of the Company described in IRC §705(a)(2)(B); and (iii) such Member's share of the losses and deductions of the Company (including losses and deductions described in Treasury Regulation §1.704-1(b)(2)(iv)(g), but excluding such Member's share of expenditures of the Company described in IRC §705(a)(2)(B) and losses and deductions described in Treasury Regulation §1.704-1(b)(4)(i)).

(c) It is the intent of the Members of the Company that the provisions of this Agreement relating to the establishment and maintenance of Capital Accounts comply with the requirements of Treasury Regulation §1.704-1(b)(2)(iv) or any successor provision, and that such provisions are interpreted and applied in a manner consistent with such Treasury Regulation or successor provision.

3.4 Adoption of this Agreement. Each person acquiring Units from the Company shall be admitted as a Member and shall, by written instrument in form and substance acceptable to the Manager, accept and adopt the terms and provisions of this Agreement, and such person shall each execute and deliver such other instruments as the Manager reasonably deems necessary or appropriate to effect, and as a condition to, such acquisition of Units.

4. DEFINITIONS

The following terms shall have the meaning ascribed to them below when used elsewhere in this Operating Agreement with the initial letter capitalized. Other capitalized terms found throughout this Operating Agreement and not defined below or elsewhere in this Operating Agreement shall have the meaning as ascribed to them in the PPM:

"Agreement" means this Operating Agreement, as may be amended from time to time as provided for herein.

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"AUM" means total Fund Assets under Management. AUM shall be determined by the Manager in its sole discretion.

"Capital Account" shall have the meaning set forth in Section 3.3 hereof.

"Capital Contribution",or "Initial Capital Contribution" shall mean the total price paid for Units issued.

"Cause" means only those acts involving financial defalcation against the Fund, or acts involving moral turpitude.

"Code" means the Internal Revenue Code of 1986, as amended.

"Critical Elements" shall have the meaning set forth in Section 10.2(g).

"Distributions" means amounts which from time to time are distributed to holders of Units, at the Manager's discretion, but subject to the limitations on discretion set forth in this Agreement.

"Excess Distributable Cash", or("EDC") means an amount that is equal to any remaining cash in the Fund after having paid out Fund Expenses, the 2% (annualized) Management Fee, and having reserved sufficient capital for future activities of the Fund, as determined in the sole judgment of the Manager. The EDC shall be determined quarterly by the Manager in its sole discretion. At each quarter end, payment of any Preferred Return and/or EDC shall either be made or not made depending on Fund results at the discretion of the Manager and shall be Non-Cumulative.

"Fund Assets" or "Assets" means any and all assets of the Fund including Mortgage Loans, real property, contracts, receivable, cash, or any other asset or receivable of the Company.

"Fund Expenses" means Fund organizational costs, tax preparation, audits, legal fees, capital acquisition fees and costs (including payment to duly licensed third parties who are contracted by the Manager to raise Investor capital for the Fund), third party Fund Administration and/or loan servicing fees and costs, loan fees, interest and principal payments associated with any debt incurred by the Fund, costs associated with ownership of real property, e.g., property improvement and rehabilitation costs not otherwise capitalized, sales commissions, property taxes, property management, hazard insurance, utilities, and any other expense associated with operation of the Fund or management of its Assets.

"Indemnified Parties" shall have the meaning set forth in Section 10.8.

"Investor Portal" shall mean a password protected page on the Manager's website which shall contain relevant information for Investors concerning the financial performance of the Company and other communication directed to Investors. The Manager intends the Investor Portal to be a primary means of access for Investors to important information of the Company.

"Lock-up Period" means the two (2) year period immediately following the purchase of an investment during which a Member may not request Redemption of that Unit.

"Majority" means at least sixty percent (60%) of the Ownership Interests.

"Manager" means Private Money Management Group LLC, a Delaware limited liability company ("PMMG"), and thereafter, any other individual or entity selected by the Members pursuant to the terms of this Agreement.

"Member" shall mean any person or entity holding Units who has been approved by the Manager and is a party to this Operating Agreement.

"Manager EDC Clawback" or "Clawback" means the Manager's portion of any EDC in a given quarter that shall be subject to forfeiture to the Members if the Fund had failed to pay the Members their Preferred Return in the prior quarter. The amount of any Manager EDC forfeiture shall not exceed the amount of the shortfall of the Preferred Return, or the full amount of the Manager's portion of the EDC for that quarter, whichever is less. Any Clawback amount owed by the Manager shall apply and carry forward for up to a maximum of two (2) quarters immediately subsequent to the quarter in which the Preferred Return shortfall occurred.

"Management Fee" means the fee payable to the Manager by the Company, as set forth in Section 10.3.

"Orderly Liquidation Plan" or "OLP" shall mean the Company's written plan to achieve an orderly liquidation of its Assets without proceeding under duress in doing so with an attempt to maximize the recovery of its investments rather than to turn the Assets into cash in the shortest possible time frame. The Manager shall maintain a written OLP throughout the life of the Fund and shall make it available to Members upon request. The Manager may update, modify, alter, or improve the OLP at any time in its sole discretion.

"Ownership Interest" means, for each Member, that percentage which is obtained by dividing the Units held by the Member by the total of all Units held by all the Members. For the purposes of voting matters, the Manager shall determine each Member's Ownership Interest as of the Record Date.

"Preferred Return" means a 7% annual (1.75% per quarter) return on the Members' Capital Accounts. The Preferred Return is noncumulative.

"Private Placement Memorandum" or "PPM" means a disclosure document prepared to offer Units to certain accredited investors.

"Record Date" shall have the meaning set forth in Section 9.6.

"Reinvestment" shall have the meaning set for in Section 5.4.

"Stated Value" shall mean the figure used by the Fund as the value for each Asset it owns to assist in determining the Unit Price of the Membership Units of the Fund as well as the AUM. The Stated Value of each individual Fund Asset shall be determined on the last day of each calendar month by the Manager in its sole discretion. The Manager, however, shall establish, follow, and publish a methodology for determining the Stated Value and may modify, alter, or improve the methodology from time to time in its sole discretion.

"Substitute Member" shall mean a Member who acquires its Units from another Member, at the approval of the Manager.

"Transfer" shall have the meaning set forth in Section 11.2(a).

"Treasury Regulation" means the United States Treasury Regulations.

"Unit" or "Units" shall have the meaning set forth in the Overview.

5. ALLOCATIONS AND DISTRIBUTIONS

5.1 Allocation of Profits and Losses. Each item of Company income, gain, loss, deduction, or credit for each year will be allocated among the Members in proportion to their Ownership Interest.

5.2 Preferred Return. When distributions are made, Members will receive 100% of any EDC from the previous quarter (as determined by the Manager) until they have received their Preferred Return.

After payment of the Preferred Return, any additional EDC from the previous quarter, as determined by the Manager, will be distributed with 50% of EDC going to the Members ratably to their Ownership Interest and 50% being paid to the Manager as additional compensation, which compensation shall be a Fund Expense. The Manager's portion of the EDC shall be subject to a Clawback for up to two (2) consecutive quarters in the event of any shortfall of the Preferred Return.

5.3 Use of Cash Flow: Distributive Shares. Distributions will be made quarterly beginning with the initial quarterly period following the Minimum Offering Date Distributions will be calculated as of the last business day of a calendarquarter, with checks being mailed, or funds being wired, or additions being made to their Capital Account via the Reinvestment option typically by the fifteenth (15th) calendar day of the quarter following the end of each preceding calendar quarter. The Manager has the right, in its sole discretion, to withhold a Distribution if distributing cash would not be in the best interests of the Company.

5.4 Reinvestment. Members may choose to apply their Distributions to an additional purchase of Units (a "Reinvestment"), by indicating their desire to do so on their completed Subscription Booklet. Any Units purchased by Members via the Reinvestment Option shall be considered, for purposes of any Redemption requests, to "tag-along" with the original date of purchase of the Units for which the Reinvestment Units are associated. Members may change their election not more frequently than twice per year by giving a thirty (30) days' written notice to the Manager. The Manager has the right to suspend or terminate the Reinvestment program, at any time, without notice, at the Manager's sole discretion.

5.5 Use of Initial Proceeds. The Manager will use all of the proceeds from the sale of Units in the Company to originate and acquire Fund Assets, for expenses of the Company, for the repayment of Company debt, for redemption of other Members' Units, and/or for any and all operations and purposes for which the Fund exists.

6. BOOKS OF ACCOUNT, RECORDS AND REPORTS

6.1 Books and Records. At the Company's principal place of business, the Manager shall maintain the Company's books and records, a register showing a current and

past list of the full names and last known addresses of its Members, a copy of its Articles of Organization and all amendments thereto; a copy of this Agreement and all amendments thereto, along with a copy of any prior Agreements no longer in effect, a copy of the Company's federal, state, and local tax returns and reports, if any, for the three (3) most recent years, and a copy of any financial statements of the Company for the three (3) most recent years. Each Member shall have access thereto at all reasonable times and upon reasonable advance notice to the Manager.

The Manager shall keep proper and complete records and books of account, entering fully and accurately all transactions and other matters relative to the Company's business as are usually entered into records and books of account maintained by persons engaged in businesses of a like character. The Manager intends to maintain the books and records in full accordance with generally accepted accounting principles; however, it may choose an alternate method of accounting reasonably acceptable in the marketplace in its sole discretion. The Manager shall consistently maintain the books and records on the accrual basis (except in circumstances where it determines that the cash or income tax basis of accounting will be in the best interest of the Company). Except with respect to matters as to which the Manager is granted discretion hereunder, the opinion of the Company's certified public accountants shall be final and binding with respect to all disputes as to computations and determinations required under this Agreement.

6.2 Financial Statements; Reports. Beginning with the 2013 calendar year, the Company will employ a certified public accountant to prepare the Company's tax returns. The Company will also employ a certified public accountant to perform an audit of the Company's financial statements annually. The Manager shall prepare periodic financial statements of the Fund and will engage its certified public accountant to prepare the Company's financial statements on at least an annual basis. A copy of such internally prepared and/or certified public accountant prepared financial statements will be made available to the Members via the Investor Portal. The cost of any certified public accountant prepared financial statements, tax returns, and audits will be paid solely by the Company. The Company will provide the Members with a statement of their Units in the Company within approximately ninety (90) days following the close of the last quarter of each taxable year, as well as through periodic statements and newsletters. In addition, as soon as practicable following the close of each taxable year, the Company will provide the Members with information for their use in preparing documents required to be filed under federal income tax laws and other federal laws. The cost for any such report shall be borne by the Company and is a Fund Expense.

6.3 Tax Matters.

(a) Tax Elections. The Manager shall, without any further consent of the Members being required, make any and all elections for federal, state, local, and foreign tax purposes, file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members. PMMG is specifically authorized to act as the "Tax Matters Member" under the Code and in any similar capacity under state or local law.

(b) Tax Classification. The Manager shall take such action as may be required under the Code and the Treasury Regulations to cause the Company to be taxable as a partnership for federal and state incometax purposes.

6.4 Operational Procedures. The Manager shall make available to the Members on an ongoing basis via the Investor Portal several written documents that shall outline certain of the Manager's procedures with respect to its operations, including the OLP and Underwriting Manual. The Manager retains complete authority to revise, alter, modify, or improve these procedure and documents in its sole discretion but shall commit to creating, updating and publishing this information for the review and scrutiny of Investors during the life of the Fund.

7. FISCAL YEAR

The Company's taxable year will initially end on the 31st day of December in each year. The Manager may change the taxable year or the fiscal year at any time.

8. COMPANY FUNDS

The Company's available cash will typically be placed in one or more Money Market accounts, anticipated to be located at a federally insured financial institution. Each such account will consist of investments that are immediately liquid, and that, in the Manager's judgment, are sufficiently safe while attempting to produce a yield (if any) on the Company's cash.

9. MEMBER MEETINGS

9.1 Meetings. The Manager shall hold at least one meeting annually for the Members. In addition, a meeting of Members shall be held: (a) if it is called by the Manager; or (b) if Members holding at least eighty percent (80%) of the issued Units on the Record Date (as defined below) sign, date, and deliver to the Manager's principal office a written request for the meeting, describing the purpose or purposes for which it is to be held. In either case, the Manager shall call a meeting by providing written notice to the Members (in the case of a Member requested meeting, within ten (10) days after receipt of the request from Members) stating the purpose of the meeting, and the date, time and place of the meeting. Such meeting shall be held at a convenient time and place designated by the Manager not less than fifteen (15) days or more than sixty (60) days after the Manager's written notice to the Members. All meetings of Members shall be held at the principal office of the Company or any other place specified in the Notice of Meeting.

9.2 Quorum. The presence, in person or by proxy, of Members holding at least fifty percent (50%) of the then issued Units shall constitute a quorum. A quorum is not required to be present at any meeting of the Members in order for the Manager to hold a meeting.

9.3 Proxies. A Member may be represented at a meeting in person or by written proxy. A proxy shall be in writing executed by the Member and filed with the Manager before the commencement of the meeting. The Manager may specify the persons who can be appointed as a proxy.

9.4 Voting. On each matter requiring action by the Members, each Member may vote the Member's Ownership Interest. Except as otherwise stated in the Articles of Organization or this Agreement, a matter submitted to a vote of the Members shall be deemed approved if it receives the affirmative vote of sixty percent (60%) of the Ownership Interest.

9.5 Action By Ballot Without Meeting. Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting by ballot in writing, describing the action taken, signed by the number of Members of Members owning at least sixty percent (60%) of the Ownership Interests, unless a greater amount for action is required elsewhere in this Agreement . The Manager may call for an action by ballot without meeting by delivering to the Members the ballot together with a description of the proposed action and by requiring that the ballot be returned within a specified number of days, which shall not be less than fifteen (15) nor more than sixty (60), after the date the ballots are mailed. If a Member does not return the Member's ballot within the required period of time, the Member shall be deemed to have voted against the proposed action.

9.6 Record Date. The persons entitled to notice of and to vote at a Members meeting or by ballot, and their respective Ownership Interest, shall be determined as of the Record Date for the meeting or the ballot. The Record Date for a meeting shall be a date selected by the Manager not earlier than sixty (60) days or less than fifteen (15) days before the meeting or the date the ballots are mailed, as the case may be (the "Record Date"). If the Manager does not specify a Record Date for a meeting or ballot, the Record Date shall be the date on which notice of the meeting or ballot was first mailed or otherwise transmitted to the Members.

10. POWERS, RIGHTS, FEES, AND DUTIES OF THE MANAGER

10.1 Authority. The Company shall be managed by one (1) Manager. The initial Manager shall be PMMG. The Manager has the exclusive authority to manage the operations and affairs of the Company and to make all decisions regarding the business of the Company. The Manager has all of the rights and powers of a Manager as provided in the Act, this Agreement, and as otherwise provided by law. Any action of the Manager shall constitute the act of and bind the Company.

10.2 Powers. The Manager has the right, power, and authority to do, on behalf of the Company, all things, which in its sole judgment are necessary, proper or desirable to carry out its duties and responsibilities. Such powers include, but are not limited to the following, intended as examples of such powers:

(a) Acquire and originate Fund Assets;

(b) The right, power, and authority to incur all reasonable expenditures, to acquire, manage, improve and/or dispose of Fund Assets and to operate the Company;

(c) Employ and dismiss from employment any and all employees, agents, independent contractors, managers, brokers, attorneys, and accountants;

(d) To borrow money and utilize one or more Fund Assets as collateral for any such borrowing, if necessary or advisable in the sole judgment of the Manager for any purpose, and to pay Fund Expenses;

(e) The right, power, and authority to sell any or all of the Company's Assets, provided that the Company shall receive all of the proceeds of such sale;

(f) Do any and all of the foregoing at such price, for cash, securities, or other property and upon such terms as the Manager deems proper; and to execute, acknowledge, and deliver any and all instruments to effectuate any and all of the foregoing.

(g) To modify this Agreement, other than as to Critical Elements, at its discretion; provided, however, that within thirty (30) days of modifying this Agreement, the Manager will inform the Members of such change. If a majority of Members (as determined by Ownership Interests) object to such a change within sixty (60) days of the notice of the modification, the modification shall be deemed null and void as of the date the Majority of Ownership Interests has objected to the modification. For purposes of this Agreement, "Critical Elements" shall mean the following:

- The purpose of the Company, including the Investment Strategy (which shall specifically exclude from Critical Elements any decision making concerning Fund Assets, Asset allocations, and/or modifications to the underwriting guidelines which shall at all times remain in the sole discretion of the Manager);
- The fee structure and compensation being paid to the Manager (if such compensation is increased);
- The mechanisms for replacement and/or removal of the Manager and the selection of a replacement Manager;
- Changes to the liquidity structure of the Fund, specifically the Lockup Period and the limitation on acquisition of Fund Assets if there is a Redemption queue of Members for Units held more than five (5) years;
- Any amendment requiring the written consent of Members holding at least sixty percent (60%) of the Membership Units, as provided for in Section 14.1; and
- Voting rights of the Members.

10.3 Management Fees and Additional Compensation. The Manager shall be entitled to a Management Fee equal to two percent (2%) annually (or .1667% monthly) of total AUM, as reasonably determined by the Manager. Such fee will be deemed earned and accrued daily and will be paid to the Manager on the last business day of each calendar month. In addition, the Manager shall be paid Additional Compensation from the EDC as described in Section 5.2. The Manager will also receive as income fifty percent (50%) of any and all origination fees collected on Fund Assets, with the other fifty percent (50%) paid, allocated or distributed to the Fund. The Manager will also receive one hundred percent (100%) of any late fees actually collected from Borrowers.

10.4 Time and Effort. The Manager shall devote such time to the Company business as it deems necessary, in its sole discretion, to manage and supervise the Company business and affairs in an efficient manner. Nothing herein precludes employment of any agent or third party (at Company expense) to manage or provide other services subject to the control of the Manager.

10.5 Independent Activities of the Manager. The Manager is not required to manage the Company as its sole and exclusive function. It may have other business interests and may engage in activities other than those relating to the Company. The pursuit of such ventures by the Manager, even if competitive with the business of the Company, shall not be deemed wrongful or improper or a violation of any fiduciary duties by the Manager. Notwithstanding the foregoing, if the Manager receives an opportunity to invest in or manage, or in any way benefit from an opportunity that is competitive with or similar to Assets in which the Fund ordinarily might invest, the Manager shall grant the Fund such opportunity prior to taking such opportunity, on the same terms and conditions as the opportunity was presented to the Manager.

10.6 Permitted Transactions. The validity of any transaction, agreement or payment involving the Company and the Manager or an affiliate or principal of the Manager which is otherwise permitted by the terms of this Agreement shall not be affected by the relationship between the Company and the Manager or an affiliate or principal of the Manager.

10.7 Liability to the Company. To the greatest extent permitted by law, neither the Manager nor any director, officer, agent, employee, or owner of the Manager shall be liable, responsible, or accountable in damages or otherwise to the Company or any Member for any action taken or failure to act on behalf of the Company within the scope of the authority conferred on the Manager by this Agreement or by law unless such act or omission was performed or omitted fraudulently or in bad faith.

10.8 Indemnity of the Manager. To the greatest extent permitted by law, the Company shall indemnify and hold harmless the Manager and each owner, director, officer, employee, and agent of the Manager (herein the "Indemnified Parties") against and from any personal loss, expense, damage, or injury suffered or sustained by the Indemnified Parties by reason of any acts, omission or alleged acts or omissions arising out of its activities on behalf of the Company or in furtherance of the interests of the Company, including but not limited to any judgment, award, settlement, reasonable attorney fees, and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding, or claim and including any payments made by the Manager to any of the Indemnified Parties pursuant to an indemnification agreement no broader than this Section 10.8, if the acts, omissions, or alleged acts or omissions upon which the actual or threatened action, proceeding, or claim is based were for a purpose reasonably believed to be in the best interests of the Company, and were not performed or omitted fraudulently or in bad faith by the Indemnified Parties and were not in violation of the Manager's fiduciary obligations to the Company. Any indemnification shall only be from the Assets of the Company. Notwithstanding the foregoing, neither the Manager nor any owner, director, officer, employee, or agent of the Manager shall be indemnified for any loss or damage incurred by them in connection with any judgment entered in or settlement of any lawsuit involving allegations that federal or state securities laws were violated by the Manager or by any such person in connection with the offer or sale of Units unless: (a) where the lawsuit is not settled, the person seeking indemnification successfully defends that lawsuit; and (b) indemnification is specifically approved by a court of law.

10.9 Prohibited Acts. Anything in this Agreement to the contrary notwithstanding, the Manager shall not cause or permit the Company to: (a) make any loan to the Manager, borrow therefrom, or otherwise engage in any extension of credit with or between such parties; (b) reimburse the Manager for expenses incurred or for salaries of its officers except as otherwise expressly provided in this Agreement; (c) pay for any services performed by the Manager, except as permitted herein; nor receive any rebate or give up in connection with Company activities, nor participate in reciprocal business arrangements which circumvent this provision; (d) commingle the Company's cash with those of any other person or employ or permit such cash or assets to be used in any manner except for the exclusive benefit of the Company, except to the extent that funds are temporarily retained by loan servicing agents, or property managers, and except that those funds of the Company and funds of other partnerships or limited liability companies sponsored by the Manager may be held in an account or accounts established and maintained for the purpose of making computerized disbursements and/or short term investments.

In addition to the foregoing, any return of Fund capital from the disposition, sale, or repayment of any Fund Asset may not be reinvested by the Fund in additional or new Fund

Assets unless and until any outstanding requests from a Member to redeem Units held for more than five (5) years have been honored. *This restriction shall only apply to Redemption requests from Members whose specific funds requested have been invested for more than five (5) years.*

10.10 Key Man Provision. The principal of the Manager is Mark Hanf. Mr. Hanf is considered an integral part of the Fund's investments and operations (a "Key Man"). Upon the death or permanent disability of Mr. Hanf, as determined by the Manager, the Company shall place an immediate moratorium on new investments for a period of up to one (1) year. Members shall have the right to approve a new Key Man by majority vote during the moratorium period. If no new Key Man is approved by the Members within the maximum one (1) year moratorium period, the Fund shall permanently cease to make new investments and shall proceed with its OLP.

Within six (6) months of the Fund's launch, the Manager intends to purchase, subject to availability at commercially reasonable premiums, a life insurance policy in the amount of at least $1,000,000 on the life of Mark Hanf.

10.11 Removal or Withdrawal of the Manager. Members holding eighty percent (80%) of the Ownership Interest may, by written consent or affirmative vote, and with ninety (90) days' written notice, remove the Manager. Members may then, by a Majority Vote, or written consent, elect a new Manager, provided, however, that such removal of the Manager shall not become effective until the election of the new Manager. In the event of the removal of the Manager without Cause, the Manager shall be compensated in the amount of one (1) year's Management Fee calculated on the AUM as of the date of removal (either the expiration of ninety (90) days or the election of a new Manager by the Members, whichever is later). Removal of the Manager shall in no way impair any rights of the Manager attributable to the period prior to the effective date of removal. The Manager may voluntarily resign from the Company with one (1) year's written notice to Members. In the event of the Manager's resignation, a Manager may be substituted who is acceptable to Members holding a Majority of the Ownership Interests. The Manager's resignation shall not become effective until the election of a new Manager by the Members, or twelve (12) months from the date of the Manager's resignation notice to the Members, whichever comes first.

10.12 Power of Attorney. Each Member who executes a signature page to this Agreement thereby irrevocably constitutes and appoints the Manager, with full power of substitution, as its true and lawful attorney-in-fact, in its name, place, and stead to execute, acknowledge, swear to, verify, deliver, file, and publish, if necessary: (a) this Agreement; (b) all amendments, alterations, or changes to this Agreement, including amendments admitting a substituted or additional Member, if otherwise authorized under this Agreement; (c) all instruments which effect a change in the Company or a change in this Agreement; (d) all certificates or other instruments necessary to qualify or maintain the Company as a limited liability company in which the Members have limited liability in the jurisdiction(s) where the Company may conduct business; and (e) all instruments necessary to effect a dissolution, termination, and liquidation of the Company and cancellation of this Agreement when such dissolution, termination, liquidation, or cancellation is otherwise provided in this Agreement; provided, however, that the Manager shall not use this power of attorney to take any actions that have the effect of changing a Critical Element without the Member's consent. This power of attorney is deemed coupled with an interest and shall survive the death or disability of a Member or the assignment or transfer of all or any part of the interest of such Member in the Company until the transferee or assignee shall have become a substituted Member and shall have executed such instruments as the Manager deems

necessary to bind such transferee or assignee under the terms of this Agreement as it may hereafter be amended. The Manager may exercise this power of attorney for each Member by listing all of the Members and executing any instrument with a single signature of the Manager acting as attorney-in-fact for all of them.

11. REDEMPTION AND TRANSFER OF UNITS BY MEMBERS

11.1 Member Redemptions and Lockup Period. Members will be required to hold their Units for a minimum of twenty-four (24) months (the "Lockup Period") before they may request Redemption. Redemption requests for reasons of financial hardship or emergency during the Lockup Period may be considered on a case by case basis subject to a penalty (the "Redemption Fee") of five percent (5%) of the then current Unit Price. The Manager shall have no obligation to consider any hardship Redemption requests during the Lockup Period and shall be entitled to charge a higher or lower Redemption Fee. All Redemption Fees charged and collected will be considered income to the Fund.

After the Lockup Period, Redemption requests will be considered on a first come, first served basis. A Member shall be required to provide the Manager a sixty (60) days' written notice for any Redemption request and any Redemption actually provided shall b e done only on the first day of a calendar month at the then current Unit Price, as determined by the Manager.

The Manager shall have no obligation to redeem any Member's Units during the first five (5) years of the Member's ownership of those Units. However, any return of capital to the Fund from the disposition, sale, or repayment of any Fund Asset may not be reinvested by the Fund in additional Assets unless and until any outstanding Redemption requests from Members seeking to redeem Units owned for more than five (5) years have been honored. This restriction shall only apply to Redemption requests on Units that have been owned for more than five (5) years.

No Member will be given priority for Redemption over any other Member for any reason other than the date upon which the request was made for Units owned less than five (5) years. Redemption requests from Members on Units owned for more than five (5) years will take immediate priority above any Redemption requests on Units owned for less than five (5) years. The Manager may also choose to redeem all Members Pari Passu even if there is a queue of requested Redemptions, whether on Units owned more or less than five (5) years, or both, and may redeem Membership Units Pari Passu at any time at the then current Unit Price in its sole discretion without penalty to the Manager or the Fund.

11.2 Restrictions on Transfer of Interests.

(a) Subject to Section 11.2(b), no transfer (a "Transfer") of all or any fraction of a Member's interest may be made without (i) the prior written consent of the Manager, which consent may be withheld for any reason at the Manager's sole discretion, (ii) the receipt by the Manager of such documents and instruments of transfer as the Manager may reasonably require, and (iii) if requested by the Manager, the receipt by the Manager, not less than ten (10) days prior to the date of any proposed Transfer of a written opinion of counsel (who may be counsel for the Company), satisfactory in form and substance to the Manager, to the effect that such Transfer would not result in any adverse legal or regulatory consequences to the Company or any Member under the Investment Company Act of 1940, the Investment Advisers Act of 1940, or otherwise, including, but not limited to, that such Transfer would not:

(i) result in a violation of the Securities Act of 1933, the Securities Exchange Act of 1934, or any securities laws of any jurisdiction applicable to the Company or the interest to be transferred;

(ii) cause the Company to become a "publicly traded limited liability company" for federal income tax purposes;

(iii) constitute a "public offering" within the meaning of Section 7(d) of the Investment Company Act of 1940; or

(iv) result in the termination of the Company or loss by the Company of its status as a Company for tax purposes.

(b) Section 11.2(a) shall not apply to a Transfer by a Member to a person that acquires such Member's interest by reason of the death or legal incapacity of such Member. Each Member hereby agrees that it will not Transfer all or any fraction of its Membership Units, except as permitted by this Agreement.

(c) In no event shall all or any part of a Member's Membership Units be transferred to a minor or a person who is incapacitated, except in trust or by will or intestate succession.

(d) The transferring Member agrees that it will pay all reasonable expenses, including attorneys' fees, incurred by the Company in connection with a Transfer of its Membership Units.

11.3 Assignees.

(a) The Company shall not recognize for any purpose any purported Transfer of all or any part of the interest of a Member, unless the provisions of Section 11.2 shall have been complied with and there shall have been filed with the Company a dated notice of such Transfer, in a form satisfactory to the Manager, executed and acknowledged by both the transferor or such transferor's legal representative and the transferee, and such notice (i) contains the acceptance by the transferee of all the terms and provisions of this Agreement and such transferee's agreement to be bound hereby, and (ii) represents that such Transfer was made in accordance with all applicable laws, rules, and regulations.

(b) Unless and until an Assignee becomes a Substitute Member, such Assignee shall have no rights with respect to such interest other than those rights with respect to allocations and distributions.

(c) Any Member which shall Transfer all of its Interest shall cease to be a Member upon, but only upon, the admission of a Substitute Member in such Member's stead.

(d) Notwithstanding anything to the contrary contained in this Agreement, both the Company and the Manager shall be entitled to treat a Member transferring all or any part of its Interest as the absolute owner thereof in all respects, and shall incur no liability for distributions made in good faith to such Member, until such time as a Substitute Member is admitted in such Member's stead in respect thereof.

11.4 Substitute Members.

(a) No Member shall have the right to substitute a transferee of all or any part of such Member's Interest in its place, except as provided in Section 11.2. Any such transferee of an Interest (whether pursuant to a voluntary or involuntary Transfer) shall be admitted to the Company as a Substitute Member only (i) with the consent of the Manager granted at its sole discretion, (ii) by satisfying the requirements of Sections 11.2 and 11.3(a), and (iii) upon the receipt of all necessary consents of governmental and regulatory authorities, if any. Persons who become Substitute Members pursuant to Section 11.2(b) need not comply with clause (i) of the preceding sentence.

(b) Each transferee of all or part of a Member's Membership Units, as a condition to its admission as a Substitute Member, shall execute and acknowledge such instruments, in form and substance satisfactory to the Manager, as the Manager reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of such person to be bound by all the terms and provisions of this Agreement with respect to the Membership Units acquired. All reasonable expenses, including attorneys' fees, incurred by the Company in this connection shall be borne by such person.

11.5 Bankruptcy or Incapacity of a Member. In the event of the bankruptcy or incapacity of a Member, the Company shall not be dissolved, and the Member's trustee in bankruptcy or other legal representative shall have only the rights of a transferee of the right to receive Company Distributions applicable to the interest and/or Units of such bankrupt or incapacitated Member as provided herein. Any Transfer to or from such trustee in bankruptcy or legal representative shall be subject to the provisions of this Agreement.

12. DISSOLUTION OF THE COMPANY

12.1 Dissolution. The Company will continue indefinitely until a date on which the Company has liquidated all of its Fund Assets, or earlier upon the occurrence of any of the following events:

(a) The disposition of all assets of the Company and disbursement of all cash to the Members;

(b) The agreement by Members holding eighty percent (80%) of the Ownership Interests; or

(c) The dissolution of the Manager, bankruptcy of the Manager, or withdrawal from the Company of the Manager when an approved replacement is not obtained within a period of ninety (90) days of such dissolution or bankruptcy or one (1) year after the withdrawal of the Manager in the case of withdrawal.

Upon dissolution of the Company, except a dissolution caused by the dissolution, bankruptcy or withdrawal of the Manager where a substitute Manager is elected by the Members within ninety (90) days of such dissolution or bankruptcy or one (1) year in the case of withdrawal, the Company will be liquidated using its OLP as a guide and the proceeds of liquidation will be applied as follows:

(i) Liquidation and/or other Fund Expenses;
(ii) Manager annualized two (2%) Management Fee (paid monthly at .1667%) on total AUM as of the last day of each calendar month;
(iii) Return of Member's capital on a Pari Passu basis (or by priority for Redemption requests, if any, in the sole discretion of the Manager);
(iv) Members on a Pari Passu basis as to the Preferred Return;
(v) Subject to the Clawback, any remaining EDC to be split 50/50 between Members and the Manager respectively.

12.2 Bankruptcy. A bankruptcy of a Manager shall be deemed to have occurred upon the happening of any of the following: (a) the Manager files an application for or consents to, the appointment of a trustee or receiver of its assets; (b) the Manager files a voluntary petition in bankruptcy or files a pleading in any court of record admitting in writing its inability to pay its debts as they become due; (c) the Manager makes a general assignment for the benefit of creditors; (d) the Manager files an answer admitting the

material allegations of, or consents to, or defaults in answering a bankruptcy petition filed against it; or (e) any court of competent jurisdiction enters an order, judgment, or decree adjudicating the Manager a debtor or appointing a trustee or receiver of its assets, if such order, judgment or decree continues unstayed and in effect for such period of sixty (60) days.

12.3 Liquidation. If the Company dissolves, the Manager (or if the Manager has become bankrupt or terminated, then a liquidator or a liquidation committee selected by the holders of a majority of the then issued Units) shall commence to wind up the affairs of the Company and to liquidate its investments using its OLP as a guide. The holders of the Units shall continue to share profits and losses during the period of liquidation in the same proportion as before the dissolution. The Manager (or such liquidator or liquidating committee) shall have full right and unlimited discretion to determine the time, manner, and terms of any sale or sales of Company Assets, having due regard to the activity and condition of the relevant market and general financial economic conditions.

12.4 Liquidation Statement. Within a reasonable time following the completion of the liquidation of the Company's assets, the Manager (or liquidator or liquidating committee) shall supply to each Member a statement by the Company's accountants setting forth the Assets and liabilities of the Company as of the date of complete liquidation and each Member's pro rata portion of the distributions pursuant to Section 12.1.

12.5 No Recourse to Assets or Members. Each Member shall look solely to the Assets of the Company for all Distributions with respect to the Company and its Capital Contribution thereto and share of profits or losses thereof, and shall have no recourse thereto (upon dissolution or otherwise) against any Member or the Manager or its principals, affiliates, agents or employees. No Member shall have any right to demand or receive property other than cash upon dissolution and termination of the Company.

12.6 Termination. Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate and the Manager shall have the authority to execute and record the Certificate of Cancellation of the Company and any other documents required to effectuate the dissolution and termination of the Company.

13. NOTICES

All notices, requests, demands and other communications given or required to be given hereunder shall be in writing and personally delivered or sent by United States registered or certified mail, return receipt requested, postage prepaid or sent by a nationally recognized courier service such as Federal Express, duly addressed to the parties as follows:

To the Member:	To the address shown on the attached signature page
To the Manager:	Private Money Management Group LLC 1604 Grant Avenue Novato, CA, 94945

Any notice or other communication hereunder shall be deemed given on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's records as the date of delivery or as the date of first attempted delivery to the address of the addressee, if sent by mail or courier service (such as Federal Express). Notice may also be given by email or facsimile to any party

having an email account or facsimile machine compatible with the email service or facsimile machine of the party sending the notice. Any notice given by email or facsimile shall be deemed delivered when received by the email service or facsimile machine of the receiving party if received before 5:00 p.m. (Pacific Time) on the business day received, or if received after 5:00 p.m. (Pacific Time), or if emailed or faxed on a day other than a business day (i.e., a Saturday, Sunday or legal holiday), then such notice shall be deemed delivered on the next following business day. The transmittal confirmation receipt produced by the facsimile machine of the sending party or the email read confirmation shall be prima facie evidence of such receipt. Any party may change its address email address or facsimile number for purposes of this Section by giving notice to the other party. If a "copy party" is designated, service of notice shall not be deemed given to the designated party unless and until the "copy party" is also given such notice in accordance with this Section.

14. Amendments

14.1 Amendments Requiring Consent. Except as otherwise provided herein, this Agreement is subject to amendment only with the written consent of the Majority ; provided, however, that no amendment to this Agreement may:

(a) without the consent of each affected Member, modify the limited liability of a Member;

(b) alter the Interest of any Member in respect of Company income, gains and losses or amend or modify any portion of Sections 3 and 5 without the consent of each Member adversely affected by such amendment or modification; provided, however, that the admission, withdrawal, or substitution of Members in accordance with this Agreement shall not constitute such an alteration, amendment or modification;

(c) amend or modify any provision of Section 11 in a manner that would further restrict the transferability of a Member's Units without the consent of all of the Members;

(d) amend any provision hereof which requires the consent, action, or approval of a specified Ownership Interest of the Members without the consent of such specified Ownership Interest of the Members, or;

(e) amend this Section 14.1 without the consent of all of the Members; or without the consent of Manager, modify any of the provisions of Sections 5 or 10 of this Agreement.

14.2 Amendments Not Requiring Consent. In addition to any amendments otherwise authorized hereby, this Agreement may be amended from time to time by the Manager: (i) to add to the representations, duties, or obligations of the Manager or surrender any right or power granted to the Manager; (ii) to cure any ambiguity or correct or supplement any provisions hereof which may be inconsistent with any other provision hereof or correct any printing, stenographic or clerical errors, or omissions; (iii) to provide for the admission, withdrawal, or substitution of Members in accordance with this Agreement; (iv) to amend Exhibit A attached hereto to provide any necessary information regarding any Member and to add and delete Members or Substitute Members; (v) to delete or add any provisions of this Agreement required to be so deleted or added by applicable law or by a securities law commissioner or similar such official or in order to qualify for a private replacement exemption; and (vi) to reflect any change in the amount of the Capital Contribution of any Member in accordance with this Agreement; provided, however, that no

amendment shall be adopted pursuant to this Section 14.2 if (a) such amendment would adversely alter the interest of a Member in income, gains or losses, or distributions of the Company, or (b) such amendment would, in the opinion of counsel for the Company, alter or result in the alteration of, the limited liability of the Members or the status of the Company as a Company for federal income tax purposes. The power of attorney granted pursuant to Section 10.12 may be used by the Manager to execute on behalf of a Member any document evidencing or effecting an amendment adopted in accordance with this Section 14.2.

15. GENERAL

15.1 Waiver of Partition. The Members agree that the Company properties are not and will not be suitable for partition. Accordingly, each Member hereby irrevocably waives any and all rights that it may have to maintain any action for partition of any Fund Assets.

15.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties. It supersedes any prior agreement or understanding among them, and it may not be modified or amended in any manner other than set forth herein.

15.3 Law. This Agreement and the rights of the parties hereunder shall be governed and interpreted in accordance with the laws of the State of Delaware.

15.4 Binding Effect. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns.

15.5 Variations in Pronouns. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns in either the masculine, the feminine, or the neuter gender shall include the masculine, feminine, and neuter.

15.6 Captions. Captions are inserted only as a convenience and in no way define, limit or extend the scope or intent of any provision hereof.

15.7 Validity. If any provision of this Agreement, or application of a provision to any person or circumstance, is held invalid, the remainder of this Agreement, or the application of such provision to other persons or circumstances, shall not be affected thereby.

15.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. This Agreement may contain more than one counterpart of the signature page and it may be executed by the affixing of signatures of each of the Members to one of such counterpart signature pages; all counterpart signature pages shall be read as the one and they shall have the same force and effect as though all of the signers signed a single signature page.

15.9 Confidentiality. Each Member agrees, as set forth below, with respect to any information pertaining to the Company or any Fund Asset that is provided to such Member pursuant to this Agreement or otherwise (collectively, "Confidential Matter"), to treat as confidential all such information, together with any analyses, studies, or other documents or records prepared by such Member, its affiliates, or any representative or other person acting on behalf of such Member (collectively, its "Authorized Representatives"), which

contain or otherwise reflect or are generated from Confidential Matters, and will not, and will not permit any of its Authorized Representatives to, disclose any Confidential Matter, provided that any Member or its Authorized Representative may disclose any such information: (a) as has become generally available to the public; (b) as may be required or appropriate in any report, statement, or testimony submitted to any governmental authority having or claiming to have jurisdiction over such Member (or its Authorized Representative but only that portion of the data and information which, in the written opinion of counsel for such Member or Authorized Representative is required or would be required to be furnished to avoid liability for contempt or the imposition of any other material judicial or governmental penalty or censure; (c) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation; or (d) as to which the Manager has consented in writing. Notwithstanding anything herein to the contrary, any Member (and any employee, representative, or other agent of such Member) may disclose to any and all persons, without limitation of any kind, such Member's U.S. federal income tax treatment and the U.S. federal income tax structure of the transactions contemplated hereby relating to such Member and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, no disclosure of any information relating to such tax treatment or tax structure may be made to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws.

15.10 Counsel. Each Member acknowledges and agrees that Ater Wynne LLP and any other law firm or counsel retained by the Manager in connection with the organization of the Company, the offering of Units, the management and operation of the Company, or any dispute between the Manager and any Member is acting as counsel to the Manager and as such does not represent or owe any duty to such Member or to the Members as a group.

15.11 Attorney Fees. In the event of any legal action in connection with this Agreement (whether at law or in equity), the prevailing party in such action shall be entitled to recover its reasonable attorney fees and costs incurred therein, including attorney fees and costs on appeal. The term "legal action" shall be deemed to include any action commenced in any court of general or limited jurisdiction as well as any proceeding in the bankruptcy courts of the United States and arbitration proceedings. The term "costs" includes, but is not limited to, reasonable attorney fees, deposition costs (discovery or otherwise), witness fees (expert or otherwise), title expenses (search or policy), and any and all other out-of-pocket expenses as may be allowed by the court or arbitrator.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties on the day and year set forth at the beginning of this Agreement.

MANAGER:

PACIFIC PRIVATE MONEY FUND I LLC

By:_____
Mark Hanf

MEMBER(S):

MEMBER NAME:_____

BY:_____ TITLE IF APPLICABLE:_____

DATE:_____ 20___

MEMBER NAME:_____

BY:_____ TITLE IF APPLICABLE:_____

DATE:_____ 20___

MEMBER NAME:_____

BY:_____ TITLE IF APPLICABLE:_____

DATE:_____ 20___

EXHIBIT A

MEMBERS (1/1/2013)

PACIFIC PRIVATE MONEY FUND I, LLC
SUBSCRIPTION AGREEMENT

This Subscription Agreement (the "Subscription Agreement") is between Pacific Private Money Fund I LLC, a Delaware limited liability company (the "Fund"), and the undersigned (referred to herein as "you," except that in the case of a subscription for the account of one or more trusts or other entities, "you" will refer to the trustee, fiduciary, or representative making the investment decision and executing this Agreement, of the trust or other entity, or both, as appropriate). The Fund and you hereby agree as follows:

1. Sale and Purchase of Membership Units

The Fund has been formed under the laws of the State of Delaware and is governed by an Operating Agreement as may be modified in accordance with the terms of any amendment thereto (the "Operating Agreement"). Capitalized terms used herein without definition have the meanings given to the terms in the Operating Agreement or the PPM.

Subject to the terms and conditions of this Agreement and in reliance upon your representations and warranties set forth herein:

(a) the Fund agrees to sell to you, and you irrevocably subscribe for and agree to purchase from the Fund, membership units in the Fund ("Units"); and

(b) the Fund and its Manager, Private Money Management Group LLC, a Delaware limited liability company (the "Manager"), agree that you will be admitted as a Member, upon the terms and conditions, and in consideration of your agreement to be bound by the terms and provisions of the Operating Agreement and this Agreement, with a capital commitment in the amount equal to the amount set forth on your Signature Page (your "Capital Commitment", or "Capital Contributions").

Subject to the terms and conditions hereof and of the Operating Agreement, your obligation to subscribe and pay for your Units and to fund your entire Capital Commitment will be complete and binding upon the execution and delivery of this Agreement.

2. Power of Attorney

You hereby irrevocably constitute and appoint the Manager (and any substitute or successor Manager(s) of the Fund) your true and lawful attorney in your name, place, and stead: (a) to receive and pay over to the Fund on your behalf, to the extent set forth in this Agreement, all funds received under this Subscription Agreement; (b) to complete or correct, on your behalf, all documents to be executed by you in connection with your subscription for Units, including, without limitation, filling in or amending amounts, dates, and other pertinent information; and (c) to execute, acknowledge, swear to, and file (i) any counterparts of the Operating Agreement to be entered into pursuant to this Agreement and any amendments to which you are a signatory; (ii) any amendments to any such amendments (as provided in the Operating Agreement); (iii) any agreements or other documents relating to the obligations of the Fund, as limited and defined in the Operating Agreement; (iv) all certificates and other instruments necessary to qualify, or continue the qualification of, the Fund in the states where it may be doing business and to preserve the limited liability status of the Fund in the jurisdictions in which the Fund may acquire investments; (v) any certificates or other instruments which may be required to effectuate any change in the membership of the Fund; (vi) all assignments, conveyances, or other instruments or documents necessary to effect the dissolution of the Fund; and (vii) all other

filings with agencies of the federal government, of any state or local government, or of any other jurisdiction, which the Manager considers necessary or desirable to carry out the purposes of this Agreement, the Operating Agreement, and the business of the Fund. This power of attorney is deemed coupled with an interest, will be irrevocable and will survive the transfer of your Units.

3. Other Subscriptions

The Fund has entered into separate but substantially similar subscription agreements (the "Other Subscription Agreements" and, together with this Agreement, the "Subscription Agreements") with other purchasers (the "Other Purchasers"), providing for the sale to the Other Purchasers of Units and the admission of the Other Purchasers as Members. This Agreement and the Other Subscription Agreements are separate agreements, and the sales of Units to you and the Other Purchasers are separate sales.

4. Closing

Upon receipt of this Agreement and the Operating Agreement, both fully executed by you, the Company will immediately deposit your funds into its holding account (the "Subscription Account"), the date of which shall be the "Deposit Date." Investors may execute subscription documents at any time, subject to acceptance by the Manager. However, an investment in the Units will become effective as an equity investment ***only*** as of the first day of the month (the "Effective Date") following the date of acceptance of the subscription and associated deposit of an Investor's money into the Fund's Subscription Account (the "Deposit Date"), ***and*** upon the Fund's transfer of the money into its Operating Account. The Fund may use the Investor's money between the Deposit Date and the Effective Date, provided that any amounts drawn by the Fund from the Subscription Account into the Operating Account shall be treated as a loan to the Fund for which the Investor shall receive interest at 7% (annualized) during the period between the Deposit Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. The Investor shall become a Member of the Fund ***only*** after the Effective Date ***and*** upon acceptance of the subscription by the Manager, and only upon acceptance of the Investor as a Member will the investment, or portions drawn from the Subscription Account, be treated as an equity investment in the Fund.

As soon after the Effective Date as is practicable (typically on or around the fifteenth (15th) of the month), the Fund shall issue Units to the Investor at the prevailing Unit Price for any and all amounts transferred into the Operating Account since the Deposit Date (i.e., funds that were treated as loaned to the Fund between the Transfer Date and the Effective Date). On the Effective Date, the Fund shall also be obligated to transfer some or all of any remaining Investor funds from the Subscription Account into the Operating Account and issue Units at the prevailing Unit Price, and/or to notify the Investor of any amounts it intends to let remain in the Subscription Account. Upon notice to the Investor of any such amounts it does not intend to transfer to the Operating Account and issue Units, the Investor shall have ten (10) days to decide to either leave the money with the Company in its Subscription Account, or to have the Company reimburse the remaining funds in the Subscription Account to the Investor. If an Investor chooses the reimbursement option, the Investor shall have no further right or obligation to use these remaining funds to purchase Units. If an Investor chooses to leave the remaining funds in the Subscription Account, the Investor's obligation to utilize such funds to purchase Units (and the Company's right to transfer the funds to its Operating Account) shall once again be irrevocable, and the funds shall again be treated during each successive month as detailed in this section.

Units may be sold to any person or entity that the Manager determines meets the qualification requirements established by the Manager. The Manager may, in its sole and complete discretion, determine the terms and conditions of the offering and the sale of Units including the length of the offering period. The Manager is authorized and directed to do all things which it deems to be necessary, convenient, appropriate, or advisable in connection therewith.

5. Conditions Precedent to Your Obligations

5.1 The Conditions Precedent. Your obligation to subscribe for your Units and be admitted as a Member at the Effective Date is subject to the fulfillment (or waiver by you), prior to or at the time of the Effective Date, of the following conditions:

(a) Operating Agreement. The Operating Agreement will have been duly authorized, executed, and delivered by or on behalf of the Manager. Each Other Purchaser will have duly authorized, executed, and delivered a counterpart of the Operating Agreement or authorized its execution and delivery on its behalf. The Operating Agreement will be in full force and effect.

(b) Representations and Warranties. The representations and warranties of the Fund contained in Section 7 will be true and correct in all material respects when made and at the time of the Effective Date, except as affected by the consummation of the transactions contemplated by this Agreement or the Operating Agreement.

(c) Performance. The Fund will have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Deposit Date.

(d) Legal Investment. On the Deposit Date your subscription hereunder will be permitted by the laws and regulations applicable to you.

5.2 Nonfulfillment of Conditions. If at the Deposit Date any of the conditions specified in Section 5.1 will not have been fulfilled, you will, at your election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights you may have by reason of such nonfulfillment. If you elect to be relieved of your obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement will be null and void as to you and the power of attorney contained herein will be used only to carry out and effect the actions required by this sentence, and the Fund will promptly take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

6. Conditions Precedent to the Fund's Obligations

6.1 The Conditions Precedent. The obligations of the Fund and the Manager to issue to you the Units and to admit you as a Member at the Effective Date will be subject to the fulfillment (or waiver by the Fund) prior to or at the time of the Effective Date, of the following conditions:

(a) Operating Agreement. Any filing with respect to the formation of the Fund required by the laws of the State of Delaware will have been duly filed in such place or places as are required by such laws. A counterpart of the Operating Agreement will have been duly authorized, executed, and delivered by or on behalf of you and each of such Other Purchasers. The Operating Agreement will be in full force and effect.

(b) Representations and Warranties. The representations and warranties made by you in Section 8 will be true and correct when made and at the time of the Effective Date.

(c) Performance. You will have duly performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by you prior to or at the Deposit Date.

6.2 Nonfulfillment of Conditions. If at the Effective Date any of the conditions specified in Section 6.1 will not have been fulfilled, the Fund will, at the Manager's election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights it may have by reason of such nonfulfillment. If the Manager elects for the Fund to be relieved of its obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement will be null and void as to you and the power of attorney contained herein will be used only to carry out and effect the actions required by this sentence, and the Fund will promptly take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

7. Representations and Warranties of the Fund

7.1 Representations and Warranties. The Fund represents and warrants to you that each of the following statements is true and correct as of the Deposit Date and continuing through and including the Effective Date:

(a) Formation and Standing. The Fund is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite limited liability company power and authority to carry on its business as now conducted and as proposed to be conducted as described in the Confidential Private Placement Memorandum relating to the private offering of Units by the Fund (together with any amendments and supplements thereto, the "PPM"). The Manager is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite limited liability company power and authority to act as Manager of the Fund and to carry out the terms of this Subscription Agreement and the Operating Agreement applicable to it.

(b) Authorization of Agreement, etc. The execution and delivery of this Agreement has been authorized by all necessary action on behalf of the Fund and this Agreement is a legal, valid and binding obligation of the Fund, enforceable against the Fund in accordance with its terms. The execution and delivery by the Manager of the Operating Agreement has been authorized by all necessary action on behalf of the Manager and the Operating Agreement is a legal, valid and binding agreement of the Manager, enforceable against the Manager in accordance with its terms.

(c) Compliance with Laws and Other Instruments. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Operating Agreement, or any agreement or other instrument to which the Fund is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule, or regulation applicable to the Fund or its business or properties. The execution and delivery of the Operating Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the company or operating agreement of the Manager, or any agreement or instrument to which the Manager is a party or by which it or any of its

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properties is bound, or any permit, franchise, judgment, decree, statute, order, rule, or regulation applicable to the Manager or its businesses or properties.

(d) Offer of Units. Neither the Fund nor anyone acting on its behalf has taken or will take any action that would subject the issuance and sale of the Units to the registration requirements of the United States Securities Act of 1933, as amended (the "Securities Act").

(e) Investment Company Act. The Fund is not required to register as an "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Manager is not required to register as an "investment adviser" under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and does not intend to do so.

(f) Fund Liabilities; Litigation. Prior to the date hereof the Fund has not incurred any material liabilities other than liabilities in respect of Organizational Expenses. There is no action, proceeding, or investigation pending or, to the knowledge of the Manager or the Fund, threatened against the Manager or the Fund.

(g) Disclosure. The PPM, when read in conjunction with this Agreement and the Operating Agreement, does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

7.2. Survival of Representations and Warranties. All representations and warranties made by the Fund in Section 7.1 will survive the execution and delivery of this Agreement and the issue and sale of Units.

8. Your Representations and Warranties

8.1 The Representations and Warranties. You represent and warrant to the Fund, the Manager, and each other Person who is, or in the future becomes, a Member that each of the following statements is true and correct as of the Deposit Date and continuing through and including the Effective Date:

(a) Accuracy of Information. All of the information provided by you in response to Section 11 and in the suitability statements is true, correct and complete in all respects. Any other information you have provided to the Manager or the Fund about you is correct and complete as of the date of this Agreement.

(b) PPM; Advice. You have either consulted your own attorney, accountant, investment adviser, or other financial adviser about this investment, your proposed purchase of Membership Units, and its suitability to you, or have chosen not to do so, despite the recommendation of that course of action by the Manager. Any special acknowledgment set forth below with respect to any statement contained in the PPM will not be deemed to limit the generality of this representation and warranty.

(c)You have received or will receive a copy of the PPM and the form of the Operating Agreement and you understand the risks of, and other considerations relating to, a purchase of Units, including the risks set forth under the caption "Certain Investment Considerations and Risk Factors" in the PPM. You have been given access to, and prior to the execution of this Agreement you were provided with an opportunity to ask questions of, and receive answers from, the Manager and any of its principals concerning the terms and

conditions of the offering of Units, and to obtain any other information which you and your investment representative and professional advisers requested with respect to the Fund and your investment in the Fund in order to evaluate your investment and verify the accuracy of all information furnished to you regarding the Fund. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory.

(d) Investment Representation and Warranty. You are acquiring your Units for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds of which you are trustee as to which you are the sole qualified professional asset manager within the meaning of Prohibited Transaction Exemption 84-14 (a "QPAM") for the assets being committed hereunder, in each case not with a view to or for sale in connection with any distribution of all or any part of such Unit. You hereby agree that you will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate, or otherwise dispose of all or any part of such Units (or solicit any offers to buy, purchase, or otherwise acquire or take a pledge of all or any part of the Units) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Operating Agreement. If you are purchasing for the account of one or more pension or trust funds, you represent that (except to the extent you have otherwise advised the Fund in writing prior to the date hereof) you are acting as sole trustee or sole QPAM for the assets being committed hereunder and have sole investment discretion with respect to the acquisition of the Units to be purchased by you pursuant to this Agreement, and the determination and decision on your behalf to purchase such Units for such pension or trust funds is being made by the same individual or group of individuals who customarily pass on such investments.

(e) Representation of Investment Experience and Ability to Bear Risk. You (i) are knowledgeable and experienced with respect to the financial, tax and business aspects of the ownership of Units and of the business contemplated by the Fund and are capable of evaluating the risks and merits of purchasing Units and, in making a decision to proceed with this investment, have not relied upon any representations, warranties, or agreements, other than those set forth in this Agreement, the PPM, and the Operating Agreement, if any, and (ii) can bear the economic risk of an investment in the Fund for an indefinite period of time, and can afford to suffer the complete loss of your investment.

(f) Restricted Securities. You understand that the Units are restricted securities and agree that if you decide to transfer any of the Units, you will not do so, directly or indirectly, except in compliance with the Operating Agreement and except (i) to the Fund; (ii) outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations of the jurisdiction(s) in which such sale is made; (iii) inside the United States pursuant to the exemption from the registration requirements provided by Rule 144A under the U.S. Securities Act, if available, and in accordance with applicable state securities laws; or (iv) in a transaction that does not require registration under the U.S. Securities Act or applicable state securities laws, and you have, prior to such sale, furnished to the Fund an opinion of counsel to that effect reasonably satisfactory to the Fund.

(g) You understand and acknowledge that upon the original issuance of the Units and until no longer required under the U.S. Securities Act or applicable state securities laws, any certificates representing the Units will bear the following legend:

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THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES AGREES FOR THE BENEFIT OF THE FUND THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF THE FUND'S OPERATING AGREEMENT AND ONLY (A) TO THE FUND, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION AFTER PROVIDING A SATISFACTORY LEGAL OPINION TO THE FUND. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. A NEW CERTIFICATE, BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY" MAY BE OBTAINED FROM THE FUND UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE FUND AND ITS REGISTRAR AND TRANSFER AGENT, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT OR AS PRESCRIBED BY THE FUND FROM TIME TO TIME;

Your further understand and acknowledge that any certificate representing securities issued in exchange therefor or in substitution thereof will bear the same legend; provided that the legend may be removed by providing a declaration to the Fund's registrar and transfer agent to the following effect (or as the Fund may prescribe from time to time), and provided that the Fund may at any time rescind this procedure for the removal of restrictive legends if it determines that this procedure no longer complies with applicable legal requirements: "The undersigned acknowledges that the sale of the securities to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933 (the "U.S. Securities Act"), and the undersigned certifies that: (1) the seller is not an affiliate of the Fund (as defined in Rule 405 under the U.S. Securities Act); (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believes that the buyer was outside the United States, or (b) the transaction was executed in, on or through the facilities of the Vancouver Stock Exchange, The Toronto Stock Exchange, the Montreal Exchange, or any other designated offshore securities market, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged in any directed selling efforts in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off' the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), and (5) the contemplated sale is not a transaction or part of a series of transactions which, although in technical compliance with Regulation S is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act."

(h) "Non-Resident Alien" Status (if applicable). By indication below, you represent and warrant that you are not, and have no present intention of becoming, a citizen of the United States or Canada or a resident of the United States (defined as being any natural person physically present within the United States for at least 183 days in a 12-month consecutive period or any entity who maintained an office in the United States at any time during a 12-month consecutive period). You understand that the Fund may rely upon the representations and warranty of this paragraph as a basis for an exemption from registration of the Investment Securities under the Securities Act of 1933, as amended, and the provisions of relevant state securities laws.

(i) Accredited Investor. You are an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act by reason of the fact that you are:

(i) a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in an individual or fiduciary capacity; a broker dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state of the United States of America, its political subdivisions, or any agency or instrumentality of a state of the United States of America or its political subdivisions, for the benefit of its employees that has total assets in excess of $5,000,000; an employee benefit plan within the meaning of Section 3(3) of ERISA whereby the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings, and loan association, insurance company, or registered investment adviser; an employee benefit plan that has total assets in excess of $5,000,000; or an employee benefit plan that is a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) private business development company as defined in Section 202(a)(22) of the Advisers Act;

(iii) an organization described in Section 501(c)(3) of the Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring your Units, with total assets in excess of $5,000,000;

(iv) any director, executive officer, or member of the Fund or the Manager;

(v) a natural person and your individual net worth, or joint net worth with your spouse, at the time of this purchase exceeds $1,000,000, excluding the value of your primary residence, or a natural person who had an individual income in excess of $200,000 in each of the two previous years, or joint income with your spouse in excess of $300,000 in each of those years, and reasonably expects to reach the same income level in the current year. Further, you have adequate means of providing all your current and foreseeable needs and personal contingencies and have no need for liquidity in this investment;

(vi) a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring your Units in the Fund, and this purchase

is directed by a sophisticated person as described in rule 506(b)(2)(ii) of Regulation D promulgated under the Securities Act; or

(vii) an entity of which all of the equity owners are accredited investors as defined by any of the above subsections (i) through (vi).

(j) No Investment Company Issues. If you are an entity, (i) you were not formed, and are not being utilized, primarily for the purpose of making an investment in the Fund (and your investment in the Fund does not exceed 40% of your total assets or the aggregate capital commitments to you by your partners, members, shareholders, or others) and (ii) either (A) all of your outstanding securities (other than short-term paper) are beneficially owned by one Person, (B) you are not an investment company under the Investment Company Act or a "private investment company" that avoids registration and regulation under the Investment Company Act based on the exclusion provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, or (C) you have delivered to the Manager a representation and covenant as to certain matters under the Investment Company Act satisfactory to the Manager.

(k) Certain ERISA Matters. You represent that (i) except as described in a letter to the Manager dated at least five (5) days prior to the date hereof, no part of the funds used by you to acquire Units constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of ERISA, either directly or indirectly through one or more entities whose underlying assets include plan assets by reason of a plan's investment in such entities (including insurance company separate accounts, insurance company general accounts, or bank collective investment funds, in which any such employee benefit plan (or its related trust) has any interest) or (ii) if Units are being acquired by or on behalf of any such plan (any such purchaser being referred to herein as an "ERISA Partner"), (A) such acquisition has been duly authorized in accordance with the governing documents of such plan and (B) such acquisition and the subsequent holding of the Units do not and will not constitute a "non-exempt prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (i.e., a transaction that is not subject to an exemption contained in ERISA or in the rules and regulations adopted by the U.S. Department of Labor (the "DOL") thereunder). The foregoing representation will be based on a list of the Other Purchasers to be provided by the Manager to each ERISA Partner prior to the Effective Date.

(l) Suitability. You have evaluated the risks involved in investing in the Units and have determined that the Units are a suitable investment for you. Specifically, the aggregate amount of the investments you have in, and your commitments to, all similar investments that are illiquid is reasonable in relation to your net worth, both before and after the subscription for and purchase of the Units pursuant to this Agreement.

(m) Transfers and Transferability. You understand and acknowledge that the Units have not been registered under the Securities Act or any state securities laws and are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and, therefore, cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. You also understand that the Fund does not have any obligation or intention to register the Units for sale under the Securities Act, any state securities laws, or of supplying the information which may be necessary to enable you to sell Units; and that you have no right to require the registration of the Units under the Securities Act, any state securities laws, or other applicable securities regulations. You also understand that sales or transfers of Units are further restricted by the provisions of the Operating Agreement.

APPENDIX B

Part 2

You represent and warrant further that you have no contract, understanding, agreement, or arrangement with any person to sell or transfer or pledge to such person or anyone else any of the Units for which you hereby subscribe (in whole or in part); and you represent and warrant that you have no present plans to enter into any such contract, undertaking, agreement, or arrangement.

You understand that the Units cannot be sold or transferred without the prior written consent of the Manager, which consent may be withheld in its sole and absolute discretion, and which consent will be withheld if any such transfer could cause the Fund to become subject to regulation under federal law as an investment company or would subject the Fund to adverse tax consequences.

You understand that there is no public market for the Units and that any disposition of the Units may result in unfavorable tax consequences to you.

You are aware and acknowledge that, because of the substantial restrictions on the transferability of the Units, it may not be possible for you to liquidate your investment in the Fund readily, even in the case of an emergency.

(n) Residence. You maintain your domicile at the address shown in the Member Information Page and you are not merely transient or temporarily resident there.

(o) Anti-Money Laundering. You or your beneficial owner is not a person, government, country, or entity: (i) that is listed in the Annex to, or is otherwise subject to the provisions of, United States Executive Order 13224, as issued on September 24, 2001 ("EO 13224") which list is published at http://www.treasury.gov/terrorism.html); (ii) whose name appears on the most current U.S. Office of Foreign Assets Control ("OFAC") list of "Specifically Designated Nationals and Blocked Persons" (which list is published on the OFAC website, http://www.treas.gov/ofac); (iii) who commits, threatens to commit, or supports "terrorism," as that term is defined in EO 13224; or (iv) who is otherwise affiliated with any person, government, country, or entity listed above. Any funds used by us to invest in the Fund were not, directly or indirectly, derived from activities that may contravene U.S. federal and/or state laws and regulations, including anti-money laundering laws or that may contravene the anti-money laundering laws of any other jurisdiction.

(p) Publicly-Traded Fund. By the purchase of any Unit in the Fund, you represent to the Manager and the Fund that you have neither acquired nor will you transfer or assign any Unit you purchase (or any interest therein) or cause any such Units (or any interest therein) to be marketed on or through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704(b)(1) of the Code. Further, you agree that if you determine to transfer or assign any of your Units pursuant to the provisions of the Operating Agreement you will cause your proposed transferee to agree to the transfer restrictions set forth therein and to make the representations set forth above.

(q) Awareness of Risks; Taxes. You represent and warrant that you are aware that: (i) the Fund has no operating history; (ii) the Units involve a substantial degree of risk of loss of your entire investment and that there is no assurance of any income from your investment; and (iii) any federal and/or state income tax benefits which may be available to you may be lost through the adoption of new laws or regulations, to changes to existing laws and regulations and to changes in the interpretation of existing laws and regulations. You further represent that you are relying solely on your own conclusions or the

advice of your own counsel or investment representative with respect to tax aspects of any investment in the Fund.

(r) Capacity to Contract. If you are an individual, you represent that you are over 21 years of age and have the capacity to execute, deliver, and perform this Subscription Agreement and the Operating Agreement.

(s) Power, Authority; Valid Agreement. (i) You have all requisite power and authority to execute, deliver, and perform your obligations under this Agreement and the Operating Agreement and to subscribe for and purchase or otherwise acquire your Units; (ii) your execution of this Agreement and the Operating Agreement has been authorized by all necessary corporate or other action on your behalf; and (iii) this Agreement and the Operating Agreement are each valid, binding, and enforceable against you in accordance with their respective terms.

(t) No Conflict; No Violation. The execution and delivery of this Agreement and the Operating Agreement by you and the performance of your duties and obligations hereunder and thereunder (i) do not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under (A) any charter, by-laws, trust agreement, partnership agreement or other governing instrument applicable to you, (B) (1) any indenture, mortgage, deed of trust, credit agreement, note, or other evidence of indebtedness, or any lease or other agreement or understanding, or (2) any license, permit, franchise, or certificate, in either case to which you or any of your affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject; (ii) do not require any authorization or approval under or pursuant to any of the foregoing; and (iii) do not violate any statute, regulation, law, order, writ, injunction, or decree to which you or any of your affiliates is subject.

(u) No Default. You are not (i) in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement, or condition contained in (A) this Agreement or the Operating Agreement, (B) any provision of any charter, by-laws, trust agreement, partnership agreement, or other governing instrument applicable to you, (C) (1) any indenture, mortgage, deed of trust, credit agreement, note, or other evidence of indebtedness or any lease or other agreement or understanding, or (2) any license, permit, franchise, or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject, or (ii) in violation of any statute, regulation, law, order, writ, injunction, judgment, or decree applicable to you or any of your affiliates.

(v) No Litigation. There is no litigation, investigation, or other proceeding pending or, to your knowledge, threatened against you or any of your Affiliates which, if adversely determined, would adversely affect your business or financial condition or your ability to perform your obligations under this Agreement or the Operating Agreement.

(w) Consents. No consent, approval or authorization of, or filing, registration, or qualification with, any court or governmental authority on your part is required for the execution and delivery of this Agreement or the Operating Agreement by you or the performance of your obligations and duties hereunder or thereunder.

(x) Conflicts of Interest. You understand and agree that the Fund will engage Affiliates of the Manager to perform services for and on behalf of the Fund. You also understand that the Fund will, in connection with such services, pay to such Affiliates

brokerage commissions and fees, property management fees, and other compensation. You also acknowledge that the Fund has agreed that each contract and transaction between the Fund and its Affiliates will be fair and reasonable to the Fund and on terms not less favorable than could be obtained in arm's-length negotiations with unrelated third parties for similar services. You also understand and agree that affiliates of the Fund may receive commissions or fees from unrelated third parties with whom the Fund is purchasing or selling a real property asset or engaging in another transaction, and that in such event, such Affiliate may have a potentially conflicting division of loyalties and responsibilities regarding the Fund and the other parties to the transaction.

8.2 Survival of Representations and Warranties; Duty to Inform. All representations and warranties made by you in Section 8.1 of this Agreement will survive the execution and delivery of this Agreement and the issuance and sale of Units. All of the representations and information provided by you in this Subscription Agreement and any additional information which you have furnished to the Fund with respect to your financial position and business experience is accurate and complete as of the date that this Subscription Agreement was executed by you. If there should be any change in such representations or information prior to the sale of the Units subscribed for herein, you will immediately furnish accurate and complete information concerning any such material change to the Fund.

8.3 Reliance. You acknowledge that your representations, warranties, acknowledgments, and agreements in this Agreement will be relied upon by the Fund in determining your suitability as a purchaser of Units.

8.4 Further Assurances. You agree to provide, if requested, any additional information that may be requested or required to determine your eligibility to purchase the Units.

8.5 Indemnification. You hereby agree to indemnify the Fund, the Manager, and any Affiliates, and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss") due to or arising out of any breach or representation, warranty, or agreement by you, whether contained in this Subscription Agreement (including the suitability statements) or any other document provided by you to the Fund in connection with your investment in the Units. You hereby agree to indemnify the Fund and any Affiliates and to hold them harmless against all Loss arising out of the sale or distribution of the Units by you in violation of the Securities Act or other applicable law or any misrepresentation or breach by you with respect to the matters set forth in this Agreement. In addition, you agree to indemnify the Fund and any Affiliates and to hold such persons harmless from and against, any and all loss, to which they may be put or which they may reasonably incur or sustain by reason of or in connection with any misrepresentation made by you with respect to the matters about which representations and warranties are required by the terms of this Agreement, or any breach of any such warranty or any failure to fulfill any covenants or agreements set forth herein or included in and as defined in the PPM. The indemnification obligations provided herein will survive the execution and delivery of this Agreement and the issue and sale of Units and will be in addition to any liability you may otherwise have.

9. Certain Agreements and Acknowledgments by You

9.1 Agreements. You understand, agree and acknowledge that:

(a) Acceptance. Your subscription for Units contained in this Agreement may be accepted or rejected, in whole or in part, by the Manager in its sole and absolute discretion. Your subscription will not be accepted or deemed to be accepted until you have been admitted as a Member in the Fund on the Effective Date. Such admission will be deemed an acceptance of this Agreement by you, the Fund, and the Manager for all purposes.

(b) Redemption. Members will be required to hold their Units for a minimum of twenty-four (24) months (the "Lockup Period") before they may request Redemption. Redemption requests for reasons of financial hardship or emergency during the Lockup Period may be considered on a case by case basis subject to a penalty (the "Redemption Fee") of five percent (5%) of the then current Unit Price. The Manager shall have no obligation to consider any hardship Redemption requests during the Lockup Period and shall be entitled to charge a higher or lower Redemption Fee. All Redemption Fees charged and collected will be considered income to the Fund.

(1)After the Lockup Period, Redemption requests will be considered on a first come, first served basis. A Member shall be required to provide the Manager sixty (60) days' written notice for any Redemption request and any Redemption actually provided shall be done only on the first day of a calendar month at the then current Unit Price, as determined by the Manager.

(2)The Manager shall have no obligation to redeem any Member's Units during the first five (5) years of the Member's ownership of those Units. However, any return of capital to the Fund from the disposition, sale, or repayment of any Fund Asset may not be reinvested by the Fund in additional Assets unless and until any outstanding Redemption requests from Members seeking to redeem Units owned for more than five (5) years have been honored. This restriction shall only apply to Redemption requests on Units that have been owned for more than five (5) years.

(3)No Member will be given priority for Redemption over any other Member for any reason other than the date upon which the request was made for Units owned less than five (5) years. Redemption requests from Members on Units owned for more than five (5) years will take immediate priority above any Redemption requests on Units owned for less than five (5) years. The Manager may also choose to redeem all Members Pari Passu even if there is a queue of requested Redemptions, whether on Units owned more or less than five (5) years, or both, and may redeem Membership Units Pari Passu at any time at the then current Unit Price in its sole discretion without penalty to the Manager or the Fund.

(c) Fees. The Management Fee is two percent (2%) per year based on the collective AUM (as defined in the Operating Agreement) as determined by the Manager. The Management Fee shall be deemed to be earned daily, shall be calculated partly based on Fund Assets, and shall be prorated and paid monthly at the end of each calendar month.

(d) Irrevocability. Except as expressly provided in this Agreement and under applicable state securities laws, this subscription is and will be irrevocable, except that you will have no obligations hereunder if this subscription is rejected for any reason, or if this offering is cancelled for any reason.

(e) No Recommendation. No foreign, federal, or state authority has made a finding or determination as to the fairness for investment of the Units and no foreign, federal, or state authority has recommended or endorsed or will recommend or endorse this offering.

(f) No Disposal. You will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate, or otherwise dispose of all or any part of your Units (or solicit any offers to buy, purchase, or otherwise acquire or take a pledge of all or any part of the Units) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Operating Agreement.

(g) Update Information. If there should be any change in the information provided by you to the Fund or the Manager (whether pursuant to this Agreement or otherwise) prior to your purchase of any Units, you will immediately furnish such revised or corrected information to the Fund.

10. General Contractual Matters

10.1 Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of you and the Fund.

10.2 Assignment. You agree that neither this Agreement nor any rights which may accrue to you hereunder may be transferred or assigned.

10.3 Notices. All notices, requests, demands, and other communications hereunder will be in writing and will be deemed to have been duly given to any party when delivered by hand, when delivered by facsimile, or e-mail, or when mailed, first-class postage prepaid, (a) if to you, to you at the address, email address, or facsimile number you have provided , or to such other address, email address, or facsimile number as you will have furnished to the Fund in writing, and (b) if to the Fund, to it at c/o Private Money Management Group LLC, 1604 Grant Avenue, Novato, CA 94945, Attention: Mark Hanf, or to such other address or addresses, email address or addresses, or facsimile number or numbers, as the Fund will have furnished to you in writing, provided that any notice to the Fund will be effective only if and when received by the Manager.

10.4 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to principles of conflict of laws (except insofar as affected by the securities or "blue sky" laws of the state or similar jurisdiction in which the offering described herein has been made to you).

10.5 Descriptive Headings. The descriptive headings in this Agreement are for convenience of reference only and will not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

10.6 Entire Agreement. This Agreement and the Operating Agreement contain the entire agreement of the parties with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

10.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which taken together will constitute one and the same instrument.

10.8 Joint and Several Obligations. If you consist of more than one person, this Agreement will consist of the joint and several obligations of all such persons.

11. Suitability Statements

The truth, correctness, and completeness of the suitability information appearing in the following pages is warranted pursuant to Section 8.1(a) above:

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FOR INDIVIDUALS

INITIAL TO INDICATE IF THE STATEMENT IS TRUE OR FALSE, OR COMPLETE THE STATEMENT, AS APPROPRIATE.

Verification of Status as "Accredited Investor" under Regulation D.

1. _____ True _____ False — You are a natural person (individual) whose own net worth, taken together with the net worth of your spouse, exceeds $1,000,000. Net worth for this purpose means total assets (excluding your primary residence) in excess of total liabilities.

2. _____ True _____ False — You are a natural person (individual) who had an individual income in excess of $200,000 in each of the two previous years, or joint income with your spouse in excess of $300,000 in each of those years, and who reasonably expects to reach the same income level in the current year.

3. _____ True _____ False — You are an executive officer of the Fund or a manager or executive officer of the Manager of the Fund.

4. _____ True _____ False — You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of investing in the Units.

Disclosure of Foreign Citizenship.

1. _____ True _____ False — You are not a citizen of the United States.

If the answer to the preceding question is true, specify the country of which you are a citizen:

_____

FOR ENTITIES OTHER THAN INDIVIDUALS

INITIAL TO INDICATE IF THE STATEMENT IS TRUE OR FALSE, OR COMPLETE THE STATEMENT, AS APPROPRIATE.

Verification of Status as "Accredited Investor" under Regulation D.

1. _____ True _____ False — You are (i) a bank, or any savings and loan association or other institution acting in its individual or fiduciary capacity; (ii) a broker dealer; (iii) an insurance company; (iv) an investment company or a business development company under the Investment Company Act of 1940; (v) a Small Business Investment Company licensed by the U.S. Small Business Administration; (vi) an employee benefit plan whose investment decision is being made by a plan fiduciary, which is either a bank, savings and loan association, insurance company or registered investment adviser, or an employee benefit plan whose total assets are in excess of $5,000,000 or a self-directed employee benefit plan whose investment decisions are made solely by persons that are accredited investors; or (vii) a plan established and maintained by a state of the United States, its political subdivisions, or any agency or instrumentality of a state of the United States or its political subdivisions, for the benefit of its employees that has total assets in excess of $5,000,000.

2. _____ True _____ False — You are a private business development company as defined in Section 202 (a) (22) of the Investment Advisors Act of 1940.

3. _____ True _____ False — You are (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, (ii) a corporation, (iii) a Massachusetts or similar business trust, or (iv) a partnership, in each case not formed for the specific purpose of acquiring the securities offered and in each case with total assets in excess of $5,000,000.

4. _____ True _____ False — You are an entity as to which all the equity owners are accredited investors (If questions 1-3 above and question 5 below have been initialed "false," then have each equity owner fill out a suitability statement).

5. _____ True _____ False — You are a trust, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000 and whose purchase is directed by a sophisticated person.

6. _____ True _____ False

You (i) were not formed, and (ii) are not being utilized, primarily for the purpose of making an investment in the Fund (and investment in this Fund does not exceed 40% of the aggregate capital committed to you by your partners, shareholders or others).

7. _____ True _____ False

You are, or are acting on behalf of, (i) an employee benefit plan within the meaning of Section 3(3) of ERISA, whether or not such plan is subject to ERISA, (ii) a plan described in Section 4975(e)(1) of the Code or (iii) an entity which is deemed to hold the assets of any such employee benefit plan pursuant to 29 C.F.R. § 2510.3-101. For example, a plan which is maintained by a foreign corporation, governmental entity or church, a Keogh plan covering no common-law employees and an individual retirement account are employee benefit plans within the meaning of Section 3(3) of ERISA but generally are not subject to ERISA (collectively, "Non-ERISA Plans"). In general, a foreign or U.S. entity which is not an operating company and which is not publicly traded or registered as an investment company under the Investment Company Act and in which 25% or more of the value of any class of equity interests is held by employee pension or welfare plans (including an entity which is deemed to hold the assets of any such plan), would be deemed to hold the assets of one or more employee benefit plans pursuant to 29 C.F.R. § 2510.3-101. However, if only Non-ERISA Plans were invested in such an entity, the entity generally would not be subject to ERISA. For purposes of determining whether this 25% threshold has been met or exceeded, the value of any equity interests held by a person (other than such a plan or entity) who has discretionary authority or control with respect to the assets of the entity, or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliates of such person, is disregarded.

8. _____ True _____ False

You are, or are acting on behalf of, such an employee benefit plan, that is subject to ERISA or a plan described in Section 4975(e)(1) of the Code, or are an entity deemed to hold the assets of any such plan or plans (i.e., you are subject to ERISA).

9. _____ True _____ False

You are a U.S. pension trust or governmental plan qualified under Section 401(a) of the Code or a U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code.

10. _____ True _____ False

You are acting on behalf of an insurance company general account and any part of the general account represents interests that may be deemed to be assets of benefit plan investors under applicable law.

Disclosure of Foreign Ownership.

1. _____ True _____ False — You are an entity organized under the laws of a jurisdiction other than those of the United States or any state, territory or possession of the United States.

2. _____ True _____ False — You are a corporation of which, in the aggregate, more than one-fourth of the capital stock is owned of record or voted by foreign citizens, foreign entities, foreign corporations or foreign partnerships.

3. _____ True _____ False — You are a general or limited partnership of which any general or limited partner is a foreign citizen, foreign entity, foreign government, foreign corporation or foreign partnership.

4. _____ True _____ False — You are a representative of, or entity controlled by, any of the entities listed in items 1 through 3 above.

If you answered true to any of questions 1 through 4, what is the percentage of:

Your aggregate capital commitment that will be contributed directly or indirectly by any person or entity listed in items 1 through 4 above? ___%

for a pension fund, your non-U.S. beneficiaries? _____%

for a corporation, your direct and indirect foreign ownership _____%

for a trust, your foreign beneficial interest? _____%

for a partnership or limited liability company, your direct and indirect foreign ownership? _____%

PACIFIC PRIVATE MONEY FUND I LLC
Signature Page – Individuals

The undersigned, desiring to become a Member of Pacific Private Money Fund I LLC, (the "Fund"), by executing this Signature Page, hereby (a) executes, adopts and agrees to all the terms, conditions and representations set forth in the undersigned's Subscription Agreement and the Operating Agreement of the Fund and (b) reaffirms the Power of Attorney set forth in Section 2 of the Subscription Agreement.

Dollar amount of Capital Commitment: $_____

Date:_____ 20___ Reinvest Distributions: Yes_____ No_____

If Purchaser is an individual, sign below and provide the requested information:

_____ _____
Signature Print Name

_____
Social Security Number

If purchasing jointly, additional individual should sign below:

_____ _____
Signature Print Name

_____
Social Security Number

Purchaser(s) Information:

Address:_____

_____

Mailing Address, if different: _____

_____

Home No.:_____ Work No.:_____

Mobile No.:_____ Fax No.:_____

Email:_____ Addl Email:_____

Accepted:

PACIFIC PRIVATE MONEY FUND I LLC

By: PRIVATE MONEY MANAGEMENT GROUP LLC, as Manager

By:_____

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PACIFIC PRIVATE MONEY FUND I LLC
Signature Page - Entities

The undersigned, desiring to become a Member of Pacific Private Money Fund I LLC (the "Fund"), by executing this Signature Page, hereby (a) executes, adopts and agrees to all the terms, conditions and representations set forth in the undersigned's Subscription Agreement and the Operating Agreement of the Fund and (b) reaffirms the Power of Attorney set forth in Section 2 of the Subscription Agreement.

Dollar amount of Capital Commitment: $_____

Date:_____ 20___ Reinvest Distributions: Yes_ No___

If Purchaser is an entity, an authorized individual signs below:

_____ _____
Print Name of Entity Type of Entity

_____
Tax Identification Number

_____ _____
Signature Print Name

_____
Title or Capacity

Entity/Trustee Information:

Address:_____

_____

Mailing Address, if different: _____

_____

Home No.:_____ Work No.:_____

Mobile No.:_____ Fax No.:_____

Email:_____ Addl Email:_____

Accepted:

PACIFIC PRIVATE MONEY FUND I LLC

By: PRIVATE MONEY MANAGEMENT GROUP LLC, as Manager

By:_____

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Pacific Private Money Fund I LLC

December 31, 2019 and 2018

Audited Financial Statements



SPIEGEL
ACCOUNTANCY CORP

2300 Contra Costa Blvd., Suite 425 • Pleasant Hill, CA 94523 • Phone (925) 977-4000 • Fax (925) 363-3370

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Pacific Private Money Fund I LLC
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Independent Auditors' Report

To the Members
Pacific Private MoneyFund I LLC
Novato, California

We have audited the accompanying financial statements of Pacific Private Money Fund I LLC, a California limited liability company, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Pacific Private Money Fund I LLC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Private Money Fund I LLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members
Pacific Private MoneyFund I LLC
Novato, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Private MoneyFund I LLC as of December 31, 2019 and 2018, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedule - Loan Concentrations and Characteristics is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Pleasant Hill, California
December 23, 2020

Spiegel Accountancy Corp.
Certified Public Accountants

Pacific Private Money Fund I LLC
Balance Sheets

	December 31, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash	$ 1,013,280	$ 691,274
Interest and Other Receivables	2,551,706	958,005
Real Estate Owned	1,710,218	395,218
Mortgage Loans Receivable, Net	35,424,535	29,642,557
Total Current Assets	40,699,739	31,687,054
Mortgage Loans Receivable, Net of Current Portion	17,300,273	14,776,505
Total Assets	$ 58,000,012	$ 46,463,559
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 495,124	$ 468,329
Subscriptions Payable	249,044	57,739
Distribution Payable	150,208	116,877
Notes Payable to Members	3,100,000	701,900
Line of Credit	-	1,500,000
Total Current Liabilities	3,994,376	2,844,845
Total Members' Equity	54,005,636	43,618,714
Total Liabilities and Members' Equity	$ 58,000,012	$ 46,463,559

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Statements of Income and Changes in Members' Equity

	Years Ended December 31,	
	2019	2018
Revenue:		
Mortgage Interest Income	$ 4,890,771	$ 3,972,029
Origination Fees	533,293	356,106
Gain on Foreclosure	21,865	-
(Loss) Gain on Sale of Mortgage Loans	-	(34,732)
Other Income	11,669	14,772
Total Revenue	5,457,598	4,308,175
Operating Expenses:		
Management Fees	1,396,713	1,069,924
Fund Administration	105,284	89,758
Interest Expense	59,499	69,173
Provision for Loan Losses	60,333	15,671
Bank Charges	3,190	3,801
Legal and Accounting	31,829	41,410
Software	8,922	6,591
Miscellaneous Fees	6,865	917
Total Operating Expenses	1,672,635	1,297,245
Income Before Income Taxes	3,784,963	3,010,930
Provision for Income Taxes	8,600	9,346
Net Income	3,776,363	3,001,584
Members' Equity - Beginning of Year	43,618,714	33,819,240
Members' Contributions and Reinvestments	14,671,178	13,401,724
Members' Withdrawals and Distributions	(8,060,619)	(6,603,834)
Members' Equity - End of Year	$ 54,005,636	$ 43,618,714

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
Cash Flows From Operating Activities:		
Net Income	$ 3,776,363	$ 3,001,584
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:		
Provision for Loan Losses	60,333	15,672
Loss on Sale of Real Estate Owned	-	34,732
Gain on Foreclosure	(21,865)	-
Decrease (Increase) in Operating Assets:		
Interest and Other Receivables	(1,706,009)	(355,322)
Issuance of Mortgage Loans Receivable	(83,669,514)	(36,347,458)
Collections on Mortgage Loans Receivable	74,422,608	26,889,931
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	26,795	(59,356)
Net Cash Used by Operating Activities	(7,111,289)	(6,820,217)
Cash Flows from Investing Activities:		
Improvements to Real Estate Owned	(300,000)	(285,313)
Proceeds from Sale of Real Estate Owned	-	288,000
Net Cash Used by Investing Activities	(300,000)	2,687
Cash Flows from Financing Activities:		
Proceeds from Contributions, Subscriptions and Members' Notes	17,293,914	11,411,560
Members' Withdrawals and Distributions	(8,060,619)	(4,940,191)
Repayment of Line of Credit	(1,500,000)	240,000
Net Cash Provided by Financing Activities	7,733,295	6,711,369
Net Decrease in Cash	322,006	(106,161)
Cash - Beginning of Year	691,274	797,435
Cash - End of Year	$ 1,013,280	$ 691,274

See Notes to Financial Statements

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NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Pacific Private Money Fund I LLC (the "Fund") operates under the California Revised Uniform Limited Liability Act (the "Act") to conduct any lawful business for which a limited liability company may be organized under the Act. This may include using the Fund's proceeds raised from the offering for the purpose of originating mortgage loans to the general public and acquiring existing mortgage loans secured by deeds of trust on real estate throughout the United States, primarily in California. The Fund is licensed by the California Department of Business Oversight, the California Department of Real Estate and is registered with the Nationwide Mortgage Licensing System.

General Fund Provisions

The rights, duties and powers of the Members, as defined in the operating agreement, of the Fund, are governed by the operating agreement. The description of the Fund's operating agreement contained in these financial statements provides only general information. Members should refer to the Fund's operating agreement and offering circular for a more complete description of the provisions.

The Fund is managed by a California limited liability company, Private Money Management Group LLC (the "Manager"). The Manager is in control of the Fund business, subject to the voting rights of the Members on specified matters. The Manager acting alone has the power and authority to act for and bind the Fund. The Manager may be removed by the written consent of Members representing 80.00% of the outstanding Membership interests, as defined in the operating agreement, of the Fund.

Members representing 80.00% of the outstanding Fund Membership interest may take the following actions: (i) dissolve or terminate the Fund or (ii) amend certain provisions of the Fund operating agreement.

Term of the Fund

The Fund's operating plan is to continue to seek investors and use those proceeds to fund suitable loans consistent with the Fund's lending criteria. The Fund will continue to operate indefinitely.

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NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Preferred Return

Members will receive a noncumulative annual preferred return of 7.00% of the Members' capital account and an allocation of 50.00% of profits in excess of the preferred return for each month.

Profits and Losses

The profits and losses of the Fund are allocated to the Members in proportion to their respective percentage interests until the Members receive the 7.00% preferred return. The Manager is required to allocate to the Members 50.00% of all profits realized by the Fund during the month in excess of the preferred return as of the close of business on the last day of each month.

Distributions

Distributions will be made monthly based on the cash available. Cash available for distribution to Members is 50.00% of the net income during the month, using the accrual method of accounting, after having paid the 7.00% preferred return.

Reinvestments

Members may elect to reinvest their distributions.

Redemptions

Fund Members are required to hold their Membership units, as defined in the operating agreement, for a minimum of 24 months before they can request redemption, subject to a 2.00% to 5.00% penalty. The Fund will not establish a reserve from which to fund redemptions and, accordingly, the Fund's capacity to return a Member's capital account is restricted by the availability of the Fund's cash flow.

Liquidity

There is no public market for units of the Fund and none are expected to develop in the foreseeable future. There are substantial restrictions on transferability of Membership interests. Any transferee must be a person with the same qualifications as the original Member, and a transferee may not become a substituted Member without the consent of the Manager.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The Fund's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These require the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Although the Fund uses its best estimates and judgments, actual results could differ from these estimates as future confirming events occur.

Mortgage Loans Receivable

Mortgage loans receivable are recorded at their outstanding unpaid principal balance with interest thereon being accrued as earned. The Fund loans will have varying terms at the discretion of the Manager. Most Fund loans will generally have a term between 6 months to 3 years and will provide for monthly payments of principal and/or interest, with some Fund loans providing for interest only with a "balloon payment" at the end of the term. The Fund will not recognize interest income on loans once they are determined to be impaired until the interest is collected in cash. A loan is impaired when, based on current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the underlying collateral.

Allowance for Loan Losses

The allowance for loan losses is established when losses are estimated to have occurred through a provision for loan loss that is charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to income. The allowance for loan losses is evaluated on a regular basis by management and is based on the collectability of the loans in light of historical experience, the types and dollar amounts of loans in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. At December 31, 2019 and 2018, the allowance for loan losses consists of general reserves not related to impairment of a specific loan.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Owned

Real estate owned includes real estate acquired in full or partial settlement of loan obligations plus capitalized construction and other development costs incurred while preparing the real estate for sale. When property is acquired, it is recorded at fair value. Any excess of the Fund's carrying value of the loan over the fair market value of the property, less estimated costs to sell it, is charged against the allowance for loan losses. Any excess of the property's net fair value over carrying value are recorded as a gain. Following foreclosure, valuations are periodically performed with any subsequent write-downs recorded as a separate valuation allowance against real estate owned and charged to other operating expenses. Subsequent increases to the real estate owned are only allowed to the extent of the original cost basis, which is equal to the fair value of the property at the time of foreclosure. The maintenance of the real estate owned, including expenses associated with the property's disposition, is expensed as incurred. Gains or losses on dispositions are recorded in operating income or expenses. Recognition of gains on the sale of real estate is dependent upon the transaction meeting certain criteria related to the nature the property and terms of the sale and potential financing.

Subscriptions Payable and Notes Payable to Members

Proceeds for investor contributions received by the Fund are deposited into a subscription cash account and a subscription payable is established. Once an investment has been made, the funds are transferred to the operating account and the subscription payable is transferred to notes payable to Members until the first day of the calendar month immediately following the deposit date when notes are converted to capital contributions. The Manager pays annualized interest of 7.00% on these notes payable to Members. As soon after the first day of calendar month ("Effective Date") as is practicable, the Fund shall issue units to the investor at the prevailing unit price for any and all amounts transferred into the operating account since the date the investor's funds were initially contributed ("Deposit Date"). As of December 31, 2019 and 2018, the Fund has $3,100,000 and $701,900 in notes payable to Members.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The Fund determines the fair values of its assets and liabilities based on a fair value hierarchy that includes 3 levels of inputs that may be used to measure fair value

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The 3 levels are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Fund's own assumptions about the inferences that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Fund's own data.

Valuation Process and Techniques

The Fund has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models by the personnel who are independent of the executive management, and periodic reassessments of models to ensure that they are continuing to perform as designed.

While the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the year ended December 31, 2019, there were no changes to the valuation techniques that had, or are expected to have, a material impact on Fund's financial position or results of operations.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Valuation Process and Techniques (Continued)

The following specified methods and assumptions were used to estimate the fair value of the following asset groups:

> Non-performing and impaired mortgage loans are reported at the net realizable value of the collateral based on an observable market price or a current appraised value, and these loans are classified as Level 2. If an appraised value is not available or there is no observable market price, the Fund reports the loan as Level 3. There are no loans classified as Level 2 or 3.
>
> Real estate acquired through foreclosure is recorded at net realizable value at time of foreclose. Any subsequent reduction in net realizable value is recorded as an impairment and reduction of the value. Real estate owned is classified as Level 2.

Due to their short term nature, the carrying values of cash, interest and other receivables, accounts payable and accrued expenses, subscriptions payable, distributions payable, notes payable to Members and business line of credit approximate their fair values at December 31, 2019 and 2018.

At December 31, 2019 and 2018, there were no non-recurring assets recorded at fair value.

Revenue Recognition

Interest is recognized on performing loans according to the contractual terms of the loan agreement.

Mortgage origination fee income is deferred and recognized over the term of the underlying loan.

Income Taxes

The Fund, with the consent of its Members, has elected to be treated as a partnership under the Internal Revenue Code and a similar section of the state code. The Members of a partnership are taxed on their proportionate shares of the Fund's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The Fund is, however, required to pay an $800 minimum state franchise tax and the LLC gross receipt fees.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Fund has evaluated its current tax positions and has concluded that as of December 31, 2019 and 2018, it does not have any significant uncertain tax positions for which a reserve would be necessary.

The Fund's income tax returns are subject to review and examination by federal, state and local governmental authorities. As of December 31, 2019 and 2018, there are 3 years open to examination by the Internal Revenue Service, state and local governmental authorities. To the extent penalties and interest are incurred through the examinations, they would be included in the income tax expense section of the statements of income and changes in member's equity. For the years ended December 31, 2019 and 2018, there were no tax penalties or interest incurred.

Recently Accounting Pronouncements

Credit Losses - In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326),* and was clarified by FASB ASU 2019-04, *Codification Improvements*, and FASB ASUs 2019-05 and 2019-11, *Targeted Transition Relief and Clarification*. Prior to this pronouncement, generally accepted accounting principles required use of the incurred loss method for recognizing credit losses in the reserve. The incurred loss method recognizes a credit loss when it is probable that a loss has been incurred. The new guidance replaces the incurred loss method with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The pronouncement also allows for the irrevocable election of the fair value measurement for certain financial assets. Management is in the process of evaluating this guidance, but does not believe it will have a significant impact on the financial statements of the Fund. The effective date of FASB ASUs 2018-19 and 2019-10, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* have deferred the adoptions of these standards until interim and annual periods beginning after December 15, 2022. Management has not commenced evaluating the impact it will have on the financial statements.

Fair Value Measurement - In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework (Topic 820) - Changes to the Disclosure Requirements for Fair Value Measurement.* This guidance removes or modifies various disclosures relating to the activity or reconciliations of Level 1, Level 2 and Level 3 fair value measurements. The guidance in this standard is effective for interim and annual periods beginning after December 15, 2019. Management is currently evaluating this guidance and the impact it will have on the financial statements.

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NOTE 3 - CASH CONCENTRATION

The Fund maintains funds in financial institutions that are members of the Federal Deposit Insurance Corporation. As such, funds are insured based on Federal Reserve limits. The Fund has not experienced any losses in the past, and Fund management believes it is not exposed to any significant credit risk on the current account balances. At times, cash balances may exceed insured amounts.

NOTE 4 - MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable consist of the following as of December 31,

	2019	2018
Mortgage loans receivable consists of notes to individuals, secured by deeds of trust, bearing interest at various rates ranging from 8.50% to 16.50% per annum, partially or fully amortized. These notes have original maturity dates ranging from January 1, 2020 through February 1, 2049.	$ 55,187,050	$ 44,493,711
Less: Unfunded Loans Commitments	(2,327,260)	-
Less: Allowance for Loan Losses	(134,982)	(74,649)
Mortgage Loans Receivable, Net of Allowance for Loan Losses	52,724,808	44,419,062
Current Portion of Mortgage Loans Receivable	(35,424,535)	(29,642,557)
Mortgage Loans Receivable, Net	$ 17,300,273	$ 14,776,505

As of December 31, 2019, the Fund has outstanding construction loans of $21,240,000, of which $19,005,162 is funded with a commitment to fund an additional $2,327,260. These commitments will be funded by a combination of new member contributions and collections of mortgage loans receivable.

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NOTE 4 - MORTGAGE LOANS RECEIVABLE (CONTINUED)

At December 31, 2019, the Fund had $17,054,503 in mortgage loans receivable with outstanding interest of $958,182 where the respective borrowers had not made interest payments in 90 or more days. Subsequent to December 31, 2019, 5 of these loans with a principal balance of $2,618,741 were paid off.

At December 31, 2018, the Fund had $6,638,299 in mortgage loans receivable with outstanding interest of $403,210 where the respective borrowers had not made interest payments in 90 or more days. Subsequent to December 31, 2018, these 13 loans had the following dispositions: $559,289 (2 loans) was paid off; $242,000 (1 loan) went into foreclosure; $1,253,125 (2 loans) were issued notices of default; and $4,583,885 (8 loans) are in the process of modification.

NOTE 5 - REAL ESTATE OWNED

At December 31, 2019 and 2018, the Fund owned 3 and 1 properties, respectively, acquired through foreclosure. The Fund's real estate owned activity is as follows for the years ended December 31:

	2019	2018
Beginning Balance	$ 395,218	$ -
Value of Real Estate Acquired through Foreclosure	1,015,000	432,637
Improvement Cost	300,000	285,313
Proceeds from Sale of Real Estate Owned	-	(288,000)
Gain on Sale of Real Estate Owned	-	(34,732)
Ending Balance	$ 1,710,218	$ 395,218

NOTE 6 - LINE OF CREDIT

The Fund entered into a revolving business line of credit agreement on November 6, 2017 which provided for a maximum borrowing limit of $2,000,000. The line of credit bore interest at a rate equal to 2.00% above prime and was guaranteed by 2 parties related to the Fund. The line of credit was paid off in March 2019 and is now closed.

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NOTE 7 - RELATED PARTY TRANSACTIONS

Loan Fees Receivable

At December 31, 2019 and 2018, the Fund has loan fees receivable of $384,497 and $178,450, respectively. The fees are due from the Manager and are included in interest and other receivables on the accompanying balance sheets.

Mortgage Loans Receivable

At December 31, 2019 and 2018, the Fund had a mortgage loan receivable of $305,000 from Private Money Management, a related entity. The mortgage loan was issued to the related entity upon foreclosure and transfer of a real estate property. The mortgage loan is secured by a deed of trust, bears interest at 11.00% per annum, is interest only, and will be paid in full upon sale of the associated real estate. Any gain recognized upon the sale will be income of the Fund. No impairment is associated with this mortgage loan.

Manager Equity Investment in Fund

As of December 31, 2019 and 2018, 3 related parties collectively held equity investments of $140,634 and $64,585, respectively, in the Fund. These related parties consist of Members of the Fund, immediate family members of the Manager, a service provider and other related entities. Related party Members receive no priority over non-related party Members. Distributions paid to these related parties for the years ended December 31, 2019 and 2018 amounted to $6,887 and $14,285, respectively. At December 31, 2019 and 2018, there were no distributions payable to these related parties.

Late Fees

The Manager is entitled to 100.00% of all late fees collected from borrowers. These fees are paid by the borrowers directly to the Manager and are not expenses of the Fund. For the years ended December 31, 2019 and 2018, no late fees were paid to the Manager.

Management Fees

The Manager is entitled to receive management fees of 2.00% per annum on the total assets under management and is paid compensation of 50.00% of the remainder of excess profit after the preferred return is paid. The management fees are accrued daily and payable monthly to the Manager. Fees earned by the Manager amounted to $1,396,713 and $1,069,924 for the years ended December 31, 2019 and 2018, respectively.

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NOTE 7 - RELATED PARTY TRANSACTIONS (CONTINUED)

Origination Fees

In connection with the origination of loans, origination fees are charged to the borrowers. The Fund and Manager each receive 50% of the origination fees. At December 31, 2019 and 2018, the Fund has $185,782 and $152,215 in deferred loan fees, respectively, which are included in accounts payable and accrued liabilities on the accompany balance sheets. For the years ended December 31, 2019 and 2018, the Fund earned loan origination fees of $533,293 and $356,106, respectively.

Accounts Payable

At December 31, 2019 and 2018, the Fund owes $216,641 and $101,161, respectively, to the Manager related to the aforementioned services, which is included in accounts payable and accrued expenses on the accompanying balance sheets.

NOTE 8 - REGULATORY REQUIREMENTS

Securities Laws

In offering the units of Membership interest, the Fund is subject to applicable federal and state securities laws. On the federal level, the Membership interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), in reliance upon the exemptions provided for under Section 3(a)(11) and Rule 147 of the Act. On the state level, the Fund is offering the units of Membership interest pursuant to a permit issued by the State of California Department of Business Oversight. The license is renewable annually.

Membership interest may not be sold or otherwise transferred without registration under the Securities Act or pursuant to an exemption from the Securities Act. The Fund must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual. Members are prohibited from transferring any part of their Membership interest to out-of-state transferees without the prior written consent of the Commissioner of Business Oversight of the State of California.

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NOTE 8 - REGULATORY REQUIREMENTS (CONTINUED)

Restrictions on Investments from Retirement Assets

The Department of Labor ("DOL") plan asset regulations define what constitutes plan assets of benefit plan investors, which include employee benefit plans governed by the Employee Retirement Income Security Act ("ERISA") and Individual Retirement Accounts and other plans covered by Section 4975 of the Internal Revenue Code ("IRS Section 4975"). As a general rule, the plan asset regulations provide that when a benefit plan investor purchases an equity interest in a non-public fund in which the equity participation by all benefit plan investors combined does not exceed 25%, the equity interest in the fund will not be treated as the plan's assets.

For funds exceeding the 25% limit, the underlying assets of the fund are deemed plan assets for purposes of ERISA and IRS Section 4975. As a result, the fund manager's activities would be subject to the general fiduciary requirements of Section 404 of ERISA, fund activities would be subject to the prohibited transaction rules ERISA and IRS Section 4975, as well as other potential consequences.

December 31, 2019, the cumulative equity participation of benefit plan investors in the Fund did not exceed the 25% threshold. At December 31, 2018, the cumulative equity participation of benefit plan investors in the Fund exceeded the 25% threshold.

NOTE 9 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During the Year for:

	2019	2018
Income Taxes	$ 6,800	$ 6,926
Interest	$ 68,341	$ 55,450

Non-Cash Investing and Financing Activities:

	2019	2018
Mortgage Loans and Interest Receivable Converted to Real Estate Owned	$ 993,135	$ 432,637

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NOTE 10 - RISKS AND UNCERTANTIES

Default Risk

In the normal course of its business, the Fund is exposed to default risk related to its investment portfolio. In the event a borrower defaults on a loan, the Fund is normally able to foreclose on the loan, receive title to the underlying property and attempt to sell the property to recover its investment. However, there is no guarantee that the original investment will be recovered.

Concentration Risk

At December 31, 2019, 40% of the mortgage loans receivable were due from 3 borrowers. At December 31, 2018, 25% of the mortgage loans receivable was due from 1 borrower.

Operation Risk

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Fund's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Fund's investment results may be materially adversely affected.

NOTE 11 - SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through December 23, 2020, the date the financial statements were available to be issued, and there were no events to report.

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Supplementary Schedule

Pacific Private Money Fund I LLC
Supplementary Schedule - Loan Concentrations and Characteristics

The loans are secured by recorded deeds of trust. Outstanding loan characteristics are as follows at December 31:

	2019	2018
Number of Secured Loans Outstanding	75	91
Total Secured Loans Outstanding	$ 52,859,790	$ 44,493,711
Average Secured Loan Outstanding	$ 704,797	$ 488,942
Average Secured Loan as Percent of Total Secured Loans	1.33	1.10
Average Secured Loan as Percent of Members' Equity	1.31	1.12
Largest Secured Loan Outstanding	$ 7,005,000	$ 4,700,000
Largest Secured Loan as Percent of Total Secured Loans	13.25	10.56
Largest Secured Loan as Percent of Members' Equity	12.97	10.78
Number of Counties where Loans are Located	25	31
Largest Percentage of Loans in One County	34	31

The following categories of secured loans were held at December 31:

First Trust Deeds	$ 45,834,230	$ 34,905,059
Second Trust Deeds	6,580,664	9,267,817
Third Trust Deeds	444,896	320,835
	$ 52,859,790	$ 44,493,711

The following categories of secured loans were held at December 31:

Single-Family	$ 19,348,287	31,415,200
Multi-Family	1,500,000	1,553,125
Commercial	28,899,503	9,873,386
Land	3,112,000	1,652,000
	$ 52,859,790	$ 44,493,711

See Notes to Financial Statements

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LIMITED LIABILITY COMPANY AGREEMENT

OF

PACIFIC PRIVATE MONEY GROUP LLC

This Limited Liability Company Agreement (this "Agreement") of Pacific Private Money Group LLC is entered into effective as of April 17, 2020 by Saluda Grade Alternative Lending & Fintech Growth Fund I LP, a Delaware limited partnership (the "Member," and together with any additional member subsequently admitted pursuant to Section 19, the "Members"), pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq.), as amended from time to time (the "Act").

1. Name. The name of the limited liability company governed hereby is "Pacific Private Money Group LLC" (the "Company").

2. Certificates. The Member caused the Certificate of Formation of the Company to be filed with the Secretary of State of the State of Delaware on April 14, 2020. The Member or an Officer (as defined below) shall execute, deliver and file any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

3. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in all lawful activities for which limited liability companies may be formed under the Act.

4. Powers. The Company shall have the power to do any and all acts reasonably necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purpose and business described herein and for the protection and benefit of the Company, and shall have, without limitation, any and all of the powers that may be exercised on behalf of the Company by the Member pursuant to this Agreement, including Section 15.

5. Principal Business Office. The principal place of business and office of the Company shall be located at, and the Company's business shall be conducted from, such place or places as may hereafter be determined by the Member.

6. Registered Office. The address of the registered office of the Company in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801.

7. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware are: Corporation Service Company, Corporation Trust Center, 251 Little Falls Drive, New Castle County, Delaware 19808.

8. Member; No Certificates. The name and percentage ownership interest in the Company of the Member is attached hereto as Schedule A. The ownership interests in the Company shall not be certificated.

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9. Term. The term of the Company commenced on the date of filing of the Certificate of Formation in accordance with the Act and shall continue until dissolution of the Company in accordance with Section 22.

10. Limited Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and neither any Member, nor any officer, employee or agent of the Company (including a person having more than one such capacity) shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of acting in such capacity.

11. Admission. The undersigned is deemed admitted as a member of the Company.

12. Capital Contributions. The Member is not required to make any initial or additional capital contributions to the Company.

13. Capital Accounts. Separate capital accounts shall be maintained for each Member on the books of the Company. Each capital account shall be adjusted to reflect such Member's shares of allocations and distributions as provided in Section 14, and any additional capital contributions to the Company or withdrawals of capital from the Company. Such capital accounts shall further be adjusted to conform to the Treasury Regulations under Section 704(b) of the Internal Revenue Code of 1986, as amended (the "Code"), as interpreted in good faith by the Member.

14. Allocations and Distributions.

a. Allocations of Profit and Loss. All items of income, gain, loss, deduction and credit shall be allocated to the Member in accordance with its proportionate percentage ownership (as indicated on Schedule A attached hereto).

b. Distributions. Distributions, including dividends, shall be made to the Member at such times and in such amounts as may be determined in the sole discretion of the Member. In the event that there is more than one Member, distributions, including dividends, shall be shared among the Members in accordance with their proportionate percentage ownership. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution (including a dividend) to the Member on account of its interest in the Company if such distribution would violate Section 18-607 of the Act or other applicable law.

15. Management.

a. In accordance with Section 18-402 of the Act, management of the Company shall be vested in the Member. The Member shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including all things necessary to carry out the terms and provisions of this Agreement. The Member has the authority to bind the Company.

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b. Subject to the rights and powers of the Member and the limitations thereon contained herein, the Member may delegate to any person any or all of its powers, rights and obligations under this Agreement and may appoint, contract or otherwise deal with any person to perform any acts or services for the Company as the Member may reasonably determine.

16. Officers. The Member may, from time to time, as it deems advisable, appoint officers of the Company (the "Officers") and assign in writing titles (including, without limitation, President, Vice President, Secretary and Treasurer) to any such person. Unless the Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the Delaware General Corporation Law, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office. Any delegation pursuant to this Section 16 may be revoked at any time by the Member.

17. Other Business. The Member may engage in or possess an interest in other business ventures of every kind and description, independently or with others. The Company shall not have any rights in or to such independent ventures or the income or profits therefrom by virtue of this Agreement.

18. Exculpation and Indemnification. Neither any Member nor any Officer (each an "Indemnified Party") shall be liable to the Company or any other person or entity who has an interest in the Company for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Party in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Indemnified Party by this Agreement. To the full extent permitted by applicable law, an Indemnified Party shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Indemnified Party by reason of any act or omission performed or omitted by such Indemnified Party in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Indemnified Party by this Agreement, except that no Indemnified Party shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Party by reason of gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 18 shall be provided out of and to the extent of Company assets only, and no Member shall have any personal liability on account thereof.

19. Admission of Additional Members. One (1) or more additional members of the Company may be admitted to the Company with the written consent of the Member.

20. Termination of Membership. Subject to Section 22, the termination, dissolution, death, bankruptcy or adjudicated incompetence of a Member shall not cause a dissolution of the Company, but the rights of such Member to share in the allocations and distributions, to assign its interest in the Company pursuant to Section 21 and to vote on any matter on which the Member have the right to vote shall, on the happening of such an event, devolve on its legal representative for the purpose of settling its estate or administering its property.

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21. Assignments. A Member may not transfer, assign, pledge or hypothecate, in whole or in part, its limited liability company interest without the prior written consent of the other Members, if any.

22. Dissolution and Winding Up.

a. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of the Member, (ii) the death, disability, bankruptcy or withdrawal of the last remaining Member and (iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

b. Winding Up. In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner).

23. Partnership Representative. The Member shall be the "partnership representative" within the meaning of Section 6223 of the Code (as modified by the Bipartisan Budget Act of 2015). All expenses incurred by the partnership representative in connection with its respective duties as partnership representative shall be expenses of the Company.

24. Severability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

25. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement.

26. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Delaware (without regard to conflict of laws principles thereof), and all rights and remedies shall be governed by such laws.

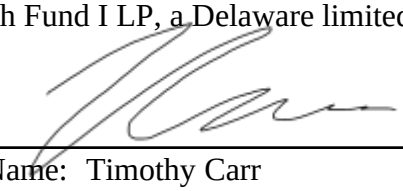
27. Amendments. This Agreement may not be modified, altered, supplemented or amended except pursuant to a written agreement executed and delivered by the Member.

[Signature page follows.]

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IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the date first written above.

Saluda Grade Alternative Lending & Fintech Growth Fund I LP, a Delaware limited partnership

By: 

Name: Timothy Carr
Title: CIO

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SCHEDULE A

NAME AND OWNERSHIP INTEREST
OF SOLE MEMBER
OF PACIFIC PRIVATE MONEY GROUP LLC, LLC

Name	Ownership Interest
Saluda Grade Alternative Lending & Fintech Growth Fund I LP, a Delaware limited partnership	100%

Pacific Private Money Fund I LLC

December 31, 2018 and 2017

Audited Financial Statements

Pacific Private Money Fund I LLC
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December 31, 2018 and 2017

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Independent Auditors' Report

To the Members
Pacific Private MoneyFund I LLC
Novato, California

We have audited the accompanying financial statements of Pacific Private Money Fund I LLC, a California limited liability company, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Pacific Private Money Fund I LLC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Private Money Fund I LLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members
Pacific Private MoneyFund I LLC
Novato, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Private MoneyFund I LLC as of December 31, 2018 and 2017, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generallyaccepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedule - Loan Concentrations and Characteristics is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Pleasant Hill, California
October 23, 2019

Spiegel AccountancyCorp.
Certified Public Accountants

Pacific Private Money Fund I LLC
Balance Sheets

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 691,274	$ 797,435
Interest and Other Receivables	958,005	647,320
Real Estate Owned	395,218	-
Mortgage Loans Receivable, Net	29,642,557	24,903,617
Total Current Assets	31,687,054	26,348,372
Mortgage Loans Receivable, Net of Current Portion	14,776,505	10,461,590
Total Assets	$ 46,463,559	$ 36,809,962
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 468,329	$ 527,685
Subscriptions Payable	57,739	444,000
Distribution Payable	116,877	109,037
Notes Payable to Members	701,900	650,000
Line of Credit	1,500,000	1,260,000
Total Current Liabilities	2,844,845	2,990,722
Total Members' Equity	43,618,714	33,819,240
Total Liabilities and Members' Equity	$ 46,463,559	$ 36,809,962

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Statements of Income and Changes in Members' Equity

	Years Ended December 31,	
	2018	2017
Revenue:		
Mortgage Interest Income	$ 3,972,029	$ 2,950,978
Origination Fees	356,106	291,688
(Loss) Gain on Sale of Mortgage Loans	(34,732)	53,470
Other Income	14,772	24,594
Total Revenue	4,308,175	3,320,730
Operating Expenses:		
Loss on Sale of Real Estate Owned		-
Management Fees	1,069,924	863,713
Fund Administration	89,758	69,097
Interest Expense	69,173	36,475
Provision for Loan Losses	15,671	36,179
Bank Charges	3,801	6,728
Legal and Accounting	41,410	37,200
Software	6,591	-
Miscellaneous Fees	917	288
Total Operating Expenses	1,297,245	1,049,680
Income before Income Taxes	3,010,930	2,271,050
Provision for Income Taxes	9,346	17,420
Net Income	3,001,584	2,253,630
Members' Equity - Beginning of Year	33,819,240	22,413,732
Members' Contributions and Reinvestments	13,401,724	14,702,718
Members' Withdrawals and Distributions	(6,603,834)	(5,550,840)
Members' Equity - End of Year	$ 43,618,714	$ 33,819,240

See Notes to Financial Statements

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Pacific Private Money Fund I LLC
Statements of Cash Flows

	Years Ended December 31,	
	2018	2017
Cash Flows From Operating Activities:		
Net Income	$ 3,001,584	$ 2,253,630
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:		
Provision for Loan Losses	15,672	36,179
Loss (Gain) on Sale of Real Estate Owned	34,732	(53,470)
Decrease (Increase) in Operating Assets:		
Interest and Other Receivables	(355,322)	(31,854)
Issuance of Mortgage Loans Receivable	(36,347,458)	(23,846,049)
Collections on Mortgage Loans Receivable	26,889,931	10,742,437
Increase in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(59,356)	137,883
Net Cash Used by Operating Activities	(6,820,217)	(10,761,244)
Cash Flows From Investing Activities:		
Improvements to Real Estate Owned	(285,313)	(28,934)
Proceeds from Sale of Real Estate Owned	288,000	565,632
Net Cash Used by Investing Activities	2,687	536,698
Cash Flows From Financing Activities:		
Proceeds from Contributions, Subscriptions and Members' Notes	11,411,560	14,084,881
Members' Withdrawals and Distributions	(4,940,191)	(5,516,368)
Proceeds from Line of Credit	240,000	1,260,000
Net Cash Provided by Financing Activities	6,711,369	9,828,513
Net Decrease in Cash	(106,161)	(396,033)
Cash - Beginning of Year	797,435	1,193,468
Cash - End of Year	$ 691,274	$ 797,435

See Notes to Financial Statements

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NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Pacific Private Money Fund I LLC (the "Fund") operates under the California Revised Uniform Limited Liability Act (the "Act") to conduct any lawful business for which a limited liability company may be organized under the Act. This may include using the Fund's proceeds raised from the offering for the purpose of originating mortgage loans to the general public and acquiring existing mortgage loans secured by deeds of trust on real estate throughout the United States, primarily in California. The Fund is licensed by the California Department of Business Oversight, the California Department of Real Estate and is registered with the Nationwide Mortgage Licensing System.

General Fund Provisions

The rights, duties and powers of the Members, as defined in the operating agreement, of the Fund, are governed by the operating agreement. The description of the Fund's operating agreement contained in these financial statements provides only general information. Members should refer to the Fund's operating agreement and offering circular for a more complete description of the provisions.

The Fund is managed by a California limited liability company, Private Money Management Group LLC (the "Manager"). The Manager is in control of the Fund business, subject to the voting rights of the Members on specified matters. The Manager acting alone has the power and authority to act for and bind the Fund. The Manager may be removed by the written consent of Members representing 80.00% of the outstanding Membership interests, as defined in the operating agreement, of the Fund.

Members representing 80.00% of the outstanding Fund Membership interest may take the following actions: (i) dissolve or terminate the Fund or (ii) amend certain provisions of the Fund operating agreement.

Term of the Fund

The Fund's operating plan is to continue to seek investors and use those proceeds to fund suitable loans consistent with the Fund's lending criteria. The Fund will continue to operate indefinitely.

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NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Preferred Return

Members will receive a noncumulative annual preferred return of 7.00% of the Members' capital account and an allocation of 50.00% of profits in excess of the preferred return for each month.

Profits and Losses

The profits and losses of the Fund are allocated to the Members in proportion to their respective percentage interests until the Members receive the 7.00% preferred return. The Manager is required to allocate to the Members 50.00% of all profits realized by the Fund during the month in excess of the preferred return as of the close of business on the last day of each month.

Distributions

Distributions will be made monthly based on the cash available. Cash available for distribution to Members is 50.00% of the net income during the month, using the accrual method of accounting, after having paid the 7.00% preferred return.

Reinvestments

Members may elect to reinvest their distributions.

Redemptions

Fund Members are required to hold their Membership units, as defined in the operating agreement, for a minimum of 24 months before they can request redemption, subject to a 2.00% to 5.00% penalty. The Fund will not establish a reserve from which to fund redemptions and, accordingly, the Fund's capacity to return a Member's capital account is restricted by the availability of the Fund's cash flow.

Liquidity

There is no public market for units of the Fund and none are expected to develop in the foreseeable future. There are substantial restrictions on transferability of Membership interests. Any transferee must be a person with the same qualifications as the original Member, and a transferee may not become a substituted Member without the consent of the Manager.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The Fund's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These require the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Although the Fund uses its best estimates and judgments, actual results could differ from these estimates as future confirming events occur.

Mortgage Loans Receivable

Mortgage loans receivable are recorded at their outstanding unpaid principal balance with interest thereon being accrued as earned. The Fund loans will have varying terms at the discretion of the Manager. Most Fund loans will generally have a term between 6 months to 3 years and will provide for monthly payments of principal and/or interest, with some Fund loans providing for interest only with a "balloon payment" at the end of the term. The Fund will not recognize interest income on loans once they are determined to be impaired until the interest is collected in cash. A loan is impaired when, based on current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the underlying collateral.

Allowance for Loan Losses

The allowance for loan losses is established when losses are estimated to have occurred through a provision for loan loss that is charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to income. The allowance for loan losses is evaluated on a regular basis by management and is based on the collectability of the loans in light of historical experience, the types and dollar amounts of loans in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. At December 31, 2018 and 2017, the allowance for loan losses consists of general reserves not related to impairment of a specific loan.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Owned

Real estate owned includes real estate acquired in full or partial settlement of loan obligations plus capitalized construction and other development costs incurred while preparing the real estate for sale. When property is acquired, it is recorded at fair value. Any excess of the Fund's carrying value of the loan over the fair market value of the property, less estimated costs to sell it, is charged against the allowance for loan losses. Following foreclosure, valuations are periodically performed with any subsequent write-downs recorded as a separate valuation allowance against real estate owned and charged to other operating expenses. Subsequent increases to the real estate owned are only allowed to the extent of the original cost basis, which is equal to the fair value of the property at the time of foreclosure. The maintenance of the real estate owned, including expenses associated with the property's disposition, is expensed as incurred. Gains or losses on dispositions are recorded in other operating income or expense. Recognition of gains on the sale of real estate is dependent upon the transaction meeting certain criteria related to the nature the property and terms of the sale and potential financing.

Subscriptions Payable and Notes Payable to Members

Proceeds for investor contributions received by the Fund are deposited into a subscription cash account and a subscription payable is established. Once an investment has been made, the funds are transferred to the operating account and the subscription payable is transferred to notes payable to Members until the first day of the calendar month immediately following the deposit date when notes are converted to capital contributions. The Manager pays annualized interest of 7.00% on these notes payable to Members. As soon after the first day of calendar month ("Effective Date") as is practicable, the Fund shall issue units to the investor at the prevailing unit price for any and all amounts transferred into the operating account since the date the investor's funds were initially contributed ("Deposit Date").

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The Fund determines the fair values of its assets and liabilities based on a fair value hierarchy that includes 3 levels of inputs that may be used to measure fair value

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The 3 levels are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Fund's own assumptions about the inferences that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Fund's own data.

Valuation Process and Techniques

The Fund has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models by the personnel who are independent of the executive management, and periodic reassessments of models to ensure that they are continuing to perform as designed.

While the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the year ended December 31, 2018, there were no changes to the valuation techniques that had, or are expected to have, a material impact on Fund's financial position or results of operations.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Valuation Process and Techniques (Continued)

The following specified methods and assumptions were used to estimate the fair value of the following asset groups:

> Non-performing and impaired mortgage loans are reported at the net realizable value of the collateral based on an observable market price or a current appraised value, and these loans are classified as Level 2. If an appraised value is not available or there is no observable market price, the Fund reports the loan as Level 3. There are no loans classified as Level 2 or 3.

At December 31, 2018 and 2017, there were no non-recurring assets or liabilities recorded at fair value.

Due to their short term nature, the carrying values of cash, interest and other receivables, accounts payable and accrued expenses, subscriptions payable, distributions payable, notes payable to Members and business line of credit approximate their fair values at December 31, 2018 and 2017.

No non-recurring assets or liabilities were measured at fair value at December 31, 2018 and 2017.

Revenue Recognition

Interest is recognized on performing loans according to the contractual terms of the loan agreement.

Mortgage origination fee income is deferred and recognized over the term of the underlying loan.

Income Taxes

The Fund, with the consent of its Members, has elected to be treated as a partnership under the Internal Revenue Code and a similar section of the state code. The Members of a partnership are taxed on their proportionate shares of the Fund's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The Fund is, however, required to pay an $800 minimum state franchise tax and the LLC gross receipt fees.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Fund has evaluated its current tax positions and has concluded that as of December 31, 2018 and 2017, it does not have any significant uncertain tax positions for which a reserve would be necessary.

The Fund's income tax returns are subject to review and examination by federal, state and local governmental authorities. As of December 31, 2018 and 2017, there are 3 years open to examination by the Internal Revenue Service, state and local governmental authorities. To the extent penalties and interest are incurred through the examinations, they would be included in the income tax expense section of the statements of income and changes in member's equity. For the years ended December 31, 2018 and 2017, there were no tax penalties or interest incurred.

Recently Issued Accounting Pronouncements

Accounting Standard Issued but Not Yet Adopted

Credit Losses - In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13 *Financial Instruments - Credit Losses (Topic 326).* Prior to this pronouncement, generally accepted accounting principles required use of the incurred loss method for recognizing credit losses in the reserve. The incurred loss method recognizes a credit loss when it is probable that a loss has been incurred. The new guidance replaces the incurred loss method with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The effective date of this ASU was delayed by ASU 2018-19 *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* until interim and annual periods beginning after December 15, 2021, with early adoption allowed one year earlier. Management is in the process of evaluating this guidance, but does not believe it will have a significant impact on the financial statements of the Fund.

Fair Value Measurement – In August 2018, the FASB issued ASU 2018-13 *Disclosure Framework (Topic 820) – Changes to the Disclosure Requirements for Fair Value Measurement.* This guidance removes or modifies various disclosures relating to the activity or reconciliations of Level 1, 2 and 3 fair value measurements. It is effective for interim and annual periods beginning after December 15, 2019. Management is in the process of evaluating this guidance, but does not believe it will have a significant impact on the financial statements of the Fund.

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NOTE 3 - CASH CONCENTRATION

The Fund maintains funds in financial institutions that are members of the Federal Deposit Insurance Corporation. As such, funds are insured based on Federal Reserve limits. The Fund has not experienced any losses in the past, and Fund management believes it is not exposed to any significant credit risk on the current account balances. At times, cash balances may exceed insured amounts.

NOTE 4 - MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable consist of the following as of December 31,

	2018	2017
Mortgage loans receivable consists of notes to individuals, secured by deeds of trust, bearing interest at various rates ranging from 8.50% to 14.50% per annum, partially or fully amortized. These notes have original maturity dates ranging through March 1, 2048.	$ 44,493,711	$ 35,424,184
Less: Allowance for Loan Losses	(74,649)	(58,977)
Mortgage Loans Receivable, Net of Allowance for Loan Losses	44,419,062	35,365,207
Current Portion of Mortgage Loans Receivable	(29,642,557)	(24,903,617)
Mortgage Loans Receivable, Net	$ 14,776,505	$ 10,461,590

At December 31, 2018, the Fund had $6,638,299 in mortgage loans receivable with outstanding interest of $403,210 where the respective borrowers had not made interest payments in 90 or more days. Subsequent to year December 31, 2018, these 13 loans have the following dispositions: $559,289 (2 loans) was paid off; $242,000 (1 loan) went into foreclosure; $1,253,125 (2 loans) were issued notices of default; and $4,583,885 (8 loans) are in the process of modification.

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NOTE 5 - REAL ESTATE OWNED

At December 31, 2018, the Fund owned 1 property acquired through foreclosure. The Fund's real estate owned activity is as follows for the years ended December 31:

	2018	2017
Beginning Balance	$ -	$ 483,228
Value of Real Estate Acquired through Foreclosure	432,637	-
Improvement Cost	285,313	28,934
Proceeds from Sale of Real Estate Owned	(288,000)	(565,632)
Sale of Real Estate Owned	(34,732)	-
Ending Balance	$ 395,218	$ -

The December 31, 2017 financial statements has a revision to the statement of cash flows to comprehensively reflect real estate owned improvement costs and proceeds from the sale of real estate owned, which increases cash from investing activities by a net amount of $536,698.

NOTE 6 - LINE OF CREDIT

The Fund entered into a revolving business line of credit on November 6, 2017 which provided for a maximum borrowing limit of $2,000,000. The line of credit bore interest at a rate equal to 2.00% above prime and was guaranteed by 2 parties related to the Fund. The line of credit was paid off in March 2019 and is now closed.

NOTE 7 - RELATED PARTY TRANSACTIONS

Loan Fees Receivable

At December 31, 2018 and 2017, the Fund has loan fees receivable of $178,450 and $88,121, respectively. The fees are due from a related entity and are included in interest and other receivables on the accompanying balance sheet.

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NOTE 7 - RELATED PARTY TRANSACTIONS (CONTINUED)

Mortgage Loans Receivable

At December 31, 2018 and 2017, the Fund had a mortgage loan receivable of $305,000 from a related entity. The mortgage loan was issued to the related entity upon foreclosure and transfer of a real estate property. The mortgage loan is secured by a deed of trust, bears interest at 11.00% per annum, is interest only, and will be paid in full upon sale of the associated real estate. Any gain recognized upon the sale will be income of the Fund. No impairment is associated with this mortgage loan.

Manager Equity Investment in Fund

As of December 31, 2018 and 2017, 3 related parties collectively held equity investments of $64,585 and $311,283, respectively, in the Fund. These related parties consist of Members of the Fund, immediate family members of the Manager, a service provider and other related entities. Related party Members receive no priority over non-related party Members. Distributions paid to these related parties for the years ended December 31, 2018 and 2017 amounted to $14,285 and $9,624, respectively. At December 31, 2018 and 2017, there were no distributions payable to these related parties.

Late Fees

The Manager is entitled to 100.00% of all late fees collected from borrowers. These fees are paid by the borrowers directly to the Manager and are not expenses of the Fund.

Management Fees

The Manager is entitled to receive management fees of 2.00% per annum on the total assets under management and is paid compensation of 50.00% of the remainder of excess profit after the preferred return is paid. The management fees are accrued daily and payable monthly to the Manager. Fees earned by the Manager amounted to $1,069,924 and $863,713 for the years ended December 31, 2018 and 2017, respectively.

Origination Fees

In connection with the origination of Fund loans, origination fees are charged to the borrowers. Loan origination fees consist of points, loan processing fees, underwriting fees, document preparation fees, escrow fees, disbursement fees, warehouse fees, administration fees and other similar charges. The Fund and Manager each receive 50% of the origination fees. For the years ended December 31, 2018 and 2017, the Fund earned loan origination fees of $356,106 and $291,688, respectively.

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NOTE 7 - RELATED PARTY TRANSACTIONS (CONTINUED)

Accounts Payable

At December 31, 2018 and 2017, the Fund owes $101,161 and $92,676, respectively, to the Manager related to the aforementioned services, which is included in accounts payable and accrued expenses on the accompanying balance sheets.

NOTE 8 - REGULATORY REQUIREMENTS

Securities Laws

In offering the units of Membership interest, the Fund is subject to applicable federal and state securities laws. On the federal level, the Membership interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933 (the "Act"), as amended, in reliance upon the exemptions provided for under Section 3(a)(11) and Rule 147 of the Act. On the state level, the Fund is offering the units of Membership interest pursuant to a permit issued by the State of California Department of Business Oversight. The license is renewable annually.

Membership interest may not be sold or otherwise transferred without registration under the Securities Act or pursuant to an exemption from the Securities Act. The Fund must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual. Members are prohibited from transferring any part of their Membership interest to out-of-state transferees without the prior written consent of the Commissioner of Business Oversight of the State of California.

Restrictions on Investments from Retirement Assets

The Department of Labor ("DOL") plan asset regulations define what constitutes plan assets of benefit plan investors, which include employee benefit plans governed by the Employee Retirement Income Security Act ("ERISA") and Individual Retirement Accounts and other plans covered by Section 4975 of the Internal Revenue Code ("IRS Section 4975"). As a general rule, the plan asset regulations provide that when a benefit plan investor purchases an equity interest in a non-public fund in which the equity participation by all benefit plan investors combined does not exceed 25%, the equity interest in the fund will not be treated as the plan's assets.

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NOTE 8 - REGULATORY REQUIREMENTS (CONTINUED)

Restrictions on Investments from Retirement Assets (Continued)

For funds exceeding the 25% limit, the underlying assets of the fund are deemed plan assets for purposes of ERISA and IRS Section 4975. As a result, the Fund Manager's activities would be subject to the general fiduciary requirements of Section 404 of ERISA, Fund activities would be subject to the prohibited transaction rules ERISA and IRS Section 4975, as well as other potential consequences.

At December 31, 2018 and 2017, the cumulative equity participation of benefit plan investors in the Fund exceeded the 25% threshold. Management is taking steps to remediate the matter.

NOTE 9 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During the Year for:

	2018	2017
Income Taxes	$ 6,926	$ 7,100
Interest	$ 55,450	$ 39,870

Non-Cash Investing and Financing Activities:

	2018	2017
Mortgage Loans and Interest Receivable Converted to Real Estate Owned	$ 432,637	$ -

NOTE 10 - SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through October 23, 2019, the date the financial statements were available to be issued, noting no items requiring disclosure.

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Supplementary Schedule

Pacific Private Money Fund I LLC
Supplementary Schedule - Loan Concentrations and Characteristics

The loans are secured by recorded deeds of trust. Outstanding loan characteristics are as follows at December 31:

	2018	2017
Number of Secured Loans Outstanding	91	54
Total Secured Loans Outstanding	$ 44,493,711	$ 35,424,184
Average Secured Loan Outstanding	$ 488,942	$ 656,003
Average Secured Loan as Percent of Total Secured Loans	1.10	1.85
Average Secured Loan as Percent of Members' Equity	1.12	1.94
Largest Secured Loan Outstanding	$ 4,700,000	$ 2,350,000
Largest Secured Loan as Percent of Total Secured Loans	10.56	6.63
Largest Secured Loan as Percent of Members' Equity	10.78	6.95
Number of Counties where Loans are Located	31	32
Largest Percentage of Loans in One County	31	20

The following categories of secured loans were held at December 31:

First Trust Deeds	$ 34,905,059	$ 26,178,340
Second Trust Deeds	9,267,817	7,323,473
Third Trust Deeds	320,835	1,922,371
	$ 44,493,711	$ 35,424,184

The following categories of secured loans were held at December 31:

Single-Family	$ 31,415,200	24,811,705
Multi-Family	1,553,125	1,180,000
Commercial	9,873,386	3,169,574
Land	1,652,000	6,262,905
	$ 44,493,711	$ 35,424,184

See Notes to Financial Statements

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Delaware

The First State

I, CHARUNI PATIBANDA-SANCHEZ, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CANCELLATION OF "PACIFIC OPPORTUNITY FUND REIT I LLC", FILED IN THIS OFFICE ON THE TWENTY-SIXTH DAY OF MARCH, A.D. 2025, AT 6 O`CLOCK P.M.

C. B. Sanchez

Charuni Patibanda-Sanchez, Secretary of State

7527612 8100
SR# 20251249516

Authentication: 203304900
Date: 03-28-25

You may verify this certificate online at corp.delaware.gov/authver.shtml

STATE OF DELAWARE
CERTIFICATE OF CANCELLATION
OF LIMITED LIABILITY COMPANY

The undersigned authorized person, desiring to cancel the limited liability company pursuant to Section 18-203 of the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the limited liability company is Pacific Opportunity Fund REIT I LLC.

2. The Certificate of Formation of the limited liability company was filed on June 21, 2023.

By: _____
Authorized Person

Name: Mark Hanf
Print or Type

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:00 PM 03/26/2025
FILED 06:00 PM 03/26/2025
SR 20251249516 - File Number 7527012

JOINDER AGREEMENT

This Joinder to the Master Interfund Lending Agreement, dated as of January 1, 2023, as may be amended or restated from time to time, by and among Pacific Private Money Fund I LLC, a Delaware limited liability company ("Fund 12"), The North Star Capital Fund LLC, a California limited liability company ("Fund 22"), Pacific SW Note Fund LLC, a Delaware limited liability company ("Fund 32"), Pacific Freedom Fund LLC, a California limited liability company ("Fund 52"), PMC Fund One LLC, a California limited liability company ("Fund 42") and Pacific Lending Partners, LLC, a California limited liability company ("Fund 62", and together with Fund 12, Fund 22, Fund 32, Fund 42 and Fund 52, the "Funds") (the "Agreement"), is made and entered into as of April 1, 2025, by and between the Funds and Arrival Home Loans, LLC, a California limited liability company ("AHL") as parties to this Joinder hereby agree as follows:

1. Agreement to be Bound. AHL hereby (i) acknowledges that it has received and reviewed a complete copy of the Agreement, (ii) agrees that upon execution of this Joinder, AHL shall become a party to the Agreement as a Borrower thereunder (but not as a Lender thereunder) and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement as though an original party thereto. From and after the date hereof, the Funds agree that AHL shall be a party to the Agreement as a Borrower.

2. Governing Law. This Agreement and the rights of the parties hereunder shall be interpreted in accordance with the laws of the state of California, and all rights and remedies shall be governed by such laws without regard to principles of conflicts of laws.

3. Counterpart. This Joinder may be executed in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

4. Descriptive Heading. The descriptive headings of this Joinder are inserted for convenience only and do not constitute a part of this Joinder.

IN WITNESS WHEREOF, the parties hereto have executed this Joinder to the Master Interfund Lending Agreement, as of the date set forth in the introductory paragraph hereof.

FUNDS

Pacific Private Money Fund I LLC

By: _____
Name: Mark Hanf
Title:

The North Star Capital Fund LLC

By: _____
Name: Mark Hanf
Title:

Pacific SW Note Fund LLC

By: _____
Name: Mark Hanf
Title:

Pacific Freedom Fund LLC

By: _____
Name: Mark Hanf
Title

Pacific Lending Partners, LLC

By: _____
Name: Mark Hanf
Title:

PMC Fund One LLC

By: _____
Name: Mark Hanf
Title:

ARRIVAL HOME LOANS, LLC,
a Delaware limited liability company

By: _____
Name: Mark D. Hanf, Manager

MASTER INTERFUND LENDING AGREEMENT

This Master Interfund Lending Agreement (the "Master Agreement"), dated as of January 1, 2023 (the "Execution Date"), is by and among Pacific Private Money Fund LLC, a [Delaware] limited liability company, ("Fund 12"), North Star Capital Fund LLC, a California limited liability company, ("Fund 22"), Pacific SW Note Fund LLC, a Delaware limited liability company, ("Fund 32"), Pacific Freedom Fund, a California limited liability company ("Fund 52"), PMC Fund One, LLC, a California limited liability company ("Fund 42") and Pacific Lending Partners LLC, a California limited liability company ("Fund 62", and together Fund 22, Fund 32 and Fund 52, the "Funds" or individually, a "Fund"). This Master Agreement is effective and is deemed effective as of [date first loan made in the past] (the "Effective Date").

WHEREAS, each of the Funds is managed by an entity in which Pacific Private Money Group LLC, a [] limited liability company ("PPMG") is the partial or sole owner (such entity wholly or partially owned by PPMG, a "PPMG Manager");

WHEREAS, each Fund is managed by a specific PPMG Manager as set forth in Exhibit A hereto;

WHEREAS, PPMG directly or indirectly earns fees from the Funds as of result of the management of such Funds by the PPMG Managers as (the "PPMG Fees");

WHEREAS, the PPMG Fees are as set forth in the operating agreements and private placement memorandums for such Funds;

WHEREAS, the Funds wish to loan cash to each other (a "Loan") or receive a Loan from other Funds (a) on arms-length, market terms and (b) only to the extent a Fund (as lender hereunder) has excess liquidity or (as borrower hereunder) requires additional liquidity in the ordinary course of business;

WHEREAS, the Loans set forth herein are not intended to represent and do not represent a significant percentage of any Fund's assets under management (whether as borrower or lender hereunder) as further specified herein;

WHEREAS, the Funds listed on Exhibit B hereto (as amended from time to time) are permitted to borrow cash in the ordinary course of business only (each such borrowing Fund is hereinafter referred to as a "Borrower");

WHEREAS, the Funds listed on Schedule B hereto (as amended from time to time) are permitted to lend cash to one or more Borrowers from time to time on the terms set forth below and in accordance with the terms and conditions set forth herein (each such lending Fund is hereinafter referred to as a "Lender");

WHEREAS, in order to disclose (x) the possibility of a Borrower borrowing a Loan from a Lender or a Lender lending a Loan hereunder to a Borrower and (y) the fact that PPMG earns PPMG Fees from each Lender and Borrower, each Fund has sought and received approval from its members to enter into inter-fund lending in the form of an amendment to the operating agreement for such Funds.

NOW THEREFORE, the parties hereto agree as follows:

1. Definitions. As used herein, the following terms shall have meanings assigned to them below:

"Borrower Maximum Amount" has the meaning specified in Section 2 hereof.

"Business Day" means a day on which the New York Stock Exchange is open for the purpose of transacting business.

"Credit Arrangements" means the credit arrangements that a Fund may have for borrowing for any purpose, including, but not limited to, borrowings from banks and other institutional lenders.

"Interest Rate" means, for each date on which interest accrues hereunder, an arms-length, market rate of interest equal to the weighted average cash distributions rate (annualized) that the Lender fund makes in any month to its members on the corpus invested by such members into the Lender. For the avoidance of doubt, (a) the Interest Rate for one Loan hereunder does not need to equal the Interest Rate for another Loan hereunder and (b) the weighting in the immediately preceding sentence (i) means taking into account that marginal distribution rates to members of the Lender vary as distributions increase and (ii) measures all returns on capital to members of the

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Lender on a weighted average basis for all such distributions or alternatively the rate as decided by the management company for the fund.

"Interfund Lending Procedures" means the procedures set forth in this Master Agreement.

"Loan" has the meaning specified in the Recitals herein.

"Obligations" means all of the obligations (whether direct or indirect, absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising) of a Borrower to a Lender hereunder.

2. Interfund Lending Program.

2.1 Borrower Restrictions. Subject to the terms and conditions of this Master Agreement, each Lender may from time to time in its discretion loan its available cash to any Borrower. Such loan is referred to herein as a Loan. Each Loan shall be made for a term no longer than the least of (a) the maximum term on any outstanding loan or advance to the Borrower under its Credit Arrangements; (b) 1 to 3 years or (c) the maximum term on which the Loan would be made from a third-party lender unaffiliated with PPMG or the Borrower on arms-length, market terms, as reasonably determined by the PPM Manager(s) managing the Borrower and Lender. The maximum principal amount of all Loans owed by a Borrower outstanding at any time shall not exceed the Borrower Maximum Amount the Borrower is permitted to borrow at such time under:

(a) applicable laws and regulations;

(b) the provisions of Section 5.2 hereof;

(c) limitations on borrowing adopted by the Borrower in the Borrower's operating agreement;

As used herein, the term "Borrower Maximum Amount" means the lesser of (x) the maximum amount the Borrower is permitted to borrow in accordance with the provisions of the Borrower's operating agreement (including its private placement memorandum to the extent incorporated into the terms of such operating agreement) or (y) [y%] of the assets under management of the Borrower at any measurement time.

2.2. Lender Restrictions. The maximum principal amount of all Loans lent by a Lender outstanding for a Lender at any time shall not exceed the Lender Maximum Amount the Lender is permitted to loan at such time under:

(a) applicable laws and regulations;

(b) the provisions of Section 5.2 hereof;

(c) limitations on lending adopted by the Lender in the Lender's operating agreement;

As used herein, the term "Lender Maximum Amount" means the lesser of (x) the maximum amount the Lender is permitted to loan in accordance with the provisions of the Lender's operating agreement (including its private placement memorandum to the extent incorporated into the terms of such operating agreement) or (y) [y%] of the assets under management of the Lender at any measurement time.

3. Loan Requirements.

3.1 Procedural Requirements. All Loans shall be requested and funded in accordance with the Interfund Lending Procedures.

3.1.1 Borrowing and Lending Instructions. [Borrowing is made at the desecration of the management company for the most efficient allocation of funds.

3.1.2 Funding the Loans. The proceeds of each Loan made by the Lender to the Borrower shall be wired (or transferred if Borrower and Lender have the same bank) at the Borrower's expense in accordance with the wiring instructions for each Fund, as in effect from time to time, to an account maintained on the Borrower's behalf by the Borrower's bank.

3.1.3 Obligations Arising from Loan. Each Loan made by the Lender to Borrower shall:

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(a) obligate the Borrower to borrow the principal amount of the Loan at the Interest Rate applicable thereto for the term thereof solely for use by the Borrower;

(b) be an unsecured credit obligation of the Borrower;

(c) constitute a representation and warranty by the Borrower to the Lender that

(i) the Loan requested thereby

(A) is permitted under the Borrower's most recent operating agreement,

(B) will not, when made, cause the aggregate indebtedness of the Borrower to exceed the Borrower Maximum Amount then in effect, and

(C) will be used by the Borrower only in accordance with Section 3.7 hereof; and

(D) will not cause the Borrower to exceed any cumulative debt from all lenders (whether a Fund or not) restrictions in the Borrower's most recent operating agreement and private placement memorandum.

(ii) all of the representations and warranties of the Borrower contained in Section 4 hereof are true and correct as of the date of such Loan as though made on and as of such date; and

(iii) all materials facts about the Borrower's intended participation in the inter-Fund lending program set forth herein are fully disclosed in the Borrower's operating agreement and private placement memorandum (each as amended).

(d) constitute a representation and warranty by the Lender to the Borrower that the Loan thereby

(i) is permitted under the Lender's most recent operating agreement;

(ii) all of the representations and warranties of the Lender contained in Section 4 hereof are true and correct as of the date of such Loan as though made on and as of such date; and

(iii) all materials facts about the Lender's intended participation in the inter-Fund lending program set forth herein are fully disclosed in the Lender's operating agreement and private placement memorandum (each as amended).

3.2 Repayment of Loans. The principal amount of each Loan shall be repaid by the Borrower from the assets of the Borrower on the expiration of the term of the Loan. Each Loan is an unsecured loan taken by the Borrower.

3.3 Interest. The outstanding principal amount of each Loan shall bear interest until maturity at the Interest Rate. Interest accrued on each Loan shall be paid by the Borrower upon the earlier of (a) mutually agreed times, or (b) the maturity of such Loan. Amounts overdue hereunder (including, without limitation, overdue principal, and, to the extent permitted by law, overdue interest, fees, charges and expenses) shall bear interest until paid at an annual rate equal to the sum of (i) the Interest Rate applicable to such Loan prior to its maturity and (ii) such additional amount not to exceed 3%.

3.4 Prepayments. Loans may be prepaid in whole or in part prior to the date on which such Loan is due and payable without premium or penalty.

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3.5 Loan Records Accounts. Each Borrower and Lender shall treat each Loan for accounting purposes as a loan under the accounting principles in use by such Fund.

3.6 Computations. All computations hereunder shall be computed on the basis of the actual number of days elapsed and a 360-day year.

3.7 Use of Proceeds. The proceeds of each Loan made hereunder with respect to any Fund shall be used only by such Fund in accordance with its operating agreement and private placement memorandum (each as amended) all in the ordinary course of business, as reasonably determined by the PPMG Manager for such Borrower.

3.8 Termination of Participation in the Interfund Lending Program. Each Lender and each Borrower may terminate its participation in this Master Agreement at any time at the election of such Lender or Borrower, as the case may be, provided that on or before the date of any termination the relevant Lender or Borrower has no Loans outstanding.

3.9 Recourse to Assets. Loans made to any Borrower shall be repaid solely from the assets of such Borrower, and a Lender shall have no right of recourse or offset against the assets of any other Fund with respect to such Loans or any default in respect thereto. Each Lender's liability under this Master Agreement with respect to a Loan shall be solely limited to the Lender's assets (on an unsecured basis) and each Borrower hereby waives any and all rights it may have against any other Funds with respect to such Loan or any default by Lender with respect thereto.

3.10 Records and Reports. Each Fund will maintain and preserve for a period of not less than ten (10) years from the end of the fiscal year in which any transaction under this Master Agreement has occurred, the first two (2) years in an easily accessible place, written records of all Loans to which it was a party setting forth: (i) a description of the terms of the transaction, including the amount, the maturity, and the rate of interest on the Loan and (ii) the rate of interest available at the time on commercial bank borrowings.

4. Representations and Warranties

In addition to the representations and warranties arising in connection with a Loan pursuant to Section 3.1.4(b) and (c), each Borrower represents and warrants to each Lender and each Lender represents and warrants to each Borrower that:

> (a) it is duly organized and validly existing under the laws of its jurisdiction of organization and is qualified to do business in every other jurisdiction where lack of such qualification would have a material adverse effect on its business, assets or condition (financial or otherwise);
>
> (c) the execution, delivery and performance of this Master Agreement
>
> > (i) are within its power,
> >
> > (ii) have been duly authorized by all necessary action, and
> >
> > (iii) will not
> >
> > > (A) contribute to or result in a breach of or default under or conflict with any existing law, order, regulation or ruling of any governmental or regulatory agency or authority, any order, writ, injunction or ruling of any court or other tribunal, or any indenture, lease agreement, instrument or other undertaking to which it is a party or by which it is or its property or assets may be bound or affected, or
> >
> > > (B) result in the imposition of any liens or encumbrances on any property or assets of a Fund, or
> >
> > > (C) require any additional approval or consent of, or filing with, shareholders of such Fund or any governmental or regulatory agency or authority bearing on the validity of any borrowing pursuant to this Master Agreement, or

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(D) violate any of its investment policies and limitations, or any provision of its most recent operating agreement and private placement memorandum (each as amended).

(d) this Master Agreement is a legally valid and binding obligation on itself, enforceable against itself in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or limiting the rights of creditors generally;

(e) it is not in material violation of any material term of its most recent operating agreement or private placement memorandum (each as amended) or of any investment, borrowing or other similar type of policy or restriction to which it is subject, or of any material term of any material agreement or instrument to which it is a party, or, to the best of its knowledge, of any judgment, decree, order, statute, rule or governmental regulation applicable to it; and

(f) the terms of the Loan are on arms-length, market terms to its knowledge.

5. Covenants

5.1 Covenants in Effect Until Termination of Master Agreement. Until all of the obligations have been performed in full and its participation in the inter-Fund lending program set forth herein has been terminated as provided herein, each Borrower covenants it will:

(a) maintain its legal existence and business; provided, however, that nothing contained in this Section 5.1(a) shall prohibit the merger or consolidation of any Borrower with or into another person upon written notice thereof to the Lenders under any Loans then outstanding, subject to the requirement that the surviving entity (if not previously a Borrower) be admitted as such in accordance with this Master Agreement, and subject to the further requirement that the surviving entity assumes all of the obligations of such Borrower under this Master Agreement, including, without limitation, the obligations of such Borrower with respect to any Loans outstanding to such Borrower at the time of such merger or consolidation;

(b) file all federal and other tax returns, reports and declarations required by all relevant jurisdictions on or before the due dates for such returns, reports and declarations and will pay all taxes and other governmental assessments and charges as and when they become due;

(c) comply in all material respects with all of its investment policies and restrictions and all applicable statutes, rules, regulations and orders of, and all applicable restrictions imposed by, all governmental authorities in respect of the conduct of its business and the ownership of its assets; provided that such Borrower shall not be required by reason of this section to comply therewith at any time while such Borrower shall be contesting its obligations to do so in good faith by appropriate proceedings promptly initiated and diligently conducted;

(d) promptly notify the Lender of any material change in its agreements with governmental authorities or regulators or its investment policies or restrictions or of any Credit Arrangements or modifications thereof, each to the extent such material change is relevant to this Agreement; and

(e) upon request from the Lender from time to time, furnish to the Lender at reasonable times and intervals any information with respect to its financial standing and history or its assets or business or prospects.

5.2 Covenants in Effect While Loans Are Outstanding.

Each Borrower, covenants that, so long as any principal of or interest on any Loan made to it is outstanding, it will:

(a) not borrow from Funds in excess of the Borrower Maximum Amount at any given time a Loan is outstanding;

(b) notify the Lender if it draws on its Credit Arrangements, borrows from other Lenders under the Master Agreement, or borrows from other parties; and

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(c) notify the Lender promptly of

(i) any material changes in its operating agreement or private placement memorandum (each as amended), or

(ii) the occurrence of any event which would make any of the representations and warranties contained herein, or in any document, instrument or certificate delivered in connection herewith, untrue or inaccurate in any material respect.

The Lender covenants that

(a) its Loans to all Funds will not exceed the Lender Maximum Amount applicable for such Lender, and

(b) its Loans to all Funds and any loans by the Lender to any PPMG Manager together will not exceed the Lender Maximum Amount applicable for such Lender.

6. Documents to be Delivered Prior to Initial Loan. The Borrower shall deliver to the Lender prior to the first Loan between the parties any documents as the Lender shall have requested in order to comply with applicable rules and regulations promulgated by governmental and regulatory authorities, if any.

7. Default

7.1 Events of Default. The occurrence of any one or more of the following events ("Events of Default") shall constitute an immediate Event of Default with respect to the Borrower:

(a) The Borrower shall fail to pay principal of, or interest on, any Loan as and when due, or the Borrower shall fail to perform any of its other obligations as set forth herein; or

(b) There shall be a default by the Borrower under any Credit Arrangement, whether such Credit Arrangement now exists or shall hereafter be created, which default extends beyond any period of grace provided with respect thereto and which default relates to

(i) the obligations to pay the principal of or interest on any such indebtedness under the Credit Arrangement, or

(ii) an obligation other than the obligation to pay the principal of or interest on any such indebtedness and the effect of such default is to cause, or to permit the lender under the Credit Arrangement to cause, with the giving of notice if required, such indebtedness to become due prior to its stated maturity; or

(c) Any representation or warranty made by the Borrower in Section 4 of this Master Agreement, or in connection with any Loan made to the Borrower, shall be incorrect in any material respect when made; or

(d) The Borrower shall generally not pay its debts as such debts become due (for the avoidance of doubt, this shall not include trades that fail to settle by no fault of the Borrower), or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any governmental or public authority shall take over possession or control of a substantial part of the Borrower's business; or any of the Borrower's assets shall become subject to attachment or other involuntary lien or levy; or any action or proceeding shall be commenced by the Borrower seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or debtors, seeking the entry of an order for relief of the appointment of a receiver, trustee, or similar official for it or for any substantial part of its property, or any such proceeding is commenced against it which results in the entry of an order for such relief or such proceeding is not dismissed or stayed for a period of sixty (60) days following such commencement; or

(e) An event of default occurs under any agreement evidencing an outstanding bank loan to the Borrower; provided that, in such circumstance, that event of default will automatically (without need

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for action or notice by the Lender) constitute an immediate event of default entitling the Lender to call the Loan (and exercise all rights with respect to any collateral) and that such a call will be deemed made if the lending bank exercises its right to call its loan under its agreement with the Borrower.

7.2 Remedies

7.2.1 Arbitration. In the event an Event of Default under Section 7.1(a) has occurred and not been cured within two (2) Business Days from the Loan's maturity or from the time the Lender makes a demand for payment (and none of the Events of Default specified in Section 7.1(d) has occurred), the Lender and the Borrower agree that such matter shall be submitted for binding arbitration to an independent arbitrator selected by the Lender and Borrower and (x) which is not owned by or controlled by whether directly or indirectly PPMG and (y) in which PPMG does not have any economic interest of any kind. Such independent arbitrator's decision shall be binding and conclusive between the Lender and the Borrower.

7.2.2 Other Rights and Remedies. If an Event of Default has occurred and has not been resolved pursuant to Section 7.2.1 herein, or any other Event of Default has occurred, then the Lender shall be entitled to exercise any and all rights and remedies available to it at law or in equity, including without limitation any rights and remedies that may be available to it as an unsecured creditor and, with respect to an Event of Default specified in Section 7.1(e) herein, any rights and remedies available to it under Section 7.1(e) herein, and the Borrower shall pay to the Lender all reasonable expenses and disbursements incurred by the Lender in connection with the enforcement of its rights and remedies under this Master Agreement including the reasonable fees and out-of-pocket expenses of counsel for the Lender with respect thereto.

8. Notice. Except as otherwise expressly provided herein, all notices hereunder to any party shall be in writing and shall be delivered in hand, mailed by United States registered or certified first-class mail, postage prepaid and addressed to such party to the attention of the person specified in the following sentence at the address set forth for such party below, or to such other person or address as such party may designate to the other party hereto by notice delivered in accordance with this Section 8. All notices to the Borrower shall be addressed to the Treasurer of the Borrower and all notices from the Borrower to the Lender shall be addressed to the Treasurer of the Lender.

9. Amendments. Neither this Master Agreement nor any provision hereof may be amended in any respect except by a statement in writing executed by all of the parties hereto (except as set forth herein).

10. Assignment. All of the terms of this Master Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns; provided, that the Borrower shall not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Lender (except as set forth herein).

11. Survival of Covenants, Representations and Warranties. All covenants, agreements, representations and warranties made herein or in any documents or other papers delivered by or on behalf of the Borrowers, or any of them, pursuant hereto shall be deemed to have been relied upon by the Lenders, regardless of any investigation made by or on behalf of the Lenders and shall survive the execution and delivery of this Master Agreement and the making by the Lenders of the Loans as herein contemplated and shall continue in full force and effect so long as any Loan, Obligation or any other amount due under this Master Agreement remains outstanding and unpaid or unsatisfied.

12. Section Headings. The descriptive section headings in this Master Agreement have been inserted for convenience of reference only and shall not be deemed to limit or otherwise affect the construction of any provision thereof or hereof.

13. Counterparts. This Master Agreement and the documents contemplated hereby may be executed simultaneously in any number of counterparts each of which when so executed and delivered shall be an original, but all of which shall together constitute but one and the same document.

14. Severability. If any of the provisions of this Master Agreement or any instrument delivered hereunder or the application thereof to any party hereto or to any person or circumstances is held invalid, the remainder of this Master Agreement or such instrument and the application thereof to any party hereto or to any other person or circumstances shall not be affected thereby.

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15. Governing Law. This Master Agreement shall be governed by, and construed in accordance with, the laws of Delaware, without giving effect to principles of conflicts of law.

16. Entire Agreement. This Master Agreement and the other documents contemplated hereby and executed in connection herewith express the entire understanding of the parties with respect to the transactions contemplated hereby.

17. Limitation of Liability. It is expressly agreed that the obligations of the Funds shall not be binding upon any of the managers, PPMG Managers, officers, agents or employees of the Funds or upon the owners of any of the Funds personally, but shall only bind the assets and property of the particular Fund. The execution and delivery of this Master Agreement have been authorized by the PPMG Manager of each Fund and this Master Agreement has been executed and delivered by an authorized officer of each Fund acting as such. Neither such authorization by such PPMG Manager nor such execution and delivery by such officer shall be deemed to have been made by any of them individually or to impose any liability on any of them personally.

18. No Liability of Other Series of a Fund. Notwithstanding any other provision of this Master Agreement, the parties agree that the assets and liabilities of each Fund are separate and distinct from the assets and liabilities of each other Fund and that no Fund shall be liable or shall be charged for any debt, obligation or liability of any other series, whether arising under this Master Agreement or otherwise.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each of the parties hereto has caused this Master Agreement to be duly executed as an instrument under seal by its duly authorized officer as of the date first written above.

ALL FUNDS LISTED ON EXHIBIT B OR EXHIBIT C

Pacific Private Money Fund LLC

By: _____

Name: Mark Hanf

Title: President

North Start Capital Fund LLC

By: _____

Name: Mark Hanf

Title: President

Pacific SW Note Fund LLC

By: _____

Name: Mark Hanf

Title: President

Pacific Freedom Fund LLC

By: _____

Name: Mark Hanf

Title: President

Pacific Lending Partners LLC

By: _____

Name: Mark Hanf

Title: President

PMC Fund One, LLC

By: _____

Name: Mark Hanf

Title: President

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EXHIBIT A – Table of PPMG Manager to Relevant Fund

Fund	PPMG Manager for Fund
Pacific Private Money Fund LLC	Private Money Management Group LLC
North Start Capital Fund LLC	North Star Capital Group LLC
Pacific SW Note Fund LLC	Pacific SW Management Group LLC
Pacific Freedom Fund LLC	Pacific Private Money Inc.
Pacific Lending Partners LLC	Powell Street Partners, LLC
PMC Fund One, LLC	Pacific Mortgage Capital, LLC

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EXHIBIT B – Borrowing Funds

Except as otherwise indicated below, for each Fund, the Master Agreement was effective as of the Effective Date.

Pacific Private Money Fund LLC, a [Delaware] limited liability company

North Star Capital Fund LLC, a California limited liability company

Pacific SW Note Fund LLC, a Delaware limited liability company

Pacific Freedom Fund, a California limited liability company

Pacific Lending Partners LLC, a California limited liability company

PMC Fund One, LLC, a California limited liability company

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EXHIBIT C – Lending Funds

Except as otherwise indicated below, for each Fund, the Master Agreement was effective as of the Effective Date.

Pacific Private Money Fund LLC, a [Delaware] limited liability company

North Star Capital Fund LLC, a California limited liability company

Pacific SW Note Fund LLC, a Delaware limited liability company

Pacific Freedom Fund, a California limited liability company

Pacific Lending Partners LLC, a California limited liability company

PMC Fund One, LLC, a California limited liability company

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Pacific Capital Funding Group Inc.
Minutes of the Annual Meeting of
the Board of Directors

A meeting of the Board of Directors of Pacific Capital Funding Group Inc. was held at 10:00 a.m. on March 15, 2022 at the following address:

1555 Grant Avenue
Novato, California 94945

The Secretary of Pacific Capital Funding Group Inc. called the roll and the following directors were present:

Mark Hanf

Nam Phan

all being directors of Pacific Capital Funding Group, Inc.

The Secretary then noted that a Notice of the time and place of the meeting had been sent to each of the Directors in accordance with the provisions set forth in the Bylaws of Pacific Capital Funding Group, Inc.

Mark Hanf, the Chairman, then outlined the purpose of the meeting was to discuss several items that had come to the attention of management, which the Chairman felt required Board consideration.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.

_____

Mark Hanf, Secretary

Pacific Capital Funding Group Inc.
Minutes of the Annual Meeting of
the Board of Directors

A meeting of the Board of Directors of Pacific Capital Funding Group Inc. was held at 10:00 a.m. on March 16, 2021 at the following address:

1555 Grant Avenue
Novato, California 94945

The Secretary of Pacific Capital Funding Group Inc. called the roll and the following directors were present:

Mark Hanf

Nam Phan

all being directors of Pacific Capital Funding Group, Inc.

The Secretary then noted that a Notice of the time and place of the meeting had been sent to each of the Directors in accordance with the provisions set forth in the Bylaws of Pacific Capital Funding Group, Inc.

Mark Hanf, the Chairman, then outlined the purpose of the meeting was to discuss several items that had come to the attention of management, which the Chairman felt required Board consideration.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.

_____

Mark Hanf, Secretary

Pacific Capital Funding Group Inc.
Minutes of the Annual Meeting of
the Board of Directors

A meeting of the Board of Directors of Pacific Capital Funding Group Inc. was held at 10:00 a.m. on March 19, 2024 at the following address:

1555 Grant Avenue
Novato, California 94945

The Secretary of Pacific Capital Funding Group Inc. called the roll and the following directors were present:

Mark Hanf

Nam Phan

all being directors of Pacific Capital Funding Group, Inc.

The Secretary then noted that a Notice of the time and place of the meeting had been sent to each of the Directors in accordance with the provisions set forth in the Bylaws of Pacific Capital Funding Group, Inc.

Mark Hanf, the Chairman, then outlined the purpose of the meeting was to discuss several items that had come to the attention of management, which the Chairman felt required Board consideration.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.

_____

Mark Hanf, Secretary

Pacific Capital Funding Group Inc.
Minutes of the Annual Meeting of
the Board of Directors

A meeting of the Board of Directors of Pacific Capital Funding Group Inc. was held at 10:00 a.m. on March 21, 2023 at the following address:

1555 Grant Avenue
Novato, California 94945

The Secretary of Pacific Capital Funding Group Inc. called the roll and the following directors were present:

Mark Hanf

Nam Phan

all being directors of Pacific Capital Funding Group, Inc.

The Secretary then noted that a Notice of the time and place of the meeting had been sent to each of the Directors in accordance with the provisions set forth in the Bylaws of Pacific Capital Funding Group, Inc.

Mark Hanf, the Chairman, then outlined the purpose of the meeting was to discuss several items that had come to the attention of management, which the Chairman felt required Board consideration.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.

_____

Mark Hanf, Secretary

SALUDA GRADE

Saluda Grade Alternative Lending & Fintech Growth Fund I LP
5 Bryant Park, 23rd Floor
New York, NY 10018

June 16, 2023

Pacific Private Money Group LLC
1555 Grant Avenue
Novato, CA 94945
Attn: Mark Hanf
Email: mark@pacificprivatemoney.com

Re: Resignation from the Board of Directors of Pacific Private Money Group LLC ("PPM")

Dear Mark:

I hereby resign from the Board of Directors of PPM, effective immediately. Please feel free to contact me should you have any questions.

Sincerely,

Ryan Craft

CERTIFICATE OF RESOLUTION

The undersigned Member of Private Money Management Group, LLC, a limited liability company duly organized under the laws of Delaware (hereinafter referred to as the "LLC"), on this date of January 1, 2016 ("Effective Date") hereby certifies the following resolutions:

RESOLVED, that Pacific Private Money, Inc., a California corporation, the sole member of the LLC, hereby assigns, transfers or otherwise grants all of its Membership Interests in the LLC to Mark Hanf, an individual, pursuant to Article VI of the LLC's Operating Agreement.

RESOLVED, that Mark Hanf, an individual shall be admitted as a Member to the LLC.

RESOLVED, that Mark Hanf as an admitted Member to the LLC shall have all rights and powers, and is subject to all restrictions and obligations of a Member under the Operating Agreement of the LLC and the Delaware Limited Liability Company Act, Title 6 Delaware Code Sections 18-101 et seq.

RESOLVED, that Pacific Private Money, Inc., a California corporation, pursuant to Section 3.1 of the current Operating Agreement of the LLC, hereby resigns as Manager of the LLC and appoints Mark Hanf, an individual, as the new Manager of the LLC.

RESOLVED, that Mark Hanf, an individual, is hereby accepted as the new manager of the LLC, and shall have all powers vested in him as Manager pursuant to Article III of the LLC's Operating Agreement.

RESOLVED, that Section 3.1 of the LLC's current Operating Agreement is amended to read:

> 3.1 Appoint and Removal of Managers. The management of the Company shall be vested in one or more Managers elected by the Members. Each Manager shall remain in office until the Manager resigns or is removed by the Members. The Manager of the Company is Mark Hanf.

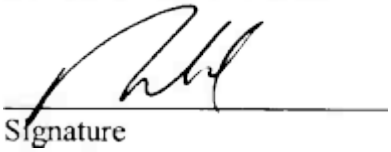
All other sections of the attached current Operating Agreement of the LLC remain in full force and effect.

RESOLVED, that all the acts taken above and resolutions are approved, ratified, and hereby adopted.

SIGNATURE PAGE FOLLOWS IMMEDIATELY

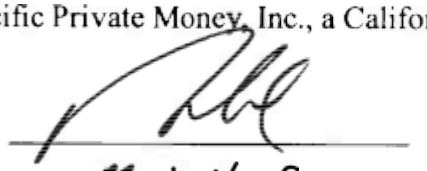
The undersigned have duly executed this Operating Agreement amendment and resolutions on the Effective Date as written above:

Mark Hanf, an individual



Signature

Pacific Private Money, Inc., a California corporation

By: 

Name: Mark Hanf

Title: President

WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT

This Warehouse Revolving Line of Credit Agreement ("Agreement") is entered into by and between **Pacific Private Money Inc.,** a California corporation ("Borrower") and **Pacific Private Money Fund I LLC,** a Delaware limited liability company ("Lender"), as of October 1, 2014.

DEFINITIONS

Advance	Total amount advanced by Lender to Borrower for the purpose of funding one or more specified mortgage loan transactions, each a separate Advance. Each Collateral Loan funded under this Agreement shall be funded in Borrower's name.
Assigned Collateral	The Collateral Documents; an Allonge to the Collateral Loan's Promissory Note; and an Assignment of the Collateral Loan's Deed of Trust.
Assigned Collateral Loan	Collateral Loan that is not purchased by Lender pursuant to Section 1.3 of this Agreement and which Borrower retains as a Portfolio Loan.
Business Day	9:00 a.m. to 5:00 p.m. Monday to Friday, except Federal Holidays.
Collateral Borrower	The borrower or Trustor in a Collateral Loan.
Collateral Documents	All documents of the original Collateral Loan that are being assigned to Lender as set forth in Exhibit "A" attached hereto, including, but not limited to the original of a Collateral Loan's Promissory Note secured by a Deed of Trust, the recorded original of the Deed of Trust, and Lender's Title Insurance Policy.
Collateral Loan	Loans originated or acquired by Borrower utilizing funds advanced pursuant to the terms of this Agreement.
Collateral Property	The property securing the Collateral Loan.
Collateral Value	The unpaid principal balance of a Collateral Loan.
Event of Default	The occurrence of any one or more of the conditions or events set forth in Article 8 of this Agreement.
Defect	Untrue, incomplete or inaccurate information in the Collateral Documents of a nature that is material to the Collateral Loan.
Funding Request	Borrower's request for an Advance to fund a mortgage loan that is pre-approved by Lender. A sample is attached Exhibit "B."
Maturity Date	The maturity date set forth in the Note. For each Advance, the maturity date of the Note will coincide with the maturity date of the underlying note plus an additional ten (10) days processing time.
Note	Promissory Note as set forth in Exhibit "C."

Purchased Collateral Loan	Collateral Loan that is purchased by Lender pursuant to Section 1.3 of this Agreement.
Release Amount	The unpaid principal balance of a Collateral Loan; provided, however, that if the Collateral Loan is sold to a third party, then the Release Amount shall be the unpaid principal balance of the Collateral Loan less selling commissions and any discount Lender has approved.
Revolving Line of Credit	The revolving line of credit covered by this Agreement which shall be determined at Lender's discretion.
Term Sheet	Written statement issued by Borrower to a Collateral Borrower advising the Collateral Borrower that Borrower will make a loan to Collateral Borrower to fund a Collateral Loan and specifying the loan terms for the Collateral Loan.
Trustor	The borrower under any Collateral Loan.

TERMS AND CONDITIONS

ARTICLE 1 - THE SECURED REVOLVING LINE OF CREDIT

Subject to the terms and conditions of this Agreement and provided no Event of Default has occurred and is continuing, Lender agrees to make available to Borrower a Revolving Line of Credit for the purpose of funding mortgage loans originated by Borrower or purchasing performing loans originated by third parties that meet Lender's criteria as defined herein. The total amount extended by Lender to Borrower under the Revolving Line of Credit which shall be determined at Lender's discretion. As set forth in this Agreement, Borrower shall repay Lender for Advances made under the Revolving Line of Credit; and, the funds repaid by Borrower to Lender shall be available for future Advances.

Each Advance made by Lender to Borrower shall fund or purchase loans that meet Lender's then applicable funding criteria. Lender agrees to provide Borrower with a minimum of twenty (20) days advance notice in the event Lender changes, amends or alters its funding criteria. Each Advance under this Agreement shall constitute a single indebtedness, and Borrower shall execute a Promissory Note to Lender for each Advance. The Assigned Collateral shall be security for each Note. Upon delivery of the Assigned Collateral for a Purchased Collateral Loan to Lender, the Advance shall be deemed paid in full. In the event Lender does not take assignment of a Collateral Loan pursuant to Section 1.3, Borrower shall provide a Collateral Assignment of the Collateral Loan to secure the Note associated with the Collateral Loan.

1.1 Purpose of Advance. The Advances shall be used by the Borrower solely for the business purpose of funding the acquisition or origination of mortgage loans secured by deeds of trust or other security instruments encumbering real property (collectively herein "Deeds of Trust" or individually a "Deed of Trust"). Loans originated by Borrower and funded pursuant to an Advance shall be originated in Borrower's name, and Borrower shall be identified as the lender on all loan documents. Loans purchased by Borrower pursuant to an Advance shall be assigned to Lender within 48-hours of the completed purchase transaction.

1.2 Funding of Advance. For each Advance request approved by the Lender, Lender shall wire good funds to Borrower's trust account. Upon confirmation of receipt of the Advance, Borrower shall wire the funds to escrow for the funding of the approved loan to the Collateral Borrower. All loans originated by Borrower shall be funded in Borrower's name.

1.3 Purchase Option. Lender shall, within five (5) Business Days after the date it made an Advance, give written notice to Borrower that Lender will purchase (servicing released), at the amount owed thereon, any

Collateral Loan (and all appurtenant rights) that was the subject of a credit advance ("Purchase Notice"), in which case the purchase of the subject Collateral Loan shall be automatic. Borrower's liability under the Note shall be reduced by the purchase price. Lender will record an assignment of the note and deed of trust in its favor. In the absence of a purchase notice, Borrower shall retain ownership of each Collateral Loan and shall endeavor to sell it with commercially reasonable diligence.

All origination points and fees associated with the underlying loan are fully earned by Borrower at time of consummation of the Collateral Loan. Borrower shall retain all origination fees, inclusive of, but not limited to: lender's origination and/or discount points, application fee, administration fee, underwriting fee, flood search fee, credit report fees and other similar fees.

1.4 Borrower Portfolio. In the absence of a purchase notice, Borrower shall retain ownership of the loan, for the purpose of selling the loan to a third party ("Portfolio Loan"). Borrower shall serve as the Document Custodian for the originals of the note, recorded deed of trust and other Collateral Documents. As collateral for the repayment of the Advance, Borrower shall deliver to Lender recordable assignments of the note and deed of trust, which Lender shall not record unless and until there is a default under the terms of the Note. Upon Borrower's sale of the Collateral Loan to a third party, Borrower shall repay to Lender the amount of the Advance plus all interest that has accrued against the Advance. Upon receipt of the funds due and owing to Lender under the Note, Lender shall deliver to Borrower the unrecorded originals of the assignments of the note and deed of trust.

1.5 Expiration or Cancellation of Revolving Line of Credit. Unless there is a material breach or an event of default committed by Borrower or Lender under this Agreement, this Agreement shall expire upon Borrower or Lender's delivery to the other party of a letter of intent to terminate this Agreement. Such termination letter shall not affect Borrower's obligation to repay Advances on the Revolving Line of Credit made by Lender to Borrower prior to the effective date of the termination.

ARTICLE 2 - CONDITIONS PRECEDENT TO ADVANCE

2.1 Pre-Approval by Lender. The funding of each Advance under this Agreement is at the sole discretion of the Lender. Three (3) days prior to funding, the Lender shall have received copies of the following, all of which must be satisfactory in form and content to the Lender:

(a) Collateral Borrower's credit application;

(b) An appraisal of the Collateral Property, performed by an independent appraiser holding a current valid license to appraise property in the state where the property is located;

(c) Borrower's underwriting worksheet for the proposed Collateral Loan documenting that the Collateral Loan meets Lender's criteria;

(d) For a residential mortgage loan, documentation confirming the Collateral Borrower's ability to repay the loan obligation;

(e) The Note and this Agreement duly executed;

(f) A copy of the draft settlement statement for the transaction;

(g) The assignment of the Collateral Loan, and all other instruments or documents to be delivered by the Borrower pursuant to this Agreement; and

(h) Evidence satisfactory to the Lender as to the making and/or continuation of any book entry or the due filing and recording in all appropriate offices of all financing statements and other

instruments as may be necessary to perfect the security interest of the Lender in the Collateral Loan under the Uniform Commercial Code of California or other applicable law.

2.2 Term Sheet to Fund Collateral Loan. Borrower shall not issue to a Collateral Borrower a written term sheet to fund a mortgage loan until Borrower receives written approval of the loan transaction from Lender. The Term Sheet shall set forth the approved loan terms, any conditions that must be met by the Collateral Borrower prior to the closing of the Collateral Loan by escrow.

2.3 Cancellation of Lender Approval. Following Lender's delivery of the written approval, Borrower must advise Lender within 24-hours of Borrower's receipt of notice from any source that there has been a material change in circumstances in either Collateral Borrower's financial condition or the condition of the property (real and/or personal) that will secure the Collateral Loan. Lender may, at Lender's sole discretion, cancel or withdraw its approval of the proposed Collateral Loan if the change in circumstances is material to the transaction and/or if the change in circumstance results in a lessening of Lender's security.

ARTICLE 3 - THE CREDIT LINE

3.1 Note. For each individual Advance made by Lender pursuant to this Agreement, Borrower's obligations shall be evidenced by this Agreement and a promissory note which shall be delivered by Borrower to Lender, substantially in the form of Exhibit "C" attached hereto.

3.2 Interest. In the event Lender fails to provide a timely Purchase Notice to Borrower, Borrower shall make monthly payments to Lender as follows:

3.2.1 Each Advance to Borrower shall bear interest at the rate of the underlying Collateral Loan for which the Advance was made.

3.2.2 Interest shall be payable monthly in arrears on the first day of each following month. Payments shall be made regardless of whether the Collateral Borrower has paid Borrower.

3.2.3 Interest on the amount of Advance shall terminate upon the occurrence of any one of the following events:

i. The purchase of the Collateral Loan by Lender, and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
ii. Borrower's sale of the Collateral Loan to a third party and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
iii. The Collateral Borrower's repayment of the Collateral Loan note in full and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower.

3.3 Payments.

3.3.1 The Advance, all interest due thereon and accrued costs, if any, shall be payable in full on the Note's Maturity Date (which shall coincide with the maturity date of the underlying Collateral Loan note plus five (5) additional days to process the payment and transmit funds to Lender) unless that date is extended by Lender.

3.3.2 The Borrower shall have the right to prepay any and all of the Advance in whole or in part, from time to time, without premium or penalty.

3.3.3 The Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the Release Amount of any Assigned Collateral upon maturity, or other disposition, of the Assigned Collateral.

3.3.4 If the principal amount of any Assigned Collateral is prepaid in whole or in part, the Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the amount received within five (5) Business Days. The amount of such payment shall be applied to the Advance.

3.4 Method of Making Payments. Except as otherwise specifically provided herein, all payments due shall be made to the Lender by the close of business on the date due, unless such date is not a Business Day in which case such payment shall be due on the first Business Day thereafter, and shall be made in lawful money of the United States of America or in immediately available funds transferred via wire to accounts designated by the Lender from time to time.

3.5 Application of Payments. Payments made under this Agreement shall be applied: first, to the payment of any attorney's fees; second, to any costs or expenses of collection; third, to any interest due on the Advance; and fourth, to the Advance.

ARTICLE 4 – COLLATERAL

4.1 Document Custodian.

4.1.1 In the event Lender elects not to purchase a Collateral Loan, Borrower shall serve as the Document Custodian for the following original Collateral Loan documents: Collateral Loan Note; Collateral Loan Deed of Trust; Lender's Title Insurance Policy; and Certified Copy of the Settlement Statement.

4.1.2 If a Collateral Loan is sold to Lender or a third party, Borrower shall forward all original loan documents to the Document Custodian designated by the Lender or third party.

4.2 Grant of Security Interest. As security for the repayment of the Advance and for the performance of all of the Borrower's obligations, the Borrower hereby assigns and transfers to the Lender all right, title and interest in and to and grants a security interest to the Lender in:

(a) All Collateral Documents evidencing or securing loans, which from time to time are delivered or caused to be delivered to (including delivery to a third party on behalf of Lender), come into the possession, custody or control of the Lender for the purpose of assignment.

(b) All escrow accounts, documents, instruments, files, surveys, certificates, correspondence, appraisals, computer programs, tapes, discs, cards, accounting records (including all information, records, tapes, data, programs, discs, and cards necessary or helpful in the administration or servicing of the Collateral Loan) and other information and data of the Borrower relating to the Assigned Collateral.

(c) All now existing or hereafter acquired moneys delivered to or otherwise in the possession of the Borrower or its agent, bailee or custodian or designated on the books and records of the Borrower relating to Assigned Collateral assigned and pledged to the Lender.

4.3 Release of Security Interest in Collateral Loan.

4.3.1 Any Assigned Collateral Loan not purchased by Lender shall be released from the Lender's security interest only upon payment to the Lender of the Release Amount. Upon

receipt of payment of the Release Amount, all Collateral Documents relating to the redeemed Assigned Collateral Loan shall be released by the Lender to the Borrower.

4.3.2 Prior to the occurrence of an Event of Default, the Borrower may redeem an Assigned Collateral Loan from the Lender by notifying the Lender of its intention to redeem such Assigned Collateral Loan by either:

i. Paying, or causing a third party to pay, to the Lender, for application to the Advance the Release Amount; or

ii. Delivering substitute Assigned Collateral which, in addition to being acceptable to the Lender in its sole discretion, will when included with the other Assigned Collateral result in an aggregate Collateral Value held by the Lender to be at least equal to 100% of the Advance.

4.3.3 Following the occurrence of an Event of Default, the Lender may, without liability to the Borrower or any person, continue to release its security interest in any Assigned Collateral Loan upon payment of the Release Amount.

4.4 Collection and Servicing Rights. So long as no Event of Default shall have occurred and be continuing, the Borrower shall be entitled to service, receive and collect directly all sums payable to the Borrower in respect to the Collateral Loan, other than proceeds of the sale of any Collateral Loan. All sums received by the Borrower shall be deposited into the Borrower's Trust Account for the benefit of the Lender by no later than the next Business Day.

4.5 Return of Collateral Documents Upon Termination.

4.5.1 If the Agreement shall have expired or been terminated, and no Advance, interest or other obligations shall be outstanding and unpaid, the Lender shall release its security interest and shall deliver all Assigned Collateral in its possession to the Borrower at the Borrower's expense.

4.5.2 Any Assigned Collateral released or delivered to the Borrower pursuant to any provision of this Agreement shall be a complete and full discharge, and the Lender shall thereafter be relieved from any liability or responsibility therefore.

4.6 Duties With Respect to Portfolio Loans.

4.6.1. Borrower will make all payments and do all acts which Lender may hereafter deem necessary to perfect or protect Lender's security interest in the Assigned Collateral Loan, including without limitation, maintaining in good shape and repair, paying all taxes, charges, assessments or liens levied or imposed on the property described in the Collateral Documents.

4.6.2. Borrower will appear in and defend any and all actions and proceedings, which purport to affect title to the Collateral Loan, or to affect Lender's security interest therein.

4.6.3. Lender shall be the sole judge of the acceptability of any encumbrance or lien against the Collateral Loan or any part thereof, and the amount necessary to discharge the same.

4.6.4. Lender agrees that retaining the possession of Collateral Documents for more than five (5) Business Days is a commitment to accept such Collateral Loan for assignment per the terms of this Agreement.

4.6.5. All rejected Collateral Loans by Lender shall be returned to Borrower within five (5) Business Days after rejection by Lender.

ARTICLE 5 – FUNDING

5.1 Condition of Funding. The obligation of the Lender to make the initial and subsequent funding under this Agreement is subject to the satisfaction of the Lender of the following additional conditions:

(a) The approval of all Collateral Documents and loan terms must occur at least three (3) Business Days before a Funding Request will be processed.

(b) The Collateral Documents delivered to the Lender shall be satisfactory to the Lender in form and content, and the Lender may reject any of them which in the Lender's sole opinion do not meet the requirements of this Agreement.

(c) The Borrower is in compliance with all the conditions of this Agreement and no Event of Default exists.

(d) The Borrower shall not have incurred any substantial liabilities, direct or contingent, other than in the ordinary course of its business, since the date of this Agreement.

(f) Delivery of a Funding Request by the Borrower shall be deemed a representation, affirmation, or re-affirmation that all conditions set forth in this Agreement and the Note are satisfied as of the date of such funding.

5.2 Procedures for Obtaining Funding.

5.2.1. Funding Requests shall be initiated by the Borrower by delivering to the Lender, no later than one (1) Business Day prior to any Business Day that the Borrower desires funding, a completed and signed Funding Request on the then current form approved by the Lender.

5.2.2. The Borrower will deliver the Collateral Documents to the Lender, and any additional documents relating to an Assigned Collateral which the Lender may reasonably request.

5.2.3. Lender shall then fund the Funding Request to Borrower’s trust account. Borrower shall wire the funds to the closing agent for the new loan.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender, as of the date of this Agreement and as of the date of each Funding Request, that:

6.1 This Agreement is a valid, binding, and legally enforceable obligation of the Borrower.

6.2 That any Collateral Loan was made in compliance with all applicable state and federal laws, rules and regulations.

6.3 The Borrower is the legal and absolute owner and holder of the Assigned Collateral, free and clear of all liens other than the liens granted hereunder or disclosed to, and approved in writing by, the Lender. Each Collateral Loan has been duly authorized and validly issued to the Borrower, and

complies with all of the requirements of this Agreement, and have been and will continue to be validly pledged to the Lender, subject to no other liens.

6.4 The Borrower has the full right, power and authority to assign each Collateral Loan to Lender.

6.5 That no Defect has occurred, and has continued for more than fifteen (15) days, without a written waiver by Lender, in any Collateral Loan without the Release Amount having been paid.

6.6 Borrower has obtained and shall maintain a fire and casualty insurance policy covering the premises encumbered by each Assigned Collateral Loan, which names, and will continue to name, the Borrower and its successors and assigns as the insured under a standard mortgagee clause and will continue to be in full force and effect so long as the Collateral Loan remains pledged.

6.7 The obligations of the Trustor under the Collateral Loan is not subject to any claim for credits, allowances, adjustments, or offsets, unless disclosed by Borrower on the Collateral Documents and waived in writing by Lender.

6.8 No notice of bankruptcy, insolvency, or financial embarrassment of any Trustor under the Collateral Loan has been received by the Borrower. Upon Borrower's receipt of any such notice, the Borrower will immediately give the Lender written notice of same.

6.9 No action has been taken or threatened by any taxing authority that would impose a lien on any Collateral Loan.

6.10 Borrower has filed all required federal, state, and local tax returns, and all taxes owing to any such governmental agencies have been paid as they have become due, except that so long as Borrower contests any claim pertaining to the foregoing in good faith and final action by the taxing authority is deferred or stayed, and the liability therefore is appropriately reflected in reserves set aside on Borrower's balance sheet, then it shall not constitute a breach of this representation and warranty.

6.11 No approvals, consents or authorizations of, or filings or registrations with, any federal or state governmental authority or body are necessary for the consummation of the transactions contemplated by this Agreement or for the performance by any such party of any of the terms and conditions thereof, except for such approvals, consents, or authorizations as have already been obtained and copies of which have been delivered to Lender.

6.12 All information furnished or to be furnished, including but not limited to, each document, instrument, invoice, and paper of every kind heretofore or hereafter presented to Lender by Borrower in connection with the funding of the Advance is genuine and the information contained therein is true and correct.

6.13 Each representation and warranty as to Borrower in this Agreement shall be true and correct as of the date of each disbursement of each Advance as if made again on such dates.

6.14 Except as otherwise disclosed on the Term Sheet, neither Borrower nor anyone on its behalf has engaged in any conduct which would give rise to any fee or commission of any broker, finder, or other person. Borrower hereby agrees to indemnify and to hold harmless, Lender, against any and all claims, demands, causes of action, liabilities, losses, judgments, costs, and expenses (including without limitation attorney's fees) asserted with respect to fees or commissions of brokers, finders, or others in connection with any of the transactions referred to herein or contemplated hereby, and shall pay in full any such claims on demand by Lender.

If Lender elects to purchase a Collateral Loan, Borrower hereby makes the representations and warranties to Lender set forth on Exhibit "D" as of the date of each Advance is made to fund a Collateral Loan.

ARTICLE 7 - AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that, so long as any Advance is outstanding, the Borrower shall:

7.1 Payment of Note. Punctually pay or cause to be paid all payments called for in Article 3 of this Agreement and the Note.

7.2 Lender's Right to Hypothecate Assigned Collateral. Borrower hereby authorizes Lender to hypothecate or repledge Lender's interest in any or all of the Collateral Loan, subject to the terms of this Agreement.

7.3 Compliance with Applicable Laws. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which could adversely affect Borrower's business, operations, assets, or financial condition, except where contested in good faith and by appropriate proceedings.

7.4 Indemnity.

7.4.1. Indemnify and hold the Lender harmless from and against any loss, including actual attorneys' fees and costs, attributable to the failure of a title insurance company, its agent or approved attorney to comply with the disbursement or instruction letter or letters of the Borrower relating to any Assigned Collateral.

7.4.2. Indemnify and hold the Lender harmless from and against any claims arising out of the origination of any loan associated with any Assigned Collateral (e.g., fraud, TILA, etc.).

7.4.3. Indemnify and hold Lender harmless from and against any claims arising out of the servicing of any Collateral Loan.

7.5 Prohibition of Modification Without Lender Approval. Not amend or modify, or waive any of the terms and condition of, or settle or compromise any claim in respect of, any Assigned Collateral without written approval from Lender.

ARTICLE 8 – DEFAULTS

8.1 Events of Default.

Borrower shall be in default if:

8.1.1 Borrower's Default.

i. Borrower fails to pay the principal of the Advance when due, whether at stated maturity, by acceleration, or otherwise; or failure to pay any installment of interest on the Advance or any other amount due under this Agreement within twenty (20) days after the due date; or failure to pay, within any applicable grace period, the principal or interest on any other indebtedness of the Borrower due the Lender; or

ii. Borrower fails to perform or comply with all terms or conditions applicable to Borrower or arising out of this Agreement: or

iii. Borrower's representations or warranties made or deemed made herein or in any Collateral Document, or in any statement or certificate at any time given by the Borrower shall be inaccurate or incomplete in any respect on the date as of which made or deemed made; or

8.1.2 Defect in Collateral Loan.

Any Trustor or Trustors in any Collateral Loan fails to perform, unless Borrower:

i. Promptly notifies the Lender of such failure; and

ii. Retains the services of a foreclosing trustee, and a notice of default pursuant to law is recorded on the non-performing Collateral Loan.

8.1.3 Defects in Collateral Documents.

i. Any Assigned Collateral is determined to have been originated based on untrue, incomplete or inaccurate information, and Borrower had knowledge of such untruth, incomplete or inaccurate information; and such default shall not have been cured, or waived in writing by Lender, within fifteen (15) days of written notice.

ii. A Defect or failure having been discovered in any Collateral Document, and such defect or failure shall not have been cured, or waived in writing by Lender, within thirty (30) days of written notice.

ARTICLE 9 - REMEDIES

9.1 Effect of Event of Default. Upon the occurrence of an Event of Default, the Lender may, at its sole discretion, do any one or more of the following:

(a) Notify Borrower who shall after said written notice hold in trust for the benefit of the Lender, and within two (2) Business Days pay to the Lender at its office designated by notice hereunder, all amounts thereafter received by the Borrower upon or in respect of any Assigned Collateral, advising the Lender as to the source of such funds.

(b) By written notice to the Borrower, terminate this Agreement and the Revolving Line of Credit and/or declare all outstanding Advances to be immediately due and payable, whereupon the same shall forthwith become due and payable, together with all accrued interest thereon. The promise of the Lender to fund any Advance shall thereupon terminate.

(c) Require the Borrower to assemble the books and records relating to all Collateral Loan and make such available to the Lender at a place to be designated by the Lender.

(d) Enter onto property where the books and records relating to any Collateral Loan is located and take possession thereof with or without judicial process.

(e) Notify any Trustor that the Collateral Loan has been assigned to the Lender and that all payments thereon are to be made directly to the Lender or such other party as may be designated by the Lender; and

1) Lender or its designee shall thereafter be entitled to service, receive and collect all sums payable in respect of any Assigned Collateral, including endorsing payments;

2) Contract with a third party to act as servicer or subservicer of any and all Assigned Collateral and perform all acts required in connection with such Servicing Contract, and pay the fees of such third party on account of the Borrower;

3) Demand, collect or receive any money or property at any time payable or receivable on account of, or in exchange for, any Assigned Collateral;

4) Where any such Assigned Collateral is in default, foreclose upon or otherwise enforce Lender's security interest in any manner as permitted by law or as provided for in this Agreement;

5) Settle or compromise any amounts owing on any Assigned Collateral;

6) Release, in whole or in part, any obligor or investor under any Assigned Collateral;

7) Prior to the disposition of any Collateral Loan, prepare the underlying security for disposition in any manner and to the extent the Lender deems appropriate.

8) Process and sell property acquired as a result of any foreclosure.

9.2 Application of proceeds of sale or redemption of Collateral Loan and payments

(a) So long as the Advance remains unpaid, all advances, charges, costs and expenses, including reasonable attorney's fees, incurred or paid by Lender in maintaining its security interest in any Assigned Collateral Loan, in exercising any right, power, or remedy conferred by this Agreement, or in the enforcement thereof, shall be applied:

1) First to the cost and expenses of preparation and sale of the underlying security of any Assigned Collateral Loan;

2) Second, to attorneys' fees incurred to perfect and protect Lender's security interest in any Assigned Collateral Loan; and

3) Third, if the proceeds are greater then the costs, expenses and fees as set forth above, the overage shall be applied as agreed by Borrower and Lender.

(b) Upon payment of the Advance in full, Lender shall reassign all remaining Collateral Loans, and return the Collateral Documents associated with the remaining Collateral Loans.

9.3 Proceed against the Borrower under the Note.

ARTICLE 10 - WAIVERS

10.1 No Waiver by Lender. No failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default, shall constitute a waiver

thereof. No waiver of any past Event of Default shall constitute a waiver of any future Event of Default. No failure to accelerate the Advance by reason of an Event of Default hereunder, or acceptance of a past due payment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or shall be deemed to be a novation or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Lender may have, whether by the laws of the state governing this Agreement. Borrower hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

10.2 Waiver by Borrower. Borrower, for itself and for its successors and assigns, hereby waives any requirement that Lender give Borrower any notice of any Event of Default, including without limitation, failure to make payment, except to the extent notice is specifically required elsewhere in this Agreement. All demands of performance, notices of sale, advertisements and manner of any Collateral Loan after and Event of Default, except only as provided by California Commercial Code Section 9504(3), are hereby specifically waived by Borrower.

ARTICLE 11 - NOTICES

11.1 All notices, demands, consents, requests and other communications required or permitted to be given or made shall, except as otherwise expressly provided, shall be in writing and shall be delivered in person or faxed or mailed, first class or delivered by overnight courier, return receipt requested, postage prepaid, addressed to the respective parties hereto at their respective addresses hereinafter set forth or, as to any such party, at such other address as may be designated by it in a written notice to the other. All notices shall be conclusively deemed to have been properly given or made when duly delivered, in person, by telecopy or by overnight courier, or if mailed, on the date of receipt as noted on the return receipt, addressed as follows:

If to the Lender: Pacific Private Money Fund I LLC
1604 Grant Avenue
Novato, California 94945

If to the Borrower: Pacific Private Money Inc.
1604 Grant Avenue
Novato, California 94945

11.1.1 Required Notices. Within twenty (20) days of the event requiring the notice, Borrower shall give written notice to the Lender of:

i. All litigation affecting Borrower.

ii. Any Event of Default as defined in this Agreement or any other event which constitutes or, upon the lapse of time or notice or both, would become, an Event of Default.

iii. Any other matter which has resulted in a substantial adverse change in the financial condition or results of operations of Borrower or in Borrower's financial condition.

11.1.2. Twenty (20) days prior to a change in Lender’s criteria for loan approval, Lender shall give written notice to Borrower of any change, amendment or alteration of its funding criteria.

ARTICLE 12 – MISCELLANEOUS

12.1 Terms Binding Upon Successors: Survival of Representatives. The terms and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All representations, warranties, covenants and agreements herein contained on the part of the Borrower shall survive the making of any funding and the execution of the Note, and shall be effective so long as any Advance is outstanding or there remain any obligations to be paid or performed.

12.2 Amendments. Except as otherwise provided in this Agreement, this Agreement may not be amended, modified or supplemented unless such amendment, modification or supplement is set forth in writing signed by the parties hereto.

12.3 Governing Law. This Agreement and the Collateral Documents shall be governed by the laws of the State of California.

12.4 Severability. If any provision of this Agreement shall be declared to be illegal or unenforceable in any respect, such illegal or unenforceable provision shall be and become absolutely null and void and of no force and effect as though such provision were not in fact set forth herein, but all other covenants, terms, conditions and provisions hereof shall nevertheless continue to be valid and enforceable.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

12.6 Entire Agreement. This Agreement, the Note and the Collateral Documents represent the final agreement between Borrower and Lender, and may not be contradicted by evidence of prior or contemporaneous oral agreements among the parties.

12.7 Arbitration Agreement.

12.7.1. The parties agree, not only for them but for successors, assigns, heirs, executors, administrators or any other person, firm or organization acting on their behalf, that any claim or controversy of whatever nature arising out of this Agreement shall be resolved through a final and binding arbitration in accordance with the then-existing rules of the American Arbitration Association and not by a lawsuit or resort to court process except as California law provides for judicial review or enforcement of arbitration proceedings.

12.7.2. The laws of the State of California, including its statute of limitations applicable to the commencement of a lawsuit, shall apply to this arbitration and to the commencement of arbitration.

12.7.3. In rendering the award the arbitrator shall determine the rights of the parties according to the substantive law of the State of California. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

12.7.4. BY INITIALING BELOW, BOTH THE LENDER AND BORROWER ACKNOWLEDGE, UNDERSTAND AND AGREE TO SUBMIT TO ARBITRATION AND FREELY WAIVE THE RIGHT TO TRIAL BY JUDGE OR JURY, THE RIGHT TO APPEAL, PRETRIAL DISCOVERY AND APPLICATION OF THE RULES OF EVIDENCE.

_____ _____

Lender's Initials Borrower's Initials

12.8 No Assignment. This Agreement may not be sold, transferred or otherwise hypothecated by Borrower without the express prior written consent of Lender.

12.9 Power of Attorney. Borrower hereby irrevocably constitutes and appoints Lender its true and lawful attorney with full power of substitution, to do any and all acts which Borrower is obligated by this Agreement to do, and to exercise all rights of Borrower in and to all Assigned Collateral, to make collections and to sign and endorse Borrower's name on any and all papers, instruments or documents, and to do all other things necessary to preserve and protect any Collateral Loan, and to perfect and protect Lender's security interest therein in the Event of Default set forth in this Agreement. Such power of attorney is coupled with an interest and shall remain effective and irrevocable for so long as any Advance remains unpaid.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed as of the date first above written.

BORROWER:

Pacific Private Money Inc.
a California corporation

By:_____
Name:_____
Its:_____

LENDER:

Pacific Private Money Fund I LLC
a Delaware limited liability company

By:_____
Name:_____
Its:_____

Exhibit "A"
COLLATERAL DOCUMENTS

Account No. _____ Current Payment Due Date: _____

Original Note Amount: $_____ Date of Note:_____

Unpaid Principal Balance $_____ As of Date: _____

Trustor's Mailing Address:_____

_____

Trustor's Telephone Number:_____

_____ Computer Print Out of Account

_____ Original Note (when received from the closing agent)

_____ Executed Allonge (assignment of the Note separate from the Note)

_____ Original Unrecorded & Notarized Corporate Assignment of Deed of Trust/Mortgage

_____ Preliminary Title Report

_____ Copy of Appraisal

_____ Copy of Hazard Insurance Policy

_____ Proof of Paid Current Property Taxes

_____ Any hold-backs? If Yes, explain: _____
_____
_____

Optional Comments:
_____
_____
_____
_____

Dated: _____

By: _____

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Exhibit "B"
FUNDING REQUEST

Pacific Private Money Inc., a California corporation ("Borrower") hereby requests funding of $_____ pursuant to the Warehouse Revolving Line of Credit Agreement ("Agreement") dated October 1, 2014.

I, the undersigned, certify that I am the authorized person to act on behalf of Borrower. In that capacity:

(1) I make this funding request;

(2) I certify that the proceeds of this funding will be, and all prior funding has been, used in accordance with the Warehouse Revolving Line of Credit Agreement ("Agreement");

(3) I certify that there has been no substantial adverse change in the financial condition, operations or fixed assets of Borrower since entering into the Agreement; and

(4) I affirm and re-affirm that all conditions set forth in the Agreement are satisfied, and that no Collateral Loan is in default, nor has an Event of Default, as that term is defined in the Agreement, occurred that is uncured as of the date hereof.

Optional Comments:
_____
_____
_____
_____

Dated:_____

Pacific Private Money Inc.
a California corporation

By:_____
Name:_____
Its:_____

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Exhibit "C"

PROMISSORY NOTE
(WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT)

Date: _____ __, 20__
Clovis, California

FOR VALUE RECEIVED, the undersigned, **Pacific Private Money Inc.**, a California corporation (the "Borrower"), whose principal place of business is 1604 Grant Avenue, Novato, California 94945, hereby promises to pay to the order of **Pacific Private Money Fund I LLC,** a Delaware limited liability company (the "Lender"), together with its successors and assigns, whose principal place of business is 1604 Grant Avenue, Novato, California 94945, or at such other place as the Lender may designate from time to time or so much thereof as may be outstanding from time to time ("Note Amount") pursuant to the Warehouse Line of Credit Agreement (the "Agreement"), executed on _____, from the date of each Advance until repaid in full together with all fees and charges due under the Agreement. The Agreement hereby incorporated herein by this reference as if fully set forth herein. The maximum of any individual Note Amount under the Agreement shall not exceed _____ Dollars ($_____).

This Note secures the repayment of an Advance in the amount of $_____ approved by Lender on _____ _____, 20__; and funded or to be funded via wire transfer to Borrower's trust account on _____ ___, 20__. The Advance will be used by Borrower for the purpose of funding/purchasing loan number _____ in the original principal amount of $_____ to obligor/trustor/borrower _____ ("Collateral Borrower") and secured by the real property located at _____ (the "Collateral Loan").

1. Interest Rate. Interest on the amount of the Advance shall bear at the rate of the underlying Collateral Loan for which the Advance was made, payable monthly in arrears on the first day of each following month regardless of whether the Collateral Borrower has paid Borrower.

2. Interest-Only Payments. Borrower shall make payments of interest-only on the Note amount until the earliest of any one of the following events:

i. Lender purchases the Collateral Loan from Borrower and Lender has received all interest and principal due to Lender under the terms of this Note.
ii. Borrower sells the Collateral Loan to a third party and Lender has received all interest and principal due to Lender under the terms of this Note.
iii. The Collateral Borrower has repaid the Collateral Loan in full and Lender has received all interest and principal due to Lender under the terms of this Note.

3. Payments in United States Currency. All payments under this Promissory Note ("Note") shall be made in lawful money of the United States or in immediately available funds transferred via wire to accounts designated by the Investor.

4. Maturity Date. The Maturity Date of this Note shall coincide with the maturity date of the Collateral Loan plus five business days for processing the payoff, unless Lender in its sole discretion extends same in writing not to exceed thirty (30) days.

5. Security for Note. As security for the repayment of this Note, Borrower shall prepare and submit to Lender recordable assignments of the note and deed of trust for the Collateral Loan. Lender shall return the

originals of the assignments upon Lender's receipt of payment in full by Borrower of the amounts due under this Note.

6. Prepayment. This Note Amount may be prepaid in whole or in part at any time without premium or penalty.

7. Governing Law. This Note shall be construed and enforced in accordance with the laws of the State of California, without reference to its principals of conflicts of law.

8. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Warehouse Revolving Line of Credit Agreement.

Pacific Private Money Inc.
a California Corporation

By:_____
Name:_____
Its:_____

Exhibit "D"

Representations and Warranties of Borrower as Seller of Mortgage Loans

As a further inducement to Lender to enter into this Agreement and to consummate the purchases contemplated hereunder, Borrower represents, warrants and covenants to Lender, as of the date of purchase of each mortgage loan purchased under this Agreement, as follows:

A. VALID LIEN

The promissory note evidencing a mortgage loan ("Note") and the related deed of trust, mortgage or other security instrument securing the Note ("Security Instrument") and all related documents and instruments executed in connection with each mortgage loan are valid and binding and constitute a valid lien against the property described therein and is of the priority represented by Borrower. Obligations of the borrower are enforceable according to their terms. There are no defenses, counterclaims, or rights of set-off affecting any mortgage loan.

B. LEGAL CAPACITY

All parties signing the mortgage loan documents had and have the legal capacity and authority to do so, and the documents have been duly executed and delivered by each such party.

C. DELINQUENCY, DEFAULT, AND BANKRUPTCY

On the date of purchase, the obligor(s) under the mortgage loan (a) is current and is not otherwise in default; (b) has not been more than twenty-nine days delinquent or otherwise in default since the borrower's closing date and Borrower has no reason to believe such default is likely to occur; (c) is not a debtor in any bankruptcy or insolvency proceedings and, to Borrower's knowledge, is not the subject of any threatened bankruptcy or insolvency proceedings; (d) is not a party to any litigation and, to Borrower's knowledge, is not the subject of any threatened litigation. There is no default, breach, violation or event of acceleration existing respecting the mortgage loan and no event which with the passage of time or with notice and the expiration of any grace or cure period would constitute such a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived.

D. NO INVESTIGATION OR PROCEEEDING

Neither Borrower nor the mortgage loan is subject to any notification from, or proceeding or investigation by, any governmental agency or entity in connection with any actual, alleged, or potential legal problem, violation, deficiency or irregularity.

E. PRINCIPAL AMOUNT

The full principal amount has been advanced to the borrower, the unpaid principal balance is correctly stated in the documents Borrower submitted to Lender, and the mortgage loan is fully amortizing with no negative amortization.

F. TITLE INSURANCE

A title insurance company satisfactory to Lender must have issued or committed to issue an extended coverage ALTA Loan Policy of Title Insurance in amounts acceptable to Lender for the mortgage loan program under which the mortgage loan was originated. Such title insurance policy must insure the security instrument encumbering the borrower's title to the property represents a good and valid lien, senior in priority to all other liens, encumbrances, easements, reservations and restrictions except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, those of unpaid taxes and assessments not yet due and payable, and such other exceptions as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

G. COSTS, FEES AND EXPENSES

All costs, fees and expenses have been paid in connection with the making of such mortgage loan, including recording fees, documentary stamps, ad valorem taxes, hazard insurance premiums, and any other taxes or assessments that are due and payable in connection with the making of the mortgage loan.

H. GOOD REPAIR

The mortgaged property described in the Security Instrument has not been damaged by fire, flood, or other causes and any improvements thereon have been completed in full compliance with any and all rules and regulations of any governmental agency having jurisdiction.

I. GOOD TITLE

The mortgage loan documents have not been assigned or pledged and Borrower has good and marketable title to and full right to transfer ownership of the Note and Security Instrument free and clear of all liens and encumbrances; Borrower agrees and warrants that the mortgage loan submitted for purchase was originated by Borrower and not submitted to Borrower by, or purchased by Borrower from, the originator of the mortgage loan; and upon payment by Lender for the mortgage loan, Lender will have good and marketable title to the Note and a perfected lien on the mortgage property, free and clear of liens and encumbrances except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, the lien of taxes and assessments not delinquent, and encumbrances of or exceptions to title as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

J. ASSIGNMENT

The assignment of the Security Instrument to Lender has been duly executed and delivered by Borrower and has been recorded (at Borrower's expense) in those states in which recordation is customary or required to perfect ownership, or is in recordable form in those states where recordation of assignments is neither customary nor necessary to perfect ownership, and is valid, binding and enforceable according to its terms. Lender must approve the assignment prior to recording.

K. MORTGAGE LOAN DOCUMENTS

The borrower's application for the mortgage loan, and all documentation relating to the application and mortgage loan, including, without limitation, the Note, Security Instrument, assignment, hazard, flood or mortgage insurance/guaranty documentation, consumer credit disclosures, credit and appraisal documentation, have been prepared and/or completed in accordance with the Lender's guidelines and in the absence thereof industry standard practices, and all information contained in such documents is true and correct in all respects and does not fail to disclose any facts which could be material or which would make such information misleading, to the best of Borrower's knowledge. Borrower has no knowledge with respect to the mortgage loan, the applicant(s) for the mortgage loan, or the property that serves as security for the mortgage loan, that can reasonably be expected to cause an institutional secondary mortgage market investor to regard the purchase of the mortgage loan as an unacceptable investment, cause the mortgage loan to become delinquent, or adversely affect the value or marketability of the mortgage loan.

L. REGULATORY COMPLIANCE

The mortgage loan was made in compliance with all applicable federal, state and local laws and governmental rules and regulations pertaining to the making of residential real estate loans and all consumer disclosure laws and regulations, including, without limitation, the Real Estate Settlement Procedures Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Housing Act, Consumer Credit Protection Act, and Flood Disaster Protection Act, all as from time to time amended.

M. FACTUAL DISCLOSURE

All known facts relating to the mortgage loan transaction which may adversely affect the value of the mortgaged property, the credit, character or capacity of the borrower, the validity of the Security Instrument, or

any other aspect of the transaction have been disclosed to Lender and, if applicable, the appropriate government agency.

N. HAZARD INSURANCE

The improvements now existing or hereafter erected on the property encumbered by the mortgage loan are insured at minimum against fire with "extended coverage" (and flood insurance where the property is located in an area designated as a special flood hazard area) in an amount at least equal to the outstanding principal balance of the mortgage loan or full insurable value of the replacement cost of the improvements, whichever is less. The insurance is without coinsurance or average clause provision and contains a standard mortgagee clause and loss payable endorsement in favor of Lender, containing Lender's address. The policy is of a form acceptable to Lender and issued by an insurance company rated B+III or better by the Best Key Rating Guide, unless otherwise prohibited by law. Lender must be named as the loss payee under the policy and all premiums for the current year must be prepaid. In addition, the policy shall provide that it is noncancellable by the insurer except on 10 days' written notice to the holder of the Note and Security Instrument.

O. NO BROKER

Borrower has not agreed, and will not agree, to pay any broker or finder any fee in connection with the mortgage loan or sale of the mortgage loan pursuant to this Agreement which could give rise to any valid claims against Lender or the mortgage loan.

P. NOT IN COLLECTION

The mortgage loan is not in the possession of a collection agency or any attorney for collection.

Q. CAPITALIZED CHARGES AND ESCROW DEPOSITS

No escrow/impound deposits, payments, advances, or other charges or amounts have been capitalized into the mortgage loan. Accurate records covering any escrow/impound deposits shall be delivered to Lender on the purchase date, along with such deposits.

R. PAYMENTS RECEIVED

Any payments Borrower receives relating to mortgage loans purchased by Lender on or after the close of acquisition shall be endorsed and forwarded by Borrower to Lender (or to any other servicer designated in writing by the Lender) via overnight mail within 24 hours after Borrower's receipt. Borrower shall attach a loan payment history to each forwarded check for Lender's future payment reporting purposes.

Lender's Funding Criteria

Business Purpose or Commercial Loan Transactions

Each business purpose or commercial loan originated by Borrower must conform to the following requirements:

1. The maximum loan amount will be $_____ unless Lender provides Borrower with written approval for a loan amount in excess of $_____.
2. The loan will be secured by real and/or personal property that will secure the borrower's repayment obligation.
3. The real property will be appraised by an independent appraiser licensed by the California Office of Real Estate Appraisers as a Certified General Appraiser.
4. The loan to value ratio ("LTV") will not exceed _____%.
5. The Promissory Note will be secured by a Deed of Trust, Assignment of Leases and Rents, Fixture Filing, and Security Agreement, a personal Guaranty executed by an officer or principal of the borrowing entity, except where prohibited by applicable law, an environmental indemnity agreement and an arbitration agreement.
6. As appropriate, the Note may also be secured by a UCC financing statement.
7. Borrower has reviewed the preliminary title report to confirm that all existing liens, judgments or encumbrances recorded against title will be satisfied through the closing of the loan and that the deed of trust will be a first priority deed of trust against the collateral.
8. Borrower has ensured that Collateral Borrower has obtained the necessary hazard insurance and/or liability insurance policies, that the policy premiums are prepaid for the 12-month period following the date of the underlying note, and that Borrower is named as the mortgagee and additional loss payee on all such insurance policies.
9. Borrower has ensured that all property taxes currently due, delinquent or defaulted, are paid current through the loan closing.

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State of California
Secretary of State

L

STATEMENT OF INFORMATION
(Limited Liability Company)

Filing Fee $20.00. If this is an amendment, see instructions.

IMPORTANT — READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

1. **LIMITED LIABILITY COMPANY NAME**

Pacific Private Money Fund I LLC

This Space For Filing Use Only

File Number and State or Place of Organization

2. SECRETARY OF STATE FILE NUMBER	3. STATE OR PLACE OF ORGANIZATION (If formed outside of California)
201330310174	Delaware

No Change Statement

4. **If there have been any changes to the information contained in the last Statement of Information filed with the California Secretary of State, or no Statement of Information has been previously filed, this form must be completed in its entirety.**

☐ If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed to Item 15.

Complete Addresses for the Following (Do not abbreviate the name of the city. Items 5 and 7 cannot be P.O. Boxes.)

	CITY	STATE	ZIP CODE
5. STREET ADDRESS OF PRINCIPAL OFFICE: 1555 Grant Avenue	Novato, CA		94945
6. MAILING ADDRESS OF LLC, IF DIFFERENT THAN ITEM 5			
7. STREET ADDRESS OF CALIFORNIA OFFICE: 1555 Grant Avenue	Novato	CA	94945

Name and Complete Address of the Chief Executive Officer, If Any

8. NAME	ADDRESS	CITY	STATE	ZIP CODE

Name and Complete Address of Any Manager or Managers, or If None Have Been Appointed or Elected, Provide the Name and Address of Each Member (Attach additional pages, if necessary.)

	ADDRESS	CITY	STATE	ZIP CODE
9. NAME: Mark Hanf	1555 Grant Ave.	Novato, CA		94945
10. NAME				
11. NAME				

Agent for Service of Process If the agent is an individual, the agent must reside in California and Item 13 must be completed with a California address, a P.O. Box is not acceptable. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 13 must be left blank.

12. NAME OF AGENT FOR SERVICE OF PROCESS
Mark Hanf

13. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL	CITY	STATE	ZIP CODE
1555 Grant Ave.	Novato	CA	94945

Type of Business

14. DESCRIBE THE TYPE OF BUSINESS OF THE LIMITED LIABILITY COMPANY
Mortgage Pool Fund

15. THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.

1-20-17	Mark Hanf	Manager	
DATE	TYPE OR PRINT NAME OF PERSON COMPLETING THE FORM	TITLE	SIGNATURE

LLC-12 (REV 01/2014) APPROVED BY SECRETARY OF STATE

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WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT

This Warehouse Revolving Line of Credit Agreement ("Agreement") is entered into by and between **Pacific Freedom Fund, LLC,** a California limited liability company ("Borrower") and **The North Star Capital Fund LLC,** a California limited liability company ("Lender"), as of May 1, 2021.

DEFINITIONS

Advance	Total amount advanced by Lender to Borrower for the purpose of funding one or more specified mortgage loan transactions, each a separate Advance. Each Collateral Loan funded under this Agreement shall be funded in Borrower's name.
Collateral	The Collateral for any and all advances shall be all cash and loans held by the Borrower.
Business Day	9:00 a.m. to 5:00 p.m. Monday to Friday, except Federal Holidays.
Collateral Borrower	The borrower or Trustor in a Collateral Loan.
Collateral Documents	All documents of the original Collateral Loan that are being assigned to Lender as set forth in Exhibit "A" attached hereto, including, but not limited to the original of a Collateral Loan's Promissory Note secured by a Deed of Trust, the recorded original of the Deed of Trust, and Lender's Title Insurance Policy.
Collateral Loan	Loans originated or acquired by Borrower utilizing funds advanced pursuant to the terms of this Agreement.
Collateral Property	The property securing the Collateral Loan.
Collateral Value	The unpaid principal balance of a Collateral Loan.
Event of Default	The occurrence of any one or more of the conditions or events set forth in Article 8 of this Agreement.
Defect	Untrue, incomplete or inaccurate information in the Collateral Documents of a nature that is material to the Collateral Loan.
Funding Request	Borrower's request for an Advance to fund a mortgage loan that is pre-approved by Lender. A sample is attached Exhibit "B."
Maturity Date	The maturity date set forth in the Note. For each Advance, the maturity date of the Note will coincide with the maturity date of the underlying note plus an additional ten (10) days processing time.
Note	Promissory Note as set forth in Exhibit "C."
Purchased Collateral Loan	Collateral Loan that is purchased by Lender pursuant to Section 1.3 of this Agreement.
Release Amount	The unpaid principal balance of a Collateral Loan; provided, however, that if the Collateral Loan is sold to a third party, then the Release

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	Amount shall be the unpaid principal balance of the Collateral Loan less selling commissions and any discount Lender has approved.
Revolving Line of Credit	The revolving line of credit covered by this Agreement which shall be determined at Lender's discretion.
Term Sheet	Written statement issued by Borrower to a Collateral Borrower advising the Collateral Borrower that Borrower will make a loan to Collateral Borrower to fund a Collateral Loan and specifying the loan terms for the Collateral Loan.
Trustor	The borrower under any Collateral Loan.

TERMS AND CONDITIONS

ARTICLE 1 - THE SECURED REVOLVING LINE OF CREDIT

Subject to the terms and conditions of this Agreement and provided no Event of Default has occurred and is continuing, Lender agrees to make available to Borrower a Revolving Line of Credit for the purpose of funding mortgage loans originated by Borrower or purchasing performing loans originated by third parties that meet Lender's criteria as defined herein. The total amount extended by Lender to Borrower under the Revolving Line of Credit which shall be determined at Lender's discretion. As set forth in this Agreement, Borrower shall repay Lender for Advances made under the Revolving Line of Credit; and, the funds repaid by Borrower to Lender shall be available for future Advances.

Each Advance made by Lender to Borrower shall fund or purchase loans that meet Lender's then applicable funding criteria. Lender agrees to provide Borrower with a minimum of twenty (20) days advance notice in the event Lender changes, amends or alters its funding criteria.

1.1 Purpose of Advance. The Advances shall be used by the Borrower solely for the business purpose of funding the acquisition or origination of mortgage loans secured by deeds of trust or other security instruments encumbering real property (collectively herein "Deeds of Trust" or individually a "Deed of Trust"). Loans originated by Borrower and funded pursuant to an Advance shall be originated in Borrower's name, and Borrower shall be identified as the lender on all loan documents.

1.2 Funding of Advance. For each Advance request approved by the Lender, Lender shall wire good funds to Borrower's trust account. Upon confirmation of receipt of the Advance, Borrower shall wire the funds to escrow for the funding of the approved loan to the Collateral Borrower. All loans originated by Borrower shall be funded in Borrower's name.

1.3 Fees. Unless otherwise agreed, Lender shall be paid a fee equal 1% of the funds advanced.

1.4 Borrower Portfolio. Borrower shall retain ownership of the loan, for the purpose of selling the loan to a third party ("Portfolio Loan"). Borrower shall serve as the Document Custodian for the originals of the note, recorded deed of trust and other Collateral Documents. Upon Borrower's sale of the Collateral Loan to a third party, Borrower shall repay to Lender the amount of the Advance, plus all interest that has accrued against the Advance, plus any unpaid origination fees due.

1.5 Expiration or Cancellation of Revolving Line of Credit. Unless there is a material breach or an event of default committed by Borrower or Lender under this Agreement, this Agreement shall expire upon Borrower or Lender's delivery to the other party of a letter of intent to terminate this Agreement. Such termination letter

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shall not affect Borrower's obligation to repay Advances on the Revolving Line of Credit made by Lender to Borrower prior to the effective date of the termination.

ARTICLE 2 - CONDITIONS PRECEDENT TO ADVANCE
(Reserved)

ARTICLE 3 - THE CREDIT LINE

3.2 Interest. Borrower shall make monthly payments to Lender as follows:

3.2.1 Each Advance to Borrower shall bear interest at the rate of the underlying Collateral Loan for which the Advance was made.

3.2.2 Interest shall be payable monthly in arrears on the first day of each following month. Payments shall be made regardless of whether the Collateral Borrower has paid Borrower.

3.2.3 Interest on the amount of Advance shall terminate upon the occurrence of any one of the following events:

i. The purchase of the Collateral Loan by Lender, and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
ii. Borrower's sale of the Collateral Loan to a third party and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
iii. The Collateral Borrower's repayment of the Collateral Loan note in full and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower.

3.3 Payments.

3.3.1 The Advance, all interest due thereon and accrued costs, if any, shall be payable in full on the Note's Maturity Date (which shall coincide with the maturity date of the underlying Collateral Loan note plus five (5) additional days to process the payment and transmit funds to Lender) unless that date is extended by Lender.

3.3.2 The Borrower shall have the right to prepay any and all of the Advance in whole or in part, from time to time, without premium or penalty.

3.3.3 The Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the Release Amount of any Assigned Collateral upon maturity, or other disposition, of the Assigned Collateral.

3.3.4 If the principal amount of any Assigned Collateral is prepaid in whole or in part, the Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the amount received within five (5) Business Days. The amount of such payment shall be applied to the Advance.

3.4 Method of Making Payments. Except as otherwise specifically provided herein, all payments due shall be made to the Lender by the close of business on the date due, unless such date is not a Business Day in which case such payment shall be due on the first Business Day thereafter, and shall be made in lawful money of the United States of America or in immediately available funds transferred via wire to accounts designated by the Lender from time to time.

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3.5 Application of Payments. Payments made under this Agreement shall be applied: first, to the payment of any attorney's fees; second, to any costs or expenses of collection; third, to any interest due on the Advance; and fourth, to the Advance.

ARTICLE 4 – COLLATERAL

4.4 Collection and Servicing Rights. So long as no Event of Default shall have occurred and be continuing, the Borrower shall be entitled to service, receive and collect directly all sums payable to the Borrower in respect to the Collateral Loan, other than proceeds of the sale of any Collateral Loan. All sums received by the Borrower shall be deposited into the Borrower's Trust Account for the benefit of the Lender by no later than the next Business Day.

4.6 Duties With Respect to Portfolio Loans.

4.6.1. Borrower will make all payments and do all acts which Lender may hereafter deem necessary to perfect or protect Lender's security interest in the Assigned Collateral Loan, including without limitation, maintaining in good shape and repair, paying all taxes, charges, assessments or liens levied or imposed on the property described in the Collateral Documents.

4.6.2. Borrower will appear in and defend any and all actions and proceedings, which purport to affect title to the Collateral Loan, or to affect Lender's security interest therein.

4.6.3. Lender shall be the sole judge of the acceptability of any encumbrance or lien against the Collateral Loan or any part thereof, and the amount necessary to discharge the same.

4.6.4. Lender agrees that retaining the possession of Collateral Documents for more than five (5) Business Days is a commitment to accept such Collateral Loan for assignment per the terms of this Agreement.

4.6.5. All rejected Collateral Loans by Lender shall be returned to Borrower within five (5) Business Days after rejection by Lender.

ARTICLE 5 – FUNDING

5.2 Procedures for Obtaining Funding.

5.2.1. Funding Requests shall be initiated by the Borrower by delivering to the Lender, no later than one (1) Business Day prior to any Business Day that the Borrower desires funding, a completed and signed Funding Request on the then current form approved by the Lender.

5.2.2. The Borrower will deliver the Collateral Documents to the Lender, and any additional documents relating to an Assigned Collateral which the Lender may reasonably request.

5.2.3. Lender shall then fund the Funding Request to Borrower’s trust account. Borrower shall wire the funds to the closing agent for the new loan.

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ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender, as of the date of this Agreement and as of the date of each Funding Request, that:

6.1 This Agreement is a valid, binding, and legally enforceable obligation of the Borrower.

6.2 That any Collateral Loan was made in compliance with all applicable state and federal laws, rules and regulations.

6.3 The Borrower is the legal and absolute owner and holder of the Assigned Collateral, free and clear of all liens other than the liens granted hereunder or disclosed to, and approved in writing by, the Lender. Each Collateral Loan has been duly authorized and validly issued to the Borrower, and complies with all of the requirements of this Agreement, and have been and will continue to be validly pledged to the Lender, subject to no other liens.

6.4 The Borrower has the full right, power and authority to assign each Collateral Loan to Lender.

6.5 That no Defect has occurred, and has continued for more than fifteen (15) days, without a written waiver by Lender, in any Collateral Loan without the Release Amount having been paid.

6.6 Borrower has obtained and shall maintain a fire and casualty insurance policy covering the premises encumbered by each Assigned Collateral Loan, which names, and will continue to name, the Borrower and its successors and assigns as the insured under a standard mortgagee clause and will continue to be in full force and effect so long as the Collateral Loan remains pledged.

6.7 The obligations of the Trustor under the Collateral Loan is not subject to any claim for credits, allowances, adjustments, or offsets, unless disclosed by Borrower on the Collateral Documents and waived in writing by Lender.

6.8 No notice of bankruptcy, insolvency, or financial embarrassment of any Trustor under the Collateral Loan has been received by the Borrower. Upon Borrower's receipt of any such notice, the Borrower will immediately give the Lender written notice of same.

6.9 No action has been taken or threatened by any taxing authority that would impose a lien on any Collateral Loan.

6.10 Borrower has filed all required federal, state, and local tax returns, and all taxes owing to any such governmental agencies have been paid as they have become due, except that so long as Borrower contests any claim pertaining to the foregoing in good faith and final action by the taxing authority is deferred or stayed, and the liability therefore is appropriately reflected in reserves set aside on Borrower's balance sheet, then it shall not constitute a breach of this representation and warranty.

6.11 No approvals, consents or authorizations of, or filings or registrations with, any federal or state governmental authority or body are necessary for the consummation of the transactions contemplated by this Agreement or for the performance by any such party of any of the terms and conditions thereof, except for such approvals, consents, or authorizations as have already been obtained and copies of which have been delivered to Lender.

6.12 All information furnished or to be furnished, including but not limited to, each document, instrument, invoice, and paper of every kind heretofore or hereafter presented to Lender by

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Borrower in connection with the funding of the Advance is genuine and the information contained therein is true and correct.

6.13 Each representation and warranty as to Borrower in this Agreement shall be true and correct as of the date of each disbursement of each Advance as if made again on such dates.

6.14 Except as otherwise disclosed on the Term Sheet, neither Borrower nor anyone on its behalf has engaged in any conduct which would give rise to any fee or commission of any broker, finder, or other person. Borrower hereby agrees to indemnify and to hold harmless, Lender, against any and all claims, demands, causes of action, liabilities, losses, judgments, costs, and expenses (including without limitation attorney's fees) asserted with respect to fees or commissions of brokers, finders, or others in connection with any of the transactions referred to herein or contemplated hereby, and shall pay in full any such claims on demand by Lender.

ARTICLE 7 - AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that, so long as any Advance is outstanding, the Borrower shall:

7.1 Payment of Note. Punctually pay or cause to be paid all payments called for in Article 3 of this Agreement and the Note.

7.3 Compliance with Applicable Laws. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which could adversely affect Borrower's business, operations, assets, or financial condition, except where contested in good faith and by appropriate proceedings.

7.4 Indemnity.

7.4.1. Indemnify and hold the Lender harmless from and against any loss, including actual attorneys' fees and costs, attributable to the failure of a title insurance company, its agent or approved attorney to comply with the disbursement or instruction letter or letters of the Borrower relating to any Assigned Collateral.

7.4.2. Indemnify and hold the Lender harmless from and against any claims arising out of the origination of any loan associated with any Assigned Collateral (e.g., fraud, TILA, etc.).

7.4.3. Indemnify and hold Lender harmless from and against any claims arising out of the servicing of any Collateral Loan.

ARTICLE 8 – DEFAULTS

8.1 Events of Default.

Borrower shall be in default if:

8.1.1 Borrower's Default.

i. Borrower fails to pay the principal of the Advance when due, whether at stated maturity, by acceleration, or otherwise; or failure to pay any installment of interest on the Advance or any other amount due under this Agreement within twenty (20) days after the due date;

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or failure to pay, within any applicable grace period, the principal or interest on any other indebtedness of the Borrower due the Lender; or

ii. Borrower fails to perform or comply with all terms or conditions applicable to Borrower or arising out of this Agreement: or

iii. Borrower's representations or warranties made or deemed made herein or in any Collateral Document, or in any statement or certificate at any time given by the Borrower shall be inaccurate or incomplete in any respect on the date as of which made or deemed made; or

ARTICLE 9 - REMEDIES

9.1 Effect of Event of Default. Upon the occurrence of an Event of Default, the Lender may, at its sole discretion, do any one or more of the following:

(a) Notify Borrower who shall after said written notice hold in trust for the benefit of the Lender, and within two (2) Business Days pay to the Lender at its office designated by notice hereunder, all amounts thereafter received by the Borrower upon or in respect of any Assigned Collateral, advising the Lender as to the source of such funds.

(b) By written notice to the Borrower, terminate this Agreement and the Revolving Line of Credit and/or declare all outstanding Advances to be immediately due and payable, whereupon the same shall forthwith become due and payable, together with all accrued interest thereon. The promise of the Lender to fund any Advance shall thereupon terminate.

(c) Require the Borrower to assemble the books and records relating to all Collateral Loan and make such available to the Lender at a place to be designated by the Lender.

(d) Enter onto property where the books and records relating to any Collateral Loan is located and take possession thereof with or without judicial process.

(e) Notify any Trustor that the Collateral Loan has been assigned to the Lender and that all payments thereon are to be made directly to the Lender or such other party as may be designated by the Lender; and

1) Lender or its designee shall thereafter be entitled to service, receive and collect all sums payable in respect of any Assigned Collateral, including endorsing payments;

2) Contract with a third party to act as servicer or subservicer of any and all Assigned Collateral and perform all acts required in connection with such Servicing Contract, and pay the fees of such third party on account of the Borrower;

3) Demand, collect or receive any money or property at any time payable or receivable on account of, or in exchange for, any Assigned Collateral;

4) Where any such Assigned Collateral is in default, foreclose upon or otherwise enforce Lender's security interest in any manner as permitted by law or as provided for in this Agreement;

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5) Settle or compromise any amounts owing on any Assigned Collateral;

6) Release, in whole or in part, any obligor or investor under any Assigned Collateral;

7) Prior to the disposition of any Collateral Loan, prepare the underlying security for disposition in any manner and to the extent the Lender deems appropriate.

8) Process and sell property acquired as a result of any foreclosure.

9.2 Application of proceeds of sale or redemption of Collateral Loan and payments

(a) So long as the Advance remains unpaid, all advances, charges, costs and expenses, including reasonable attorney's fees, incurred or paid by Lender in maintaining its security interest in any Assigned Collateral Loan, in exercising any right, power, or remedy conferred by this Agreement, or in the enforcement thereof, shall be applied:

1) First to the cost and expenses of preparation and sale of the underlying security of any Assigned Collateral Loan;

2) Second, to attorneys' fees incurred to perfect and protect Lender's security interest in any Assigned Collateral Loan; and

3) Third, if the proceeds are greater then the costs, expenses and fees as set forth above, the overage shall be applied as agreed by Borrower and Lender.

(b) Upon payment of the Advance in full, Lender shall reassign all remaining Collateral Loans, and return the Collateral Documents associated with the remaining Collateral Loans.

9.3 Proceed against the Borrower under the Note.

ARTICLE 10 - WAIVERS

10.1 No Waiver by Lender. No failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default, shall constitute a waiver thereof. No waiver of any past Event of Default shall constitute a waiver of any future Event of Default. No failure to accelerate the Advance by reason of an Event of Default hereunder, or acceptance of a past due payment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or shall be deemed to be a novation or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Lender may have, whether by the laws of the state governing this Agreement. Borrower hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

10.2 Waiver by Borrower. Borrower, for itself and for its successors and assigns, hereby waives any requirement that Lender give Borrower any notice of any Event of Default, including without limitation, failure to make payment, except to the extent notice is specifically required elsewhere in this Agreement. All demands of performance, notices of sale, advertisements and manner of any Collateral Loan after and Event of Default, except only as provided by California Commercial Code Section 9504(3), are hereby specifically waived by Borrower.

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ARTICLE 11 - NOTICES

11.1 All notices, demands, consents, requests and other communications required or permitted to be given or made shall, except as otherwise expressly provided, shall be in writing and shall be delivered in person or faxed or mailed, first class or delivered by overnight courier, return receipt requested, postage prepaid, addressed to the respective parties hereto at their respective addresses hereinafter set forth or, as to any such party, at such other address as may be designated by it in a written notice to the other. All notices shall be conclusively deemed to have been properly given or made when duly delivered, in person, by telecopy or by overnight courier, or if mailed, on the date of receipt as noted on the return receipt, addressed as follows:

If to the Lender: The North Star Capital Fund LLC

If to the Borrower: Pacific Private Money Inc.
1555 Grant Avenue
Novato, California 94945

11.1.1 Required Notices. Within twenty (20) days of the event requiring the notice, Borrower shall give written notice to the Lender of:

i. All litigation affecting Borrower.

ii. Any Event of Default as defined in this Agreement or any other event which constitutes or, upon the lapse of time or notice or both, would become, an Event of Default.

iii. Any other matter which has resulted in a substantial adverse change in the financial condition or results of operations of Borrower or in Borrower's financial condition.

11.1.2. Twenty (20) days prior to a change in Lender's criteria for loan approval, Lender shall give written notice to Borrower of any change, amendment or alteration of its funding criteria.

ARTICLE 12 – MISCELLANEOUS

12.1 Terms Binding Upon Successors: Survival of Representatives. The terms and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All representations, warranties, covenants and agreements herein contained on the part of the Borrower shall survive the making of any funding and the execution of the Note, and shall be effective so long as any Advance is outstanding or there remain any obligations to be paid or performed.

12.2 Amendments. Except as otherwise provided in this Agreement, this Agreement may not be amended, modified or supplemented unless such amendment, modification or supplement is set forth in writing signed by the parties hereto.

12.3 Governing Law. This Agreement and the Collateral Documents shall be governed by the laws of the State of California.

12.4 Severability. If any provision of this Agreement shall be declared to be illegal or unenforceable in any respect, such illegal or unenforceable provision shall be and become absolutely null and void and of no force and effect as though such provision were not in fact set forth herein, but all other covenants, terms, conditions and provisions hereof shall nevertheless continue to be valid and enforceable.

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12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

12.6 Entire Agreement. This Agreement, the Note and the Collateral Documents represent the final agreement between Borrower and Lender, and may not be contradicted by evidence of prior or contemporaneous oral agreements among the parties.

12.7 Arbitration Agreement.

12.7.1. The parties agree, not only for them but for successors, assigns, heirs, executors, administrators or any other person, firm or organization acting on their behalf, that any claim or controversy of whatever nature arising out of this Agreement shall be resolved through a final and binding arbitration in accordance with the then-existing rules of the American Arbitration Association and not by a lawsuit or resort to court process except as California law provides for judicial review or enforcement of arbitration proceedings.

12.7.2. The laws of the State of California, including its statute of limitations applicable to the commencement of a lawsuit, shall apply to this arbitration and to the commencement of arbitration.

12.7.3. In rendering the award the arbitrator shall determine the rights of the parties according to the substantive law of the State of California. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

12.7.4. BY INITIALING BELOW, BOTH THE LENDER AND BORROWER ACKNOWLEDGE, UNDERSTAND AND AGREE TO SUBMIT TO ARBITRATION AND FREELY WAIVE THE RIGHT TO TRIAL BY JUDGE OR JURY, THE RIGHT TO APPEAL, PRETRIAL DISCOVERY AND APPLICATION OF THE RULES OF EVIDENCE.

_____ _____

Lender's Initials Borrower's Initials

12.8 No Assignment. This Agreement may not be sold, transferred or otherwise hypothecated by Borrower without the express prior written consent of Lender.

12.9 Power of Attorney. Borrower hereby irrevocably constitutes and appoints Lender its true and lawful attorney with full power of substitution, to do any and all acts which Borrower is obligated by this Agreement to do, and to exercise all rights of Borrower in and to all Assigned Collateral, to make collections and to sign and endorse Borrower's name on any and all papers, instruments or documents, and to do all other things necessary to preserve and protect any Collateral Loan, and to perfect and protect Lender's security interest therein in the Event of Default set forth in this Agreement. Such power of attorney is coupled with an interest and shall remain effective and irrevocable for so long as any Advance remains unpaid.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed as of the date first above written.

BORROWER:

Pacific Freedom Fund, LLC
a California limited liability company

By:_____
Name:_____
Its:_____

LENDER:

The North Star Capital Fund LLC
a California limited liability company

By:_____
Name:_____
Its:_____

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Exhibit "A"
COLLATERAL DOCUMENTS

Account No. _____ Current Payment Due Date: _____

Original Note Amount: $_____ Date of Note:_____

Unpaid Principal Balance $_____ As of Date: _____

Trustor's Mailing Address:_____

_____

Trustor's Telephone Number:_____

_____ Computer Print Out of Account

_____ Original Note (when received from the closing agent)

_____ Executed Allonge (assignment of the Note separate from the Note)

_____ Original Unrecorded & Notarized Corporate Assignment of Deed of Trust/Mortgage

_____ Preliminary Title Report

_____ Copy of Appraisal

_____ Copy of Hazard Insurance Policy

_____ Proof of Paid Current Property Taxes

_____ Any hold-backs? If Yes, explain: _____
_____
_____

Optional Comments:
_____
_____
_____
_____

Dated: _____

By: _____

Exhibit "B"
FUNDING REQUEST

Pacific Private Money Inc., a California corporation ("Borrower") hereby requests funding of $_____ pursuant to the Warehouse Revolving Line of Credit Agreement ("Agreement") dated July 1, 2020.

I, the undersigned, certify that I am the authorized person to act on behalf of Borrower. In that capacity:

(1) I make this funding request;

(2) I certify that the proceeds of this funding will be, and all prior funding has been, used in accordance with the Warehouse Revolving Line of Credit Agreement ("Agreement");

(3) I certify that there has been no substantial adverse change in the financial condition, operations or fixed assets of Borrower since entering into the Agreement; and

(4) I affirm and re-affirm that all conditions set forth in the Agreement are satisfied, and that no Collateral Loan is in default, nor has an Event of Default, as that term is defined in the Agreement, occurred that is uncured as of the date hereof.

Optional Comments:
_____
_____
_____
_____

Dated:_____

Pacific Private Money Inc.
a California corporation

By:_____
Name:_____
Its:_____

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Exhibit "C"

PROMISSORY NOTE
(WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT)

Date: _____ __, 20__
Clovis, California

FOR VALUE RECEIVED, the undersigned, **Pacific Private Money Inc.**, a California corporation (the "Borrower"), whose principal place of business is 1555 Grant Avenue, Novato, California 94945, hereby promises to pay to the order of **The North Star Capital Fund LLC,** a California limited liability company (the "Lender"), together with its successors and assigns, whose principal place of business is _____, or at such other place as the Lender may designate from time to time or so much thereof as may be outstanding from time to time ("Note Amount") pursuant to the Warehouse Line of Credit Agreement (the "Agreement"), executed on _____, from the date of each Advance until repaid in full together with all fees and charges due under the Agreement. The Agreement hereby incorporated herein by this reference as if fully set forth herein. The maximum of any individual Note Amount under the Agreement shall not exceed _____ Dollars ($_____).

This Note secures the repayment of an Advance in the amount of $_____ approved by Lender on _____ _____, 20__; and funded or to be funded via wire transfer to Borrower's trust account on _____ ___, 20__. The Advance will be used by Borrower for the purpose of funding/purchasing loan number _____ in the original principal amount of $_____ to obligor/trustor/borrower _____ ("Collateral Borrower") and secured by the real property located at _____ (the "Collateral Loan").

1. Interest Rate. Interest on the amount of the Advance shall bear at the rate of the underlying Collateral Loan for which the Advance was made, payable monthly in arrears on the first day of each following month regardless of whether the Collateral Borrower has paid Borrower.

2. Interest-Only Payments. Borrower shall make payments of interest-only on the Note amount until the earliest of any one of the following events:

i. Lender purchases the Collateral Loan from Borrower and Lender has received all interest and principal due to Lender under the terms of this Note.
ii. Borrower sells the Collateral Loan to a third party and Lender has received all interest and principal due to Lender under the terms of this Note.
iii. The Collateral Borrower has repaid the Collateral Loan in full and Lender has received all interest and principal due to Lender under the terms of this Note.

3. Payments in United States Currency. All payments under this Promissory Note ("Note") shall be made in lawful money of the United States or in immediately available funds transferred via wire to accounts designated by the Investor.

4. Maturity Date. The Maturity Date of this Note shall coincide with the maturity date of the Collateral Loan plus five business days for processing the payoff, unless Lender in its sole discretion extends same in writing not to exceed thirty (30) days.

5. Security for Note. As security for the repayment of this Note, Borrower shall prepare and submit to Lender recordable assignments of the note and deed of trust for the Collateral Loan. Lender shall return the

originals of the assignments upon Lender's receipt of payment in full by Borrower of the amounts due under this Note.

6. Prepayment. This Note Amount may be prepaid in whole or in part at any time without premium or penalty.

7. Governing Law. This Note shall be construed and enforced in accordance with the laws of the State of California, without reference to its principals of conflicts of law.

8. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Warehouse Revolving Line of Credit Agreement.

Pacific Private Money Inc.
a California Corporation

By:_____
Name:_____
Its:_____

Exhibit "D"

Representations and Warranties of Borrower as Seller of Mortgage Loans

As a further inducement to Lender to enter into this Agreement and to consummate the purchases contemplated hereunder, Borrower represents, warrants and covenants to Lender, as of the date of purchase of each mortgage loan purchased under this Agreement, as follows:

A. VALID LIEN

The promissory note evidencing a mortgage loan ("Note") and the related deed of trust, mortgage or other security instrument securing the Note ("Security Instrument") and all related documents and instruments executed in connection with each mortgage loan are valid and binding and constitute a valid lien against the property described therein and is of the priority represented by Borrower. Obligations of the borrower are enforceable according to their terms. There are no defenses, counterclaims, or rights of set-off affecting any mortgage loan.

B. LEGAL CAPACITY

All parties signing the mortgage loan documents had and have the legal capacity and authority to do so, and the documents have been duly executed and delivered by each such party.

C. DELINQUENCY, DEFAULT, AND BANKRUPTCY

On the date of purchase, the obligor(s) under the mortgage loan (a) is current and is not otherwise in default; (b) has not been more than twenty-nine days delinquent or otherwise in default since the borrower's closing date and Borrower has no reason to believe such default is likely to occur; (c) is not a debtor in any bankruptcy or insolvency proceedings and, to Borrower's knowledge, is not the subject of any threatened bankruptcy or insolvency proceedings; (d) is not a party to any litigation and, to Borrower's knowledge, is not the subject of any threatened litigation. There is no default, breach, violation or event of acceleration existing respecting the mortgage loan and no event which with the passage of time or with notice and the expiration of any grace or cure period would constitute such a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived.

D. NO INVESTIGATION OR PROCEEEDING

Neither Borrower nor the mortgage loan is subject to any notification from, or proceeding or investigation by, any governmental agency or entity in connection with any actual, alleged, or potential legal problem, violation, deficiency or irregularity.

E. PRINCIPAL AMOUNT

The full principal amount has been advanced to the borrower, the unpaid principal balance is correctly stated in the documents Borrower submitted to Lender, and the mortgage loan is fully amortizing with no negative amortization.

F. TITLE INSURANCE

A title insurance company satisfactory to Lender must have issued or committed to issue an extended coverage ALTA Loan Policy of Title Insurance in amounts acceptable to Lender for the mortgage loan program under which the mortgage loan was originated. Such title insurance policy must insure the security instrument encumbering the borrower's title to the property represents a good and valid lien, senior in priority to all other liens, encumbrances, easements, reservations and restrictions except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, those of unpaid taxes and assessments not yet due and payable, and such other exceptions as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

G. COSTS, FEES AND EXPENSES

All costs, fees and expenses have been paid in connection with the making of such mortgage loan, including recording fees, documentary stamps, ad valorem taxes, hazard insurance premiums, and any other taxes or assessments that are due and payable in connection with the making of the mortgage loan.

H. GOOD REPAIR

The mortgaged property described in the Security Instrument has not been damaged by fire, flood, or other causes and any improvements thereon have been completed in full compliance with any and all rules and regulations of any governmental agency having jurisdiction.

I. GOOD TITLE

The mortgage loan documents have not been assigned or pledged and Borrower has good and marketable title to and full right to transfer ownership of the Note and Security Instrument free and clear of all liens and encumbrances; Borrower agrees and warrants that the mortgage loan submitted for purchase was originated by Borrower and not submitted to Borrower by, or purchased by Borrower from, the originator of the mortgage loan; and upon payment by Lender for the mortgage loan, Lender will have good and marketable title to the Note and a perfected lien on the mortgage property, free and clear of liens and encumbrances except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, the lien of taxes and assessments not delinquent, and encumbrances of or exceptions to title as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

J. ASSIGNMENT

The assignment of the Security Instrument to Lender has been duly executed and delivered by Borrower and has been recorded (at Borrower's expense) in those states in which recordation is customary or required to perfect ownership, or is in recordable form in those states where recordation of assignments is neither customary nor necessary to perfect ownership, and is valid, binding and enforceable according to its terms. Lender must approve the assignment prior to recording.

K. MORTGAGE LOAN DOCUMENTS

The borrower's application for the mortgage loan, and all documentation relating to the application and mortgage loan, including, without limitation, the Note, Security Instrument, assignment, hazard, flood or mortgage insurance/guaranty documentation, consumer credit disclosures, credit and appraisal documentation, have been prepared and/or completed in accordance with the Lender's guidelines and in the absence thereof industry standard practices, and all information contained in such documents is true and correct in all respects and does not fail to disclose any facts which could be material or which would make such information misleading, to the best of Borrower's knowledge. Borrower has no knowledge with respect to the mortgage loan, the applicant(s) for the mortgage loan, or the property that serves as security for the mortgage loan, that can reasonably be expected to cause an institutional secondary mortgage market investor to regard the purchase of the mortgage loan as an unacceptable investment, cause the mortgage loan to become delinquent, or adversely affect the value or marketability of the mortgage loan.

L. REGULATORY COMPLIANCE

The mortgage loan was made in compliance with all applicable federal, state and local laws and governmental rules and regulations pertaining to the making of residential real estate loans and all consumer disclosure laws and regulations, including, without limitation, the Real Estate Settlement Procedures Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Housing Act, Consumer Credit Protection Act, and Flood Disaster Protection Act, all as from time to time amended.

M. FACTUAL DISCLOSURE

All known facts relating to the mortgage loan transaction which may adversely affect the value of the mortgaged property, the credit, character or capacity of the borrower, the validity of the Security Instrument, or

any other aspect of the transaction have been disclosed to Lender and, if applicable, the appropriate government agency.

N. HAZARD INSURANCE

The improvements now existing or hereafter erected on the property encumbered by the mortgage loan are insured at minimum against fire with "extended coverage" (and flood insurance where the property is located in an area designated as a special flood hazard area) in an amount at least equal to the outstanding principal balance of the mortgage loan or full insurable value of the replacement cost of the improvements, whichever is less. The insurance is without coinsurance or average clause provision and contains a standard mortgagee clause and loss payable endorsement in favor of Lender, containing Lender's address. The policy is of a form acceptable to Lender and issued by an insurance company rated B+III or better by the Best Key Rating Guide, unless otherwise prohibited by law. Lender must be named as the loss payee under the policy and all premiums for the current year must be prepaid. In addition, the policy shall provide that it is noncancellable by the insurer except on 10 days' written notice to the holder of the Note and Security Instrument.

O. NO BROKER

Borrower has not agreed, and will not agree, to pay any broker or finder any fee in connection with the mortgage loan or sale of the mortgage loan pursuant to this Agreement which could give rise to any valid claims against Lender or the mortgage loan.

P. NOT IN COLLECTION

The mortgage loan is not in the possession of a collection agency or any attorney for collection.

Q. CAPITALIZED CHARGES AND ESCROW DEPOSITS

No escrow/impound deposits, payments, advances, or other charges or amounts have been capitalized into the mortgage loan. Accurate records covering any escrow/impound deposits shall be delivered to Lender on the purchase date, along with such deposits.

R. PAYMENTS RECEIVED

Any payments Borrower receives relating to mortgage loans purchased by Lender on or after the close of acquisition shall be endorsed and forwarded by Borrower to Lender (or to any other servicer designated in writing by the Lender) via overnight mail within 24 hours after Borrower's receipt. Borrower shall attach a loan payment history to each forwarded check for Lender's future payment reporting purposes.

Lender's Funding Criteria

Business Purpose or Commercial Loan Transactions

Each business purpose or commercial loan originated by Borrower must conform to the following requirements:

1. The maximum loan amount will be $_____ unless Lender provides Borrower with written approval for a loan amount in excess of $_____.
2. The loan will be secured by real and/or personal property that will secure the borrower's repayment obligation.
3. The real property will be appraised by an independent appraiser licensed by the California Office of Real Estate Appraisers as a Certified General Appraiser.
4. The loan to value ratio ("LTV") will not exceed _____%.
5. The Promissory Note will be secured by a Deed of Trust, Assignment of Leases and Rents, Fixture Filing, and Security Agreement, a personal Guaranty executed by an officer or principal of the borrowing entity, except where prohibited by applicable law, an environmental indemnity agreement and an arbitration agreement.
6. As appropriate, the Note may also be secured by a UCC financing statement.
7. Borrower has reviewed the preliminary title report to confirm that all existing liens, judgments or encumbrances recorded against title will be satisfied through the closing of the loan and that the deed of trust will be a first priority deed of trust against the collateral.
8. Borrower has ensured that Collateral Borrower has obtained the necessary hazard insurance and/or liability insurance policies, that the policy premiums are prepaid for the 12-month period following the date of the underlying note, and that Borrower is named as the mortgagee and additional loss payee on all such insurance policies.
9. Borrower has ensured that all property taxes currently due, delinquent or defaulted, are paid current through the loan closing.

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WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT

This Warehouse Revolving Line of Credit Agreement (“Agreement") is entered into by and between **Pacific Private Money Inc.,** a California corporation ("Borrower") and **The North Star Capital Fund LLC,** a California limited liability company ("Lender"), as of July 1, 2020.

DEFINITIONS

Advance	Total amount advanced by Lender to Borrower for the purpose of funding one or more specified mortgage loan transactions, each a separate Advance. Each Collateral Loan funded under this Agreement shall be funded in Borrower’s name.
Assigned Collateral	The Collateral Documents; an Allonge to the Collateral Loan's Promissory Note; and an Assignment of the Collateral Loan's Deed of Trust.
Assigned Collateral Loan	Collateral Loan that is not purchased by Lender pursuant to Section 1.3 of this Agreement and which Borrower retains as a Portfolio Loan.
Business Day	9:00 a.m. to 5:00 p.m. Monday to Friday, except Federal Holidays.
Collateral Borrower	The borrower or Trustor in a Collateral Loan.
Collateral Documents	All documents of the original Collateral Loan that are being assigned to Lender as set forth in Exhibit “A” attached hereto, including, but not limited to the original of a Collateral Loan's Promissory Note secured by a Deed of Trust, the recorded original of the Deed of Trust, and Lender’s Title Insurance Policy.
Collateral Loan	Loans originated or acquired by Borrower utilizing funds advanced pursuant to the terms of this Agreement.
Collateral Property	The property securing the Collateral Loan.
Collateral Value	The unpaid principal balance of a Collateral Loan.
Event of Default	The occurrence of any one or more of the conditions or events set forth in Article 8 of this Agreement.
Defect	Untrue, incomplete or inaccurate information in the Collateral Documents of a nature that is material to the Collateral Loan.
Funding Request	Borrower's request for an Advance to fund a mortgage loan that is pre-approved by Lender. A sample is attached Exhibit “B.”
Maturity Date	The maturity date set forth in the Note. For each Advance, the maturity date of the Note will coincide with the maturity date of the underlying note plus an additional ten (10) days processing time.
Note	Promissory Note as set forth in Exhibit “C.”

Purchased Collateral Loan	Collateral Loan that is purchased by Lender pursuant to Section 1.3 of this Agreement.
Release Amount	The unpaid principal balance of a Collateral Loan; provided, however, that if the Collateral Loan is sold to a third party, then the Release Amount shall be the unpaid principal balance of the Collateral Loan less selling commissions and any discount Lender has approved.
Revolving Line of Credit	The revolving line of credit covered by this Agreement which shall be determined at Lender's discretion.
Term Sheet	Written statement issued by Borrower to a Collateral Borrower advising the Collateral Borrower that Borrower will make a loan to Collateral Borrower to fund a Collateral Loan and specifying the loan terms for the Collateral Loan.
Trustor	The borrower under any Collateral Loan.

TERMS AND CONDITIONS

ARTICLE 1 - THE SECURED REVOLVING LINE OF CREDIT

Subject to the terms and conditions of this Agreement and provided no Event of Default has occurred and is continuing, Lender agrees to make available to Borrower a Revolving Line of Credit for the purpose of funding mortgage loans originated by Borrower or purchasing performing loans originated by third parties that meet Lender's criteria as defined herein. The total amount extended by Lender to Borrower under the Revolving Line of Credit which shall be determined at Lender's discretion. As set forth in this Agreement, Borrower shall repay Lender for Advances made under the Revolving Line of Credit; and, the funds repaid by Borrower to Lender shall be available for future Advances.

Each Advance made by Lender to Borrower shall fund or purchase loans that meet Lender's then applicable funding criteria. Lender agrees to provide Borrower with a minimum of twenty (20) days advance notice in the event Lender changes, amends or alters its funding criteria. Each Advance under this Agreement shall constitute a single indebtedness, and Borrower shall execute a Promissory Note to Lender for each Advance. The Assigned Collateral shall be security for each Note. Upon delivery of the Assigned Collateral for a Purchased Collateral Loan to Lender, the Advance shall be deemed paid in full. In the event Lender does not take assignment of a Collateral Loan pursuant to Section 1.3, Borrower shall provide a Collateral Assignment of the Collateral Loan to secure the Note associated with the Collateral Loan.

1.1 Purpose of Advance. The Advances shall be used by the Borrower solely for the business purpose of funding the acquisition or origination of mortgage loans secured by deeds of trust or other security instruments encumbering real property (collectively herein "Deeds of Trust" or individually a "Deed of Trust"). Loans originated by Borrower and funded pursuant to an Advance shall be originated in Borrower's name, and Borrower shall be identified as the lender on all loan documents. Loans purchased by Borrower pursuant to an Advance shall be assigned to Lender within 48-hours of the completed purchase transaction.

1.2 Funding of Advance. For each Advance request approved by the Lender, Lender shall wire good funds to Borrower's trust account. Upon confirmation of receipt of the Advance, Borrower shall wire the funds to escrow for the funding of the approved loan to the Collateral Borrower. All loans originated by Borrower shall be funded in Borrower's name.

1.3 Purchase Option. Lender shall, within five (5) Business Days after the date it made an Advance, give written notice to Borrower that Lender will purchase (servicing released), at the amount owed thereon, any

Collateral Loan (and all appurtenant rights) that was the subject of a credit advance ("Purchase Notice"), in which case the purchase of the subject Collateral Loan shall be automatic. Borrower's liability under the Note shall be reduced by the purchase price. Lender will record an assignment of the note and deed of trust in its favor. In the absence of a purchase notice, Borrower shall retain ownership of each Collateral Loan and shall endeavor to sell it with commercially reasonable diligence.

All origination points and fees associated with the underlying loan are fully earned by Borrower at time of consummation of the Collateral Loan. Borrower shall retain all origination fees, inclusive of, but not limited to: lender's origination and/or discount points, application fee, administration fee, underwriting fee, flood search fee, credit report fees and other similar fees.

1.4 Borrower Portfolio. In the absence of a purchase notice, Borrower shall retain ownership of the loan, for the purpose of selling the loan to a third party ("Portfolio Loan"). Borrower shall serve as the Document Custodian for the originals of the note, recorded deed of trust and other Collateral Documents. As collateral for the repayment of the Advance, Borrower shall deliver to Lender recordable assignments of the note and deed of trust, which Lender shall not record unless and until there is a default under the terms of the Note. Upon Borrower's sale of the Collateral Loan to a third party, Borrower shall repay to Lender the amount of the Advance plus all interest that has accrued against the Advance. Upon receipt of the funds due and owing to Lender under the Note, Lender shall deliver to Borrower the unrecorded originals of the assignments of the note and deed of trust.

1.5 Expiration or Cancellation of Revolving Line of Credit. Unless there is a material breach or an event of default committed by Borrower or Lender under this Agreement, this Agreement shall expire upon Borrower or Lender's delivery to the other party of a letter of intent to terminate this Agreement. Such termination letter shall not affect Borrower's obligation to repay Advances on the Revolving Line of Credit made by Lender to Borrower prior to the effective date of the termination.

ARTICLE 2 - CONDITIONS PRECEDENT TO ADVANCE

2.1 Pre-Approval by Lender. The funding of each Advance under this Agreement is at the sole discretion of the Lender. Three (3) days prior to funding, the Lender shall have received copies of the following, all of which must be satisfactory in form and content to the Lender:

(a) Collateral Borrower's credit application;

(b) An appraisal of the Collateral Property, performed by an independent appraiser holding a current valid license to appraise property in the state where the property is located;

(c) Borrower's underwriting worksheet for the proposed Collateral Loan documenting that the Collateral Loan meets Lender's criteria;

(d) For a residential mortgage loan, documentation confirming the Collateral Borrower's ability to repay the loan obligation;

(e) The Note and this Agreement duly executed;

(f) A copy of the draft settlement statement for the transaction;

(g) The assignment of the Collateral Loan, and all other instruments or documents to be delivered by the Borrower pursuant to this Agreement; and

(h) Evidence satisfactory to the Lender as to the making and/or continuation of any book entry or the due filing and recording in all appropriate offices of all financing statements and other

instruments as may be necessary to perfect the security interest of the Lender in the Collateral Loan under the Uniform Commercial Code of California or other applicable law.

2.2 Term Sheet to Fund Collateral Loan. Borrower shall not issue to a Collateral Borrower a written term sheet to fund a mortgage loan until Borrower receives written approval of the loan transaction from Lender. The Term Sheet shall set forth the approved loan terms, any conditions that must be met by the Collateral Borrower prior to the closing of the Collateral Loan by escrow.

2.3 Cancellation of Lender Approval. Following Lender's delivery of the written approval, Borrower must advise Lender within 24-hours of Borrower's receipt of notice from any source that there has been a material change in circumstances in either Collateral Borrower's financial condition or the condition of the property (real and/or personal) that will secure the Collateral Loan. Lender may, at Lender's sole discretion, cancel or withdraw its approval of the proposed Collateral Loan if the change in circumstances is material to the transaction and/or if the change in circumstance results in a lessening of Lender's security.

ARTICLE 3 - THE CREDIT LINE

3.1 Note. For each individual Advance made by Lender pursuant to this Agreement, Borrower's obligations shall be evidenced by this Agreement and a promissory note which shall be delivered by Borrower to Lender, substantially in the form of Exhibit "C" attached hereto.

3.2 Interest. In the event Lender fails to provide a timely Purchase Notice to Borrower, Borrower shall make monthly payments to Lender as follows:

3.2.1 Each Advance to Borrower shall bear interest at the rate of the underlying Collateral Loan for which the Advance was made.

3.2.2 Interest shall be payable monthly in arrears on the first day of each following month. Payments shall be made regardless of whether the Collateral Borrower has paid Borrower.

3.2.3 Interest on the amount of Advance shall terminate upon the occurrence of any one of the following events:

i. The purchase of the Collateral Loan by Lender, and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
ii. Borrower's sale of the Collateral Loan to a third party and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
iii. The Collateral Borrower's repayment of the Collateral Loan note in full and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower.

3.3 Payments.

3.3.1 The Advance, all interest due thereon and accrued costs, if any, shall be payable in full on the Note's Maturity Date (which shall coincide with the maturity date of the underlying Collateral Loan note plus five (5) additional days to process the payment and transmit funds to Lender) unless that date is extended by Lender.

3.3.2 The Borrower shall have the right to prepay any and all of the Advance in whole or in part, from time to time, without premium or penalty.

3.3.3 The Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the Release Amount of any Assigned Collateral upon maturity, or other disposition, of the Assigned Collateral.

3.3.4 If the principal amount of any Assigned Collateral is prepaid in whole or in part, the Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the amount received within five (5) Business Days. The amount of such payment shall be applied to the Advance.

3.4 Method of Making Payments. Except as otherwise specifically provided herein, all payments due shall be made to the Lender by the close of business on the date due, unless such date is not a Business Day in which case such payment shall be due on the first Business Day thereafter, and shall be made in lawful money of the United States of America or in immediately available funds transferred via wire to accounts designated by the Lender from time to time.

3.5 Application of Payments. Payments made under this Agreement shall be applied: first, to the payment of any attorney's fees; second, to any costs or expenses of collection; third, to any interest due on the Advance; and fourth, to the Advance.

ARTICLE 4 – COLLATERAL

4.1 Document Custodian.

4.1.1 In the event Lender elects not to purchase a Collateral Loan, Borrower shall serve as the Document Custodian for the following original Collateral Loan documents: Collateral Loan Note; Collateral Loan Deed of Trust; Lender's Title Insurance Policy; and Certified Copy of the Settlement Statement.

4.1.2 If a Collateral Loan is sold to Lender or a third party, Borrower shall forward all original loan documents to the Document Custodian designated by the Lender or third party.

4.2 Grant of Security Interest. As security for the repayment of the Advance and for the performance of all of the Borrower's obligations, the Borrower hereby assigns and transfers to the Lender all right, title and interest in and to and grants a security interest to the Lender in:

(a) All Collateral Documents evidencing or securing loans, which from time to time are delivered or caused to be delivered to (including delivery to a third party on behalf of Lender), come into the possession, custody or control of the Lender for the purpose of assignment.

(b) All escrow accounts, documents, instruments, files, surveys, certificates, correspondence, appraisals, computer programs, tapes, discs, cards, accounting records (including all information, records, tapes, data, programs, discs, and cards necessary or helpful in the administration or servicing of the Collateral Loan) and other information and data of the Borrower relating to the Assigned Collateral.

(c) All now existing or hereafter acquired moneys delivered to or otherwise in the possession of the Borrower or its agent, bailee or custodian or designated on the books and records of the Borrower relating to Assigned Collateral assigned and pledged to the Lender.

4.3 Release of Security Interest in Collateral Loan.

4.3.1 Any Assigned Collateral Loan not purchased by Lender shall be released from the Lender's security interest only upon payment to the Lender of the Release Amount. Upon

receipt of payment of the Release Amount, all Collateral Documents relating to the redeemed Assigned Collateral Loan shall be released by the Lender to the Borrower.

4.3.2 Prior to the occurrence of an Event of Default, the Borrower may redeem an Assigned Collateral Loan from the Lender by notifying the Lender of its intention to redeem such Assigned Collateral Loan by either:

i. Paying, or causing a third party to pay, to the Lender, for application to the Advance the Release Amount; or

ii. Delivering substitute Assigned Collateral which, in addition to being acceptable to the Lender in its sole discretion, will when included with the other Assigned Collateral result in an aggregate Collateral Value held by the Lender to be at least equal to 100% of the Advance.

4.3.3 Following the occurrence of an Event of Default, the Lender may, without liability to the Borrower or any person, continue to release its security interest in any Assigned Collateral Loan upon payment of the Release Amount.

4.4 Collection and Servicing Rights. So long as no Event of Default shall have occurred and be continuing, the Borrower shall be entitled to service, receive and collect directly all sums payable to the Borrower in respect to the Collateral Loan, other than proceeds of the sale of any Collateral Loan. All sums received by the Borrower shall be deposited into the Borrower's Trust Account for the benefit of the Lender by no later than the next Business Day.

4.5 Return of Collateral Documents Upon Termination.

4.5.1 If the Agreement shall have expired or been terminated, and no Advance, interest or other obligations shall be outstanding and unpaid, the Lender shall release its security interest and shall deliver all Assigned Collateral in its possession to the Borrower at the Borrower's expense.

4.5.2 Any Assigned Collateral released or delivered to the Borrower pursuant to any provision of this Agreement shall be a complete and full discharge, and the Lender shall thereafter be relieved from any liability or responsibility therefore.

4.6 Duties With Respect to Portfolio Loans.

4.6.1. Borrower will make all payments and do all acts which Lender may hereafter deem necessary to perfect or protect Lender's security interest in the Assigned Collateral Loan, including without limitation, maintaining in good shape and repair, paying all taxes, charges, assessments or liens levied or imposed on the property described in the Collateral Documents.

4.6.2. Borrower will appear in and defend any and all actions and proceedings, which purport to affect title to the Collateral Loan, or to affect Lender's security interest therein.

4.6.3. Lender shall be the sole judge of the acceptability of any encumbrance or lien against the Collateral Loan or any part thereof, and the amount necessary to discharge the same.

4.6.4. Lender agrees that retaining the possession of Collateral Documents for more than five (5) Business Days is a commitment to accept such Collateral Loan for assignment per the terms of this Agreement.

4.6.5. All rejected Collateral Loans by Lender shall be returned to Borrower within five (5) Business Days after rejection by Lender.

ARTICLE 5 – FUNDING

5.1 Condition of Funding. The obligation of the Lender to make the initial and subsequent funding under this Agreement is subject to the satisfaction of the Lender of the following additional conditions:

(a) The approval of all Collateral Documents and loan terms must occur at least three (3) Business Days before a Funding Request will be processed.

(b) The Collateral Documents delivered to the Lender shall be satisfactory to the Lender in form and content, and the Lender may reject any of them which in the Lender's sole opinion do not meet the requirements of this Agreement.

(c) The Borrower is in compliance with all the conditions of this Agreement and no Event of Default exists.

(d) The Borrower shall not have incurred any substantial liabilities, direct or contingent, other than in the ordinary course of its business, since the date of this Agreement.

(f) Delivery of a Funding Request by the Borrower shall be deemed a representation, affirmation, or re-affirmation that all conditions set forth in this Agreement and the Note are satisfied as of the date of such funding.

5.2 Procedures for Obtaining Funding.

5.2.1. Funding Requests shall be initiated by the Borrower by delivering to the Lender, no later than one (1) Business Day prior to any Business Day that the Borrower desires funding, a completed and signed Funding Request on the then current form approved by the Lender.

5.2.2. The Borrower will deliver the Collateral Documents to the Lender, and any additional documents relating to an Assigned Collateral which the Lender may reasonably request.

5.2.3. Lender shall then fund the Funding Request to Borrower’s trust account. Borrower shall wire the funds to the closing agent for the new loan.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender, as of the date of this Agreement and as of the date of each Funding Request, that:

6.1 This Agreement is a valid, binding, and legally enforceable obligation of the Borrower.

6.2 That any Collateral Loan was made in compliance with all applicable state and federal laws, rules and regulations.

6.3 The Borrower is the legal and absolute owner and holder of the Assigned Collateral, free and clear of all liens other than the liens granted hereunder or disclosed to, and approved in writing by, the Lender. Each Collateral Loan has been duly authorized and validly issued to the Borrower, and

complies with all of the requirements of this Agreement, and have been and will continue to be validly pledged to the Lender, subject to no other liens.

6.4 The Borrower has the full right, power and authority to assign each Collateral Loan to Lender.

6.5 That no Defect has occurred, and has continued for more than fifteen (15) days, without a written waiver by Lender, in any Collateral Loan without the Release Amount having been paid.

6.6 Borrower has obtained and shall maintain a fire and casualty insurance policy covering the premises encumbered by each Assigned Collateral Loan, which names, and will continue to name, the Borrower and its successors and assigns as the insured under a standard mortgagee clause and will continue to be in full force and effect so long as the Collateral Loan remains pledged.

6.7 The obligations of the Trustor under the Collateral Loan is not subject to any claim for credits, allowances, adjustments, or offsets, unless disclosed by Borrower on the Collateral Documents and waived in writing by Lender.

6.8 No notice of bankruptcy, insolvency, or financial embarrassment of any Trustor under the Collateral Loan has been received by the Borrower. Upon Borrower's receipt of any such notice, the Borrower will immediately give the Lender written notice of same.

6.9 No action has been taken or threatened by any taxing authority that would impose a lien on any Collateral Loan.

6.10 Borrower has filed all required federal, state, and local tax returns, and all taxes owing to any such governmental agencies have been paid as they have become due, except that so long as Borrower contests any claim pertaining to the foregoing in good faith and final action by the taxing authority is deferred or stayed, and the liability therefore is appropriately reflected in reserves set aside on Borrower's balance sheet, then it shall not constitute a breach of this representation and warranty.

6.11 No approvals, consents or authorizations of, or filings or registrations with, any federal or state governmental authority or body are necessary for the consummation of the transactions contemplated by this Agreement or for the performance by any such party of any of the terms and conditions thereof, except for such approvals, consents, or authorizations as have already been obtained and copies of which have been delivered to Lender.

6.12 All information furnished or to be furnished, including but not limited to, each document, instrument, invoice, and paper of every kind heretofore or hereafter presented to Lender by Borrower in connection with the funding of the Advance is genuine and the information contained therein is true and correct.

6.13 Each representation and warranty as to Borrower in this Agreement shall be true and correct as of the date of each disbursement of each Advance as if made again on such dates.

6.14 Except as otherwise disclosed on the Term Sheet, neither Borrower nor anyone on its behalf has engaged in any conduct which would give rise to any fee or commission of any broker, finder, or other person. Borrower hereby agrees to indemnify and to hold harmless, Lender, against any and all claims, demands, causes of action, liabilities, losses, judgments, costs, and expenses (including without limitation attorney's fees) asserted with respect to fees or commissions of brokers, finders, or others in connection with any of the transactions referred to herein or contemplated hereby, and shall pay in full any such claims on demand by Lender.

If Lender elects to purchase a Collateral Loan, Borrower hereby makes the representations and warranties to Lender set forth on Exhibit "D" as of the date of each Advance is made to fund a Collateral Loan.

ARTICLE 7 - AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that, so long as any Advance is outstanding, the Borrower shall:

7.1 Payment of Note. Punctually pay or cause to be paid all payments called for in Article 3 of this Agreement and the Note.

7.2 Lender's Right to Hypothecate Assigned Collateral. Borrower hereby authorizes Lender to hypothecate or repledge Lender's interest in any or all of the Collateral Loan, subject to the terms of this Agreement.

7.3 Compliance with Applicable Laws. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which could adversely affect Borrower's business, operations, assets, or financial condition, except where contested in good faith and by appropriate proceedings.

7.4 Indemnity.

7.4.1. Indemnify and hold the Lender harmless from and against any loss, including actual attorneys' fees and costs, attributable to the failure of a title insurance company, its agent or approved attorney to comply with the disbursement or instruction letter or letters of the Borrower relating to any Assigned Collateral.

7.4.2. Indemnify and hold the Lender harmless from and against any claims arising out of the origination of any loan associated with any Assigned Collateral (e.g., fraud, TILA, etc.).

7.4.3. Indemnify and hold Lender harmless from and against any claims arising out of the servicing of any Collateral Loan.

7.5 Prohibition of Modification Without Lender Approval. Not amend or modify, or waive any of the terms and condition of, or settle or compromise any claim in respect of, any Assigned Collateral without written approval from Lender.

ARTICLE 8 – DEFAULTS

8.1 Events of Default.

Borrower shall be in default if:

8.1.1 Borrower's Default.

i. Borrower fails to pay the principal of the Advance when due, whether at stated maturity, by acceleration, or otherwise; or failure to pay any installment of interest on the Advance or any other amount due under this Agreement within twenty (20) days after the due date; or failure to pay, within any applicable grace period, the principal or interest on any other indebtedness of the Borrower due the Lender; or

ii. Borrower fails to perform or comply with all terms or conditions applicable to Borrower or arising out of this Agreement: or

iii. Borrower's representations or warranties made or deemed made herein or in any Collateral Document, or in any statement or certificate at any time given by the Borrower shall be inaccurate or incomplete in any respect on the date as of which made or deemed made; or

8.1.2 Defect in Collateral Loan.

Any Trustor or Trustors in any Collateral Loan fails to perform, unless Borrower:

i. Promptly notifies the Lender of such failure; and

ii. Retains the services of a foreclosing trustee, and a notice of default pursuant to law is recorded on the non-performing Collateral Loan.

8.1.3 Defects in Collateral Documents.

i. Any Assigned Collateral is determined to have been originated based on untrue, incomplete or inaccurate information, and Borrower had knowledge of such untruth, incomplete or inaccurate information; and such default shall not have been cured, or waived in writing by Lender, within fifteen (15) days of written notice.

ii. A Defect or failure having been discovered in any Collateral Document, and such defect or failure shall not have been cured, or waived in writing by Lender, within thirty (30) days of written notice.

ARTICLE 9 - REMEDIES

9.1 Effect of Event of Default. Upon the occurrence of an Event of Default, the Lender may, at its sole discretion, do any one or more of the following:

(a) Notify Borrower who shall after said written notice hold in trust for the benefit of the Lender, and within two (2) Business Days pay to the Lender at its office designated by notice hereunder, all amounts thereafter received by the Borrower upon or in respect of any Assigned Collateral, advising the Lender as to the source of such funds.

(b) By written notice to the Borrower, terminate this Agreement and the Revolving Line of Credit and/or declare all outstanding Advances to be immediately due and payable, whereupon the same shall forthwith become due and payable, together with all accrued interest thereon. The promise of the Lender to fund any Advance shall thereupon terminate.

(c) Require the Borrower to assemble the books and records relating to all Collateral Loan and make such available to the Lender at a place to be designated by the Lender.

(d) Enter onto property where the books and records relating to any Collateral Loan is located and take possession thereof with or without judicial process.

(e) Notify any Trustor that the Collateral Loan has been assigned to the Lender and that all payments thereon are to be made directly to the Lender or such other party as may be designated by the Lender; and

1) Lender or its designee shall thereafter be entitled to service, receive and collect all sums payable in respect of any Assigned Collateral, including endorsing payments;

2) Contract with a third party to act as servicer or subservicer of any and all Assigned Collateral and perform all acts required in connection with such Servicing Contract, and pay the fees of such third party on account of the Borrower;

3) Demand, collect or receive any money or property at any time payable or receivable on account of, or in exchange for, any Assigned Collateral;

4) Where any such Assigned Collateral is in default, foreclose upon or otherwise enforce Lender's security interest in any manner as permitted by law or as provided for in this Agreement;

5) Settle or compromise any amounts owing on any Assigned Collateral;

6) Release, in whole or in part, any obligor or investor under any Assigned Collateral;

7) Prior to the disposition of any Collateral Loan, prepare the underlying security for disposition in any manner and to the extent the Lender deems appropriate.

8) Process and sell property acquired as a result of any foreclosure.

9.2 Application of proceeds of sale or redemption of Collateral Loan and payments

(a) So long as the Advance remains unpaid, all advances, charges, costs and expenses, including reasonable attorney's fees, incurred or paid by Lender in maintaining its security interest in any Assigned Collateral Loan, in exercising any right, power, or remedy conferred by this Agreement, or in the enforcement thereof, shall be applied:

1) First to the cost and expenses of preparation and sale of the underlying security of any Assigned Collateral Loan;

2) Second, to attorneys' fees incurred to perfect and protect Lender's security interest in any Assigned Collateral Loan; and

3) Third, if the proceeds are greater then the costs, expenses and fees as set forth above, the overage shall be applied as agreed by Borrower and Lender.

(b) Upon payment of the Advance in full, Lender shall reassign all remaining Collateral Loans, and return the Collateral Documents associated with the remaining Collateral Loans.

9.3 Proceed against the Borrower under the Note.

ARTICLE 10 - WAIVERS

10.1 No Waiver by Lender. No failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default, shall constitute a waiver

thereof. No waiver of any past Event of Default shall constitute a waiver of any future Event of Default. No failure to accelerate the Advance by reason of an Event of Default hereunder, or acceptance of a past due payment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or shall be deemed to be a novation or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Lender may have, whether by the laws of the state governing this Agreement. Borrower hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

10.2 Waiver by Borrower. Borrower, for itself and for its successors and assigns, hereby waives any requirement that Lender give Borrower any notice of any Event of Default, including without limitation, failure to make payment, except to the extent notice is specifically required elsewhere in this Agreement. All demands of performance, notices of sale, advertisements and manner of any Collateral Loan after and Event of Default, except only as provided by California Commercial Code Section 9504(3), are hereby specifically waived by Borrower.

ARTICLE 11 - NOTICES

11.1 All notices, demands, consents, requests and other communications required or permitted to be given or made shall, except as otherwise expressly provided, shall be in writing and shall be delivered in person or faxed or mailed, first class or delivered by overnight courier, return receipt requested, postage prepaid, addressed to the respective parties hereto at their respective addresses hereinafter set forth or, as to any such party, at such other address as may be designated by it in a written notice to the other. All notices shall be conclusively deemed to have been properly given or made when duly delivered, in person, by telecopy or by overnight courier, or if mailed, on the date of receipt as noted on the return receipt, addressed as follows:

If to the Lender: The North Star Capital Fund LLC

If to the Borrower: Pacific Private Money Inc.
1555 Grant Avenue
Novato, California 94945

11.1.1 Required Notices. Within twenty (20) days of the event requiring the notice, Borrower shall give written notice to the Lender of:

i. All litigation affecting Borrower.

ii. Any Event of Default as defined in this Agreement or any other event which constitutes or, upon the lapse of time or notice or both, would become, an Event of Default.

iii. Any other matter which has resulted in a substantial adverse change in the financial condition or results of operations of Borrower or in Borrower's financial condition.

11.1.2. Twenty (20) days prior to a change in Lender’s criteria for loan approval, Lender shall give written notice to Borrower of any change, amendment or alteration of its funding criteria.

ARTICLE 12 – MISCELLANEOUS

12.1 Terms Binding Upon Successors: Survival of Representatives. The terms and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All representations, warranties, covenants and agreements herein contained on the part of the Borrower shall survive the making of any funding and the execution of the Note, and shall be effective so long as any Advance is outstanding or there remain any obligations to be paid or performed.

12.2 Amendments. Except as otherwise provided in this Agreement, this Agreement may not be amended, modified or supplemented unless such amendment, modification or supplement is set forth in writing signed by the parties hereto.

12.3 Governing Law. This Agreement and the Collateral Documents shall be governed by the laws of the State of California.

12.4 Severability. If any provision of this Agreement shall be declared to be illegal or unenforceable in any respect, such illegal or unenforceable provision shall be and become absolutely null and void and of no force and effect as though such provision were not in fact set forth herein, but all other covenants, terms, conditions and provisions hereof shall nevertheless continue to be valid and enforceable.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

12.6 Entire Agreement. This Agreement, the Note and the Collateral Documents represent the final agreement between Borrower and Lender, and may not be contradicted by evidence of prior or contemporaneous oral agreements among the parties.

12.7 Arbitration Agreement.

12.7.1. The parties agree, not only for them but for successors, assigns, heirs, executors, administrators or any other person, firm or organization acting on their behalf, that any claim or controversy of whatever nature arising out of this Agreement shall be resolved through a final and binding arbitration in accordance with the then-existing rules of the American Arbitration Association and not by a lawsuit or resort to court process except as California law provides for judicial review or enforcement of arbitration proceedings.

12.7.2. The laws of the State of California, including its statute of limitations applicable to the commencement of a lawsuit, shall apply to this arbitration and to the commencement of arbitration.

12.7.3. In rendering the award the arbitrator shall determine the rights of the parties according to the substantive law of the State of California. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

12.7.4. BY INITIALING BELOW, BOTH THE LENDER AND BORROWER ACKNOWLEDGE, UNDERSTAND AND AGREE TO SUBMIT TO ARBITRATION AND FREELY WAIVE THE RIGHT TO TRIAL BY JUDGE OR JURY, THE RIGHT TO APPEAL, PRETRIAL DISCOVERY AND APPLICATION OF THE RULES OF EVIDENCE.

_____ _____

Lender's Initials Borrower's Initials

12.8 No Assignment. This Agreement may not be sold, transferred or otherwise hypothecated by Borrower without the express prior written consent of Lender.

12.9 Power of Attorney. Borrower hereby irrevocably constitutes and appoints Lender its true and lawful attorney with full power of substitution, to do any and all acts which Borrower is obligated by this Agreement to do, and to exercise all rights of Borrower in and to all Assigned Collateral, to make collections and to sign and endorse Borrower's name on any and all papers, instruments or documents, and to do all other things necessary to preserve and protect any Collateral Loan, and to perfect and protect Lender's security interest therein in the Event of Default set forth in this Agreement. Such power of attorney is coupled with an interest and shall remain effective and irrevocable for so long as any Advance remains unpaid.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed as of the date first above written.

BORROWER:

Pacific Private Money Inc.
a California corporation

By:_____
Name:_____
Its:_____

LENDER:

The North Star Capital Fund LLC
a California limited liability company

By:_____
Name:_____
Its:_____

Exhibit "A"
COLLATERAL DOCUMENTS

Account No. _____ Current Payment Due Date: _____

Original Note Amount: $_____ Date of Note:_____

Unpaid Principal Balance $_____ As of Date: _____

Trustor's Mailing Address:_____

_____

Trustor's Telephone Number:_____

_____ Computer Print Out of Account

_____ Original Note (when received from the closing agent)

_____ Executed Allonge (assignment of the Note separate from the Note)

_____ Original Unrecorded & Notarized Corporate Assignment of Deed of Trust/Mortgage

_____ Preliminary Title Report

_____ Copy of Appraisal

_____ Copy of Hazard Insurance Policy

_____ Proof of Paid Current Property Taxes

_____ Any hold-backs? If Yes, explain: _____
_____
_____

Optional Comments:
_____
_____
_____
_____

Dated: _____

By: _____

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Exhibit "B"
FUNDING REQUEST

Pacific Private Money Inc., a California corporation ("Borrower") hereby requests funding of $_____ pursuant to the Warehouse Revolving Line of Credit Agreement ("Agreement") dated July 1, 2020.

I, the undersigned, certify that I am the authorized person to act on behalf of Borrower. In that capacity:

(1) I make this funding request;

(2) I certify that the proceeds of this funding will be, and all prior funding has been, used in accordance with the Warehouse Revolving Line of Credit Agreement ("Agreement");

(3) I certify that there has been no substantial adverse change in the financial condition, operations or fixed assets of Borrower since entering into the Agreement; and

(4) I affirm and re-affirm that all conditions set forth in the Agreement are satisfied, and that no Collateral Loan is in default, nor has an Event of Default, as that term is defined in the Agreement, occurred that is uncured as of the date hereof.

Optional Comments:
_____
_____
_____
_____

Dated:_____

Pacific Private Money Inc.
a California corporation

By:_____
Name:_____
Its:_____

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Exhibit "C"

PROMISSORY NOTE
(WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT)

Date: _____ __, 20__
Clovis, California

FOR VALUE RECEIVED, the undersigned, **Pacific Private Money Inc.**, a California corporation (the "Borrower"), whose principal place of business is 1555 Grant Avenue, Novato, California 94945, hereby promises to pay to the order of **The North Star Capital Fund LLC,** a California limited liability company (the "Lender"), together with its successors and assigns, whose principal place of business is _____, or at such other place as the Lender may designate from time to time or so much thereof as may be outstanding from time to time ("Note Amount") pursuant to the Warehouse Line of Credit Agreement (the "Agreement"), executed on _____, from the date of each Advance until repaid in full together with all fees and charges due under the Agreement. The Agreement hereby incorporated herein by this reference as if fully set forth herein. The maximum of any individual Note Amount under the Agreement shall not exceed _____ Dollars ($_____).

This Note secures the repayment of an Advance in the amount of $_____ approved by Lender on _____ _____, 20__; and funded or to be funded via wire transfer to Borrower's trust account on _____ ___, 20__. The Advance will be used by Borrower for the purpose of funding/purchasing loan number _____ in the original principal amount of $_____ to obligor/trustor/borrower _____ ("Collateral Borrower") and secured by the real property located at _____ (the "Collateral Loan").

1. Interest Rate. Interest on the amount of the Advance shall bear at the rate of the underlying Collateral Loan for which the Advance was made, payable monthly in arrears on the first day of each following month regardless of whether the Collateral Borrower has paid Borrower.

2. Interest-Only Payments. Borrower shall make payments of interest-only on the Note amount until the earliest of any one of the following events:

i. Lender purchases the Collateral Loan from Borrower and Lender has received all interest and principal due to Lender under the terms of this Note.
ii. Borrower sells the Collateral Loan to a third party and Lender has received all interest and principal due to Lender under the terms of this Note.
iii. The Collateral Borrower has repaid the Collateral Loan in full and Lender has received all interest and principal due to Lender under the terms of this Note.

3. Payments in United States Currency. All payments under this Promissory Note ("Note") shall be made in lawful money of the United States or in immediately available funds transferred via wire to accounts designated by the Investor.

4. Maturity Date. The Maturity Date of this Note shall coincide with the maturity date of the Collateral Loan plus five business days for processing the payoff, unless Lender in its sole discretion extends same in writing not to exceed thirty (30) days.

5. Security for Note. As security for the repayment of this Note, Borrower shall prepare and submit to Lender recordable assignments of the note and deed of trust for the Collateral Loan. Lender shall return the

originals of the assignments upon Lender's receipt of payment in full by Borrower of the amounts due under this Note.

6. Prepayment. This Note Amount may be prepaid in whole or in part at any time without premium or penalty.

7. Governing Law. This Note shall be construed and enforced in accordance with the laws of the State of California, without reference to its principals of conflicts of law.

8. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Warehouse Revolving Line of Credit Agreement.

Pacific Private Money Inc.
a California Corporation

By:_____
Name:_____
Its:_____

Exhibit "D"

Representations and Warranties of Borrower as Seller of Mortgage Loans

As a further inducement to Lender to enter into this Agreement and to consummate the purchases contemplated hereunder, Borrower represents, warrants and covenants to Lender, as of the date of purchase of each mortgage loan purchased under this Agreement, as follows:

A. VALID LIEN

The promissory note evidencing a mortgage loan ("Note") and the related deed of trust, mortgage or other security instrument securing the Note ("Security Instrument") and all related documents and instruments executed in connection with each mortgage loan are valid and binding and constitute a valid lien against the property described therein and is of the priority represented by Borrower. Obligations of the borrower are enforceable according to their terms. There are no defenses, counterclaims, or rights of set-off affecting any mortgage loan.

B. LEGAL CAPACITY

All parties signing the mortgage loan documents had and have the legal capacity and authority to do so, and the documents have been duly executed and delivered by each such party.

C. DELINQUENCY, DEFAULT, AND BANKRUPTCY

On the date of purchase, the obligor(s) under the mortgage loan (a) is current and is not otherwise in default; (b) has not been more than twenty-nine days delinquent or otherwise in default since the borrower's closing date and Borrower has no reason to believe such default is likely to occur; (c) is not a debtor in any bankruptcy or insolvency proceedings and, to Borrower's knowledge, is not the subject of any threatened bankruptcy or insolvency proceedings; (d) is not a party to any litigation and, to Borrower's knowledge, is not the subject of any threatened litigation. There is no default, breach, violation or event of acceleration existing respecting the mortgage loan and no event which with the passage of time or with notice and the expiration of any grace or cure period would constitute such a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived.

D. NO INVESTIGATION OR PROCEEEDING

Neither Borrower nor the mortgage loan is subject to any notification from, or proceeding or investigation by, any governmental agency or entity in connection with any actual, alleged, or potential legal problem, violation, deficiency or irregularity.

E. PRINCIPAL AMOUNT

The full principal amount has been advanced to the borrower, the unpaid principal balance is correctly stated in the documents Borrower submitted to Lender, and the mortgage loan is fully amortizing with no negative amortization.

F. TITLE INSURANCE

A title insurance company satisfactory to Lender must have issued or committed to issue an extended coverage ALTA Loan Policy of Title Insurance in amounts acceptable to Lender for the mortgage loan program under which the mortgage loan was originated. Such title insurance policy must insure the security instrument encumbering the borrower's title to the property represents a good and valid lien, senior in priority to all other liens, encumbrances, easements, reservations and restrictions except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, those of unpaid taxes and assessments not yet due and payable, and such other exceptions as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

G. COSTS, FEES AND EXPENSES

All costs, fees and expenses have been paid in connection with the making of such mortgage loan, including recording fees, documentary stamps, ad valorem taxes, hazard insurance premiums, and any other taxes or assessments that are due and payable in connection with the making of the mortgage loan.

H. GOOD REPAIR

The mortgaged property described in the Security Instrument has not been damaged by fire, flood, or other causes and any improvements thereon have been completed in full compliance with any and all rules and regulations of any governmental agency having jurisdiction.

I. GOOD TITLE

The mortgage loan documents have not been assigned or pledged and Borrower has good and marketable title to and full right to transfer ownership of the Note and Security Instrument free and clear of all liens and encumbrances; Borrower agrees and warrants that the mortgage loan submitted for purchase was originated by Borrower and not submitted to Borrower by, or purchased by Borrower from, the originator of the mortgage loan; and upon payment by Lender for the mortgage loan, Lender will have good and marketable title to the Note and a perfected lien on the mortgage property, free and clear of liens and encumbrances except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, the lien of taxes and assessments not delinquent, and encumbrances of or exceptions to title as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

J. ASSIGNMENT

The assignment of the Security Instrument to Lender has been duly executed and delivered by Borrower and has been recorded (at Borrower's expense) in those states in which recordation is customary or required to perfect ownership, or is in recordable form in those states where recordation of assignments is neither customary nor necessary to perfect ownership, and is valid, binding and enforceable according to its terms. Lender must approve the assignment prior to recording.

K. MORTGAGE LOAN DOCUMENTS

The borrower's application for the mortgage loan, and all documentation relating to the application and mortgage loan, including, without limitation, the Note, Security Instrument, assignment, hazard, flood or mortgage insurance/guaranty documentation, consumer credit disclosures, credit and appraisal documentation, have been prepared and/or completed in accordance with the Lender's guidelines and in the absence thereof industry standard practices, and all information contained in such documents is true and correct in all respects and does not fail to disclose any facts which could be material or which would make such information misleading, to the best of Borrower's knowledge. Borrower has no knowledge with respect to the mortgage loan, the applicant(s) for the mortgage loan, or the property that serves as security for the mortgage loan, that can reasonably be expected to cause an institutional secondary mortgage market investor to regard the purchase of the mortgage loan as an unacceptable investment, cause the mortgage loan to become delinquent, or adversely affect the value or marketability of the mortgage loan.

L. REGULATORY COMPLIANCE

The mortgage loan was made in compliance with all applicable federal, state and local laws and governmental rules and regulations pertaining to the making of residential real estate loans and all consumer disclosure laws and regulations, including, without limitation, the Real Estate Settlement Procedures Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Housing Act, Consumer Credit Protection Act, and Flood Disaster Protection Act, all as from time to time amended.

M. FACTUAL DISCLOSURE

All known facts relating to the mortgage loan transaction which may adversely affect the value of the mortgaged property, the credit, character or capacity of the borrower, the validity of the Security Instrument, or

any other aspect of the transaction have been disclosed to Lender and, if applicable, the appropriate government agency.

N. HAZARD INSURANCE

The improvements now existing or hereafter erected on the property encumbered by the mortgage loan are insured at minimum against fire with "extended coverage" (and flood insurance where the property is located in an area designated as a special flood hazard area) in an amount at least equal to the outstanding principal balance of the mortgage loan or full insurable value of the replacement cost of the improvements, whichever is less. The insurance is without coinsurance or average clause provision and contains a standard mortgagee clause and loss payable endorsement in favor of Lender, containing Lender's address. The policy is of a form acceptable to Lender and issued by an insurance company rated B+III or better by the Best Key Rating Guide, unless otherwise prohibited by law. Lender must be named as the loss payee under the policy and all premiums for the current year must be prepaid. In addition, the policy shall provide that it is noncancellable by the insurer except on 10 days' written notice to the holder of the Note and Security Instrument.

O. NO BROKER

Borrower has not agreed, and will not agree, to pay any broker or finder any fee in connection with the mortgage loan or sale of the mortgage loan pursuant to this Agreement which could give rise to any valid claims against Lender or the mortgage loan.

P. NOT IN COLLECTION

The mortgage loan is not in the possession of a collection agency or any attorney for collection.

Q. CAPITALIZED CHARGES AND ESCROW DEPOSITS

No escrow/impound deposits, payments, advances, or other charges or amounts have been capitalized into the mortgage loan. Accurate records covering any escrow/impound deposits shall be delivered to Lender on the purchase date, along with such deposits.

R. PAYMENTS RECEIVED

Any payments Borrower receives relating to mortgage loans purchased by Lender on or after the close of acquisition shall be endorsed and forwarded by Borrower to Lender (or to any other servicer designated in writing by the Lender) via overnight mail within 24 hours after Borrower's receipt. Borrower shall attach a loan payment history to each forwarded check for Lender's future payment reporting purposes.

Lender's Funding Criteria

Business Purpose or Commercial Loan Transactions

Each business purpose or commercial loan originated by Borrower must conform to the following requirements:

1. The maximum loan amount will be $_____ unless Lender provides Borrower with written approval for a loan amount in excess of $_____.
2. The loan will be secured by real and/or personal property that will secure the borrower's repayment obligation.
3. The real property will be appraised by an independent appraiser licensed by the California Office of Real Estate Appraisers as a Certified General Appraiser.
4. The loan to value ratio ("LTV") will not exceed _____%.
5. The Promissory Note will be secured by a Deed of Trust, Assignment of Leases and Rents, Fixture Filing, and Security Agreement, a personal Guaranty executed by an officer or principal of the borrowing entity, except where prohibited by applicable law, an environmental indemnity agreement and an arbitration agreement.
6. As appropriate, the Note may also be secured by a UCC financing statement.
7. Borrower has reviewed the preliminary title report to confirm that all existing liens, judgments or encumbrances recorded against title will be satisfied through the closing of the loan and that the deed of trust will be a first priority deed of trust against the collateral.
8. Borrower has ensured that Collateral Borrower has obtained the necessary hazard insurance and/or liability insurance policies, that the policy premiums are prepaid for the 12-month period following the date of the underlying note, and that Borrower is named as the mortgagee and additional loss payee on all such insurance policies.
9. Borrower has ensured that all property taxes currently due, delinquent or defaulted, are paid current through the loan closing.

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PACIFIC SOUTHWEST NOTE FUND LLC

a Delaware limited liability company

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

THE MEMBERSHIP INTERESTS OF THE COMPANY SUBJECT TO THIS SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY ("SUBSCRIPTION AGREEMENT") ARE SECURITIES WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"). SUCH MEMBERSHIP INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED TO ANY PERSON AT ANY TIME IN: (A) THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT COVERING SUCH MEMBERSHIP INTERESTS UNDER THE ACT; OR (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED; OR (B) A MANNER INCONSISTENT WITH THE TERMS OF THE MEMBERSHIP INTERESTS OR THE COMPANY CERTIFICATE OF FORMATION OR OPERATING AGREEMENT, ALL OF WHICH ARE INCORPORATED HEREIN BY THIS REFERENCE.

1. SUBSCRIPTION.

AMOUNT OF INVESTMENT: _____

DISTRIBUTION ELECTION (*please select one*)**:** ☐ CASH ☐ REINVESTMENT

Please print in the space below the EXACT name the Purchaser desires on the account and the address for any correspondence and notices.

_____
Exact Name(s)

_____
Tax ID Number

_____
Street Address

_____
City, State, and Zip Code

_____
E-mail address

_____
Phone number

PLEASE DELIVER PAYMENT TO **PACIFIC SOUTHWEST NOTE FUND LLC**, AND MAIL THIS COMPLETED AND SIGNED SUBSCRIPTION AGREEMENT TO:

PACIFIC SOUTHWEST NOTE FUND LLC
c/o Pacific Private Money Group
1555 Grant Ave., Novato CA 94945.

The undersigned ("Purchaser") hereby subscribes to become a holder ("Member") of membership interests in Pacific Southwest Note Fund LLC, a Delaware limited liability company ("Company"), and to purchase the membership interests ("Membership Interests") in the amount indicated above, all in accordance with the terms and conditions of this Subscription Agreement, the Certificate of Formation ("Certificate"), Operating Agreement ("Operating Agreement") of the Company, and the Private Placement Memorandum dated August 1, 2020 ("Memorandum").

(a) The Purchaser acknowledges and agrees that this subscription cannot be withdrawn, terminated, or revoked. The Purchaser agrees to become a Member and to be bound by all the terms and conditions of the Operating Agreement. This subscription shall be binding on the heirs, executors, administrators, successors and assigns of the Purchaser. This subscription is not transferable or assignable by the Purchaser, except as is provided in the Memorandum or Subscription Agreement.

(b) This subscription may be rejected as a whole or in part by the Company in its sole and absolute discretion. If this subscription is rejected, the Purchaser's funds shall be returned to the extent of such rejection. This subscription shall be binding on the Company only upon its acceptance of the same.

(c) By executing this Subscription Agreement, a Purchaser: (a) makes certain representations and warranties upon which Pacific Southwest Management Group LLC, a Delaware limited liability company ("Manager"), will rely on in accepting Purchaser's subscription funds; and (b) unconditionally and irrevocably agrees to purchase the Membership Interests in the amount shown above, and thereby makes a commitment to contribute capital in accordance with the terms set forth in this Subscription Agreement, the Memorandum, and the Operating Agreement.

(d) Neither the execution nor the acceptance of this Subscription Agreement constitutes the Purchaser as a Member, shareholder, owner or creditor of the Company. If accepted by the Manager, the Purchaser's capital contribution will be temporarily deposited into a call account ("Subscription Account"). This Subscription Agreement is only an agreement to purchase the Membership Interests on a when issued basis; and the Purchaser will become a Member only after the Purchaser's funds are duly transferred to the operating bank account of the Company ("Operating Account") and the Membership Interests are issued thereupon to the Purchaser in conjunction with the provisions of the Operating Agreement (which Purchaser would become a signatory to). Until such time, the Purchaser shall have only those rights as may be set forth in this Subscription Agreement.

(e) The Purchaser's rights and responsibilities will be governed by the terms and conditions of this Subscription Agreement, the Memorandum, the Certificate and the Operating Agreement. The Company will rely upon the information provided in this Subscription Agreement to confirm that the Purchaser is an "Accredited Investor" as defined in Regulation S promulgated under the Act.

(f) If a Purchaser has not been admitted as a Member within Sixty (60) days of signing this Subscription Agreement and depositing funds into the Subscription Account, the Purchaser may request in writing to the Manager to recover his, her or its investment funds. If, upon receipt of such request in writing, the Company has not yet admitted the Purchaser as a Member, then Company may, in its sole and absolute

discretion, return the Purchaser's funds to the Purchaser and revoke the Subscription Agreement within Ten (10) business days of receipt of such request from the Purchaser.

(g) The Purchaser agrees that the subscription for Membership Interests, or portions thereof, will become effective (subject to acceptance of the same by the Company, in its sole and absolute discretion) following acceptance of the subscription and the transfer of the Purchaser's subscription funds into the Operating Account.

2. REPRESENTATIONS AND WARRANTIES BY THE PURCHASER. The Purchaser hereby represents, warrants, and agrees as follows:

(a) Purchaser has received and read the Memorandum and its Exhibits, including the Certificate and the terms and conditions of the Operating Agreement, and Purchaser is thoroughly familiar with the proposed business, operations, properties and financial condition of the Company. Purchaser has relied solely upon the Memorandum and independent investigations made by Purchaser or Purchaser's representative with respect to the investment in Membership Interests. No oral or written representations beyond the Memorandum have been made or relied upon.

(b) Purchaser has read and understands the Certificate and Operating Agreement and understands how the Company functions as a corporate entity. By purchasing the Membership Interests and executing this Subscription Agreement, Purchaser hereby agrees to the terms and provisions of the Certificate and the Operating Agreement.

(c) Purchaser understands that the Company has limited financial and operating history. Purchaser has been furnished with such financial and other information concerning the Company, its management, and its business, as Purchaser considers necessary in connection with the investment in Membership Interests. Purchaser has been given the opportunity to discuss any questions and concerns with the Company.

(d) Purchaser is purchasing Membership Interests for Purchaser's own account (or for a trust if Purchaser is a trustee), for investment purposes and not with a view or intention to resell or distribute the same. Purchaser has no present intention, agreement, or arrangement to divide Purchaser's participation with others or to resell, assign, transfer, or otherwise dispose of all or part of the Membership Interests.

(e) Purchaser or Purchaser's investment advisors have such knowledge and experience in financial and business matters that will enable Purchaser to utilize the information made available to evaluate the risks of the prospective investment and to make an informed investment decision. Purchaser has been advised to consult Purchaser's own attorney concerning this investment and to consult with independent tax counsel regarding the tax considerations of investing in the Membership Interests and becoming a Member of the Company.

(f) If a Purchaser has not been admitted as a Member within Sixty (60) days of signing this Subscription Agreement and depositing funds into the Subscription Account, the Purchaser may request in writing to the Manager to recover his, her or its investment funds. If, upon receipt of such request in writing, the Company has not yet admitted the Purchaser as a Member, then Company may, in its sole and absolute discretion, return the Purchaser's funds to the Purchaser and revoke the Subscription Agreement within Ten (10) business days of receipt of such request from the Purchaser.

(g) Purchaser has been advised that the Membership Interests have not been registered under the Securities Act of 1933, as amended ("Act"), or qualified under any State Securities Laws ("Law"), on the ground, among others, that no distribution or public offering of the Membership Interests is to be effected

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and the Membership Interests will be issued by the Company in connection with a transaction that does not involve any public offering within the meaning of section 4(2) of the Act or of the Law, under the respective rules and regulations of the Securities and Exchange Commission.

(h) Purchaser has previously furnished the Company a completed and signed Investor Questionnaire or has completed and signed the attached Investor Questionnaire. All information which Purchaser has furnished in this Subscription Agreement and the Investor Questionnaire, concerning his/her/itself, financial position, and knowledge of financial and business matters is correct, current, and complete.

(i) Purchaser agrees that Purchaser must provide any and all documentation and information (to the satisfaction of the Company) to verify the Purchaser's status as an Accredited Investor. The Company may conduct such verification through any reasonable means and steps deemed necessary or suitable by the Company. A non-exhaustive list of verification steps that the Company may use for, or require from, the Purchaser to complete such verification is noted in Section 11 below.

(j) All information which Purchaser has furnished in this Subscription Agreement concerning Purchaser, Purchaser's financial position, and Purchaser's knowledge of financial and business matters is correct, current, true and complete.

3. INVESTOR SUITABILITY STANDARDS. The Company intends to sell the Membership Interests to an unlimited number of "Accredited Investors" only. No Membership Interests will be sold to non-accredited investors. To qualify as an Accredited Investor, an investor must meet any of the following:

(a) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of Five Million Dollars ($5,000,000); any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered adviser, or if the employee benefit plan has total assets in excess of Five Million Dollars ($5,000,000) or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(b) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(c) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars ($5,000,000);

(d) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(e) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds One Million Dollars ($1,000,000) (excluding the value of such person's primary residence);

(f) Any natural person who had an individual income in excess of Two Hundred Thousand Dollars ($200,000) in each of the two most recent years or joint income with that person's spouse in excess of Three Hundred Thousand Dollars ($300,000) in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(g) Any trust, with total assets in excess of Five Million Dollars ($5,000,000), not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii); or

(h) Any entity in which all of the equity owners are accredited investors.

4. AGREEMENT TO REFRAIN FROM RESALE. The Purchaser agrees not to pledge, hypothecate, sell, transfer, assign or otherwise dispose of any Membership Interests, or receive any consideration for Membership Interests from any person, unless and until prior to any such action:

(a) A registration statement on a form appropriate for the purpose under the Act with respect to the Membership Interests proposed to be so disposed of shall be then effective and such disposition shall have been appropriately qualified in accordance with applicable securities laws; or

(b) All of the following shall have occurred: (i) the Purchaser shall have furnished the Company with a detailed explanation of the proposed disposition, (ii) the Purchaser shall have furnished the Company with an opinion of the Purchaser's counsel in form and substance satisfactory to the Company to the effect that such disposition will not require registration of such Membership Interests under the Act or qualification of such Membership Interests under any other securities law, and (iii) counsel for the Company shall have concurred in such opinion and the Company shall have advised the Purchaser in writing of such concurrence.

5. POWER OF ATTORNEY.

(a) The Purchaser irrevocably constitutes and appoints the Company with full power of substitution as his/her true and lawful attorney-in-fact and agent, to execute, acknowledge, verify, swear to, deliver, record, and file, in the Purchaser's name or his/her assignee's name, place, and stead, all instruments, documents, and certificates that may from time to time be required by the laws of the United States of America, the State of Delaware, and any other state in which the Company conducts or plans to conduct business, or any political subdivision or agency of the government, to effectuate, implement, and continue the valid existence of the Company, including, without limitation, the power of attorney and authority to execute, verify, swear to, acknowledge, deliver, record and file the following:

(i) the Membership Interests, the Operating Agreement, the Certificate and all other instruments (including amendments thereto) that the Company deems appropriate to form, qualify or continue the Company as a limited liability company in the State of Delaware and all other jurisdictions in which the Company conducts or plans to conduct business;

(ii) all instruments that the Company deems appropriate to reflect any amendment to the Certificate or Operating Agreement, or modification of the Company, made in accordance with the terms of the Certificate or Operating Agreement;

(iii) a fictitious business name certificate and such other certificates and instruments as may be necessary under the fictitious or assumed name statute from time to time in effect in the State of Delaware and all other jurisdictions in which the Company conducts or plans to conduct business;

(iv) all instruments relating to the admission of any additional Members or other shareholders, owners or creditors, whether secured or unsecured; and

(v) all conveyances and other instruments that the Company deems appropriate to reflect the dissolution and termination of the Company pursuant to the terms of the Certificate and the Operating Agreement.

(b) The power of attorney granted is a special power of attorney and shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, dissolution, bankruptcy, or legal disability of the Purchaser, and shall extend to the Purchaser's heirs, successors, and assigns. The Purchaser agrees to be bound by any representations made by the Company acting in good faith under such power of attorney, and each Member waives any and all defenses that may be available to contest, negate, or disaffirm any action of the Company taken in good faith under such power of attorney.

6. MISCELLANEOUS.

(a) CHOICE OF LAWS: This Subscription Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its choice of laws rules.

(b) ENTIRE AGREEMENT: This Subscription Agreement constitutes the entire agreement between the parties and may be amended only by written agreement between all parties.

(c) BINDING ARBITRATION: Any dispute, claim or controversy arising out of, relating to, in connection with or under this Subscription Agreement, or the breach or threatened breach thereof, will be resolved through confidential binding arbitration under the then prevailing rules of the American Arbitration Association in the county of Lubbock, state of Texas, and any party making a claim hereunder in whatever form hereby submits to jurisdiction and venue in that forum for any and all purposes. The decision of the arbitrator shall be final and judgment on any award thereupon may be entered in any court having jurisdiction thereof. This paragraph 6(c) shall not preclude either party from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

(d) TERMINATION OF AGREEMENT: If this subscription is rejected by the Company, then this Subscription Agreement shall be null and void and of no further force and effect and no party shall have any rights against any other party hereunder and the Company shall promptly return the funds delivered with this Subscription Agreement.

(e) TAXES. The discussion of the federal income tax considerations arising from investment in the Company, as set forth in the Memorandum, is general in nature and the federal income tax considerations to the Purchaser of investment in the Membership Interests will depend on individual circumstances. The Memorandum does not discuss state income tax considerations, which may apply to all or substantially all Purchasers. There can be no assurance that the Internal Revenue Code or the Regulations under the Code will not be amended in a manner adverse to the interests of the Purchaser or the Company.

(f) DULY AUTHORIZED. If the Purchaser is a corporation, partnership, trust, or other entity, the individual(s) signing in its name is (are) duly authorized to execute and deliver this Subscription

Agreement on behalf of such entity, and the purchase of the Membership Interests by such entity will not violate any law or agreement by which it is bound.

(g) MEMBERSHIP INTERESTS WILL BE RESTRICTED SECURITIES. The Purchaser understands that the Membership Interests will be "restricted securities" as that term is defined in Rule 144 under the Act and, accordingly, that the Membership Interests must be held indefinitely unless they are subsequently registered under the Act and any other applicable securities law or exemptions from such registration is available. The Purchaser understands that the Company is under no obligation to register Membership Interests under the Act, to qualify Membership Interests under any federal or state securities law, or to comply with Regulation A or any other exemption under the Act or any other law.

(h) MEMBERSHIP INTERESTS CONTAIN RESTRICTIVE LEGEND. Any documents or certificates issued to evidence ownership of the Membership Interests will bear restrictive legends notifying prospective purchasers of the transfer restrictions set forth above, and the Company will not permit transfer of any Membership Interests on the books of the Company in violation of such restrictions.

(i) SUCCESSORS. The representations, warranties and agreements contained in this Subscription Agreement shall be binding on the Purchaser's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the Company and its directors and officers. If the Purchaser is more than one person, the obligations of all of them shall be joint and several, and the representations and warranties contained herein shall be deemed to be made by, and to be binding upon, each such person and his heirs, executors, administrators, successors, and assigns.

(j) ELECTRONIC SIGNATURE. This Subscription Agreement may hereby executed and delivered in counterparts by electronic signature with the same effect as if the parties executing the counterparts had all executed one counterpart. Counterparts may be delivered via facsimile, electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., clicking "I agree" or use of www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Each party consents and agrees that its electronic signature meets the requirements of an original signature as if actually signed by such party in writing. Further, each party agrees that no certification authority or other third-party verification is necessary to the enforceability of its signature. No party hereto may raise the use of an electronic signature as a defense to the enforcement of this Agreement or any amendment or other document executed in compliance with this Section.

(k) INDEMNIFICATION. The Purchaser shall indemnify and defend the Company and its directors and officers from and against any and all liability, damage, cost, or expense (including attorneys' fees) arising out of or in connection with:

(i) Any inaccuracy in, or breach of, any of the Purchaser's declarations, representations, warranties or covenants set forth in this document or any other document or writing delivered to the Company;

(ii) Any disposition by the Purchaser of any Membership Interests in violation of this Agreement, the Certificate or the Operating Agreement, or any applicable law; or

(iii) Any action, suit, proceeding or arbitration, whether threatened, pending or actual, alleging any of the foregoing.

7. REPRESENTATIONS AND COVENANTS. Purchaser (whether an individual or entity) understands that the Company will be relying on the accuracy and completeness of the statements and responses

contained in this Subscription Agreement. Purchaser represents, warrants, and covenants to the Company as follows:

(a) Purchaser's statements and responses contained in this Subscription Agreement are complete and correct and may be relied on by the Company for the purpose of complying with all applicable security laws and to determine whether the Purchaser is a suitable investor.

(b) Purchaser will notify the Company immediately of any material change in any statement or response made in this Subscription Agreement before acceptance by the Company of this subscription.

(c) Purchaser has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of the prospective investment, or the Purchaser has consulted with professional advisors who have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of prospective investment.

(d) Purchaser is able to bear the economic risk of an investment in the Membership Interests for an indefinite period of time and understand that an investment in the Membership Interests is illiquid and may result in a complete loss of such investment.

(e) Purchaser understands and agrees that the Company is relying upon the truthfulness of the certification being made by Purchaser as to Purchaser's status as an Accredited Investor for the reason checked in Section 9 or Section 10 below. Purchaser further understands and agrees that the Company may request to be shown, in confidence, documentation reasonably satisfactory to the Company supporting the certification by the Purchaser as to the Purchaser's status as an Accredited. The Company reserves the right to refuse to accept any subscription as to which the Company is not reasonably satisfied that the Purchaser is an Accredited Investor.

(f) Purchaser agrees and understands that in making this investment, Purchaser: (a) must have sufficient knowledge and experience in such financial and business matters to be capable of evaluating the merits and risks of a purchase of the Membership Interests; or (b) must retain the services of an "Investment Advisor" (who may be an attorney, accountant, or other financial adviser unaffiliated with, and who is not compensated by, the Company or any affiliate or selling agent of the Company, directly or indirectly) for the purpose of aiding in the evaluation of this particular transaction.

(g) Purchaser acknowledges and understands that the Purchaser must be an Accredited Investor in order to purchase Membership Interests. Purchaser represents and warrants that Purchaser has not heretofore directly or indirectly provided any information or documents to the Company that, in any manner, may suggest, imply, and demonstrate or otherwise evidence, that the Purchaser is not an Accredited Investor.

11. VERIFICATION OF ACCREDITED INVESTOR STATUS. Purchaser agrees that Purchaser must provide any and all documentation and information (to the satisfaction of the Company) to verify the Purchaser's status as an Accredited Investor. The Company may conduct such verification through any reasonable means and steps deemed necessary or suitable by the Company. A non-exhaustive list of verification steps that the Company may use for, or require from, the Purchaser to complete such verification is noted directly below. The Purchaser is required to fully cooperate in the Company's verification steps and methods (including but not limited to, the non-exhaustive list set forth below, before being permitted to invest in the Membership Interests). Further, the Purchaser expressly and irrevocably consents and authorizes the Company to utilize any reasonable means of verifying the Purchaser's status as an Accredited Investor (including, but not limited to, one or more of the non-exclusive methods and steps set forth below).

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Purchaser acknowledges and agrees that the following constitutes a non-exhaustive and non-exclusive list of verification methods that may be used by the Company to verify the Purchaser's status as an Accredited Investor:

(a) Reviewing any Internal Revenue Service form that reports the Purchaser's income for the two most recent years (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and obtaining a written representation from the Purchaser that the Purchaser has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year;

(b) Reviewing one or more of the following types of documentation dated within the prior three months and obtaining a written representation from the Purchaser that all liabilities necessary to make a determination of net worth have been disclosed:

(1) with respect to assets: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties; and

(2) with respect to liabilities: a consumer report from at least one of the nationwide consumer reporting agencies;

(3) Obtaining a written confirmation from one of the following persons or entities that such person or entity has taken reasonable steps to verify that the Purchaser is an Accredited Investor within the prior three months and has determined that the Purchaser is an Accredited Investor:

(4) Reviewing any Internal Revenue Service form that reports the Purchaser's income for the two most recent years (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and obtaining a written representation from the Purchaser that the Purchaser has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year;

With respect to the above as pertaining to a natural person who is married, the verification noted above would typically be required of both persons in the married couple (i.e. the Company would review information and documents about both the natural person and his or her spouse, and both married persons would be required to provide any written representations or statements that are required by the Company as part of its verification process).

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8. FORM OF OWNERSHIP. Please indicate the form in which Purchaser will hold title to the Membership Interests. Please consider this election carefully. Once the subscription is accepted, a change in the form of title constitutes a transfer of the Membership Interests and will therefore be restricted by the terms of the Operating Agreement and the Act. Purchaser should seek the advice of an attorney in deciding in which of the forms to take ownership of the Membership Interests as different forms of ownership can have substantially varying gift tax, estate tax, income tax and other consequences.

( ) INDIVIDUAL OWNERSHIP (one signature required).

( ) COMMUNITY PROPERTY (one signature required if Membership Interests held in one name, i.e., managing spouse; two signatures required if Membership Interests held in both names).

( ) JOINT TENANTS WITH RIGHT TO SURVIVORSHIP (not as tenants in common)(both or all parties must sign).

( ) TENANTS IN COMMON (both or all parties must sign).

( ) GENERAL PARTNERSHIP (fill out all documents in the name of the partnership by a partner authorized to sign)

( ) LIMITED PARTNERSHIP (fill out all documents in the name of the limited partnership by a general partner authorized to sign, and include a copy of the Articles of Limited Partnership – LP1).

( ) LIMITED LIABILITY COMPANY (fill out all documents in the name of the limited liability company by the manager authorized to sign, and include a copy of the Articles of Organization – LLC-1).

( ) CORPORATION (fill out all documents in the name of the corporation, by the President and Secretary, and include a certified corporate resolution authorizing the signature).

( ) TRUST (fill out all documents in the name of the trust, by the trustee, and include a copy of the instrument creating the trust and any other documents necessary to show that the investment by the trustee is authorized). The date of the trust must appear on the notarial where indicated.

( ) IRA or KEOGH plan (fill out all documents in the name of the IRA or Keogh plan, by the beneficiary). The documents must also be executed by the custodian of the plan.

9. IDENTIFYING INFORMATION.

FOR INDIVIDUAL PURCHASERS

Complete this if there are any additional individual purchaser(s) other than listed on Page 1:

Name of Purchaser: _____

Social Security No.: _____

Name of Co-Purchaser: _____

Social Security No.: _____

Name of Co-Purchaser: _____

Social Security No.: _____

ACCREDITED INVESTOR STATUS OF INDIVIDUAL.

Please select a category for the individual:

_____ (1) Any natural person who had an individual income in excess of Two Hundred Thousand Dollars ($200,000) in each of the two most recent years or joint income with that person's spouse in excess of Three Hundred Thousand Dollars ($300,000) in each of those years and who has a reasonable expectation of reaching the same income level in the current year.

_____ (2) Any natural person whose individual net worth or joint net worth, with that person's spouse, at the time of their purchase exceeds One Million Dollars ($1,000,000) (excluding the value of such person's primary residence).

_____ (3) A director or executive officer of the Company.

IF INVESTING THROUGH AN ENTITY PLEASE FILL OUT THE FOLLOWING:

Corporate Purchaser:

Name of Corporation: _____

State and date of incorporation: _____

Partnership or other business entity Purchaser: _____

Name of Partnership or other business entity: _____

_____

State and date of organization: _____

For corporation, business trust, investment company, partnership or other business entity:

Fiscal year end: _____

Principal place of business: _____

Phone number of business: _____

What is the entity's net worth, on a consolidated basis, according to its most recent audited financial statement? _____

Company Pension or Profit Sharing Plan Purchaser:

Exact Name of the Plan: _____

_____

Name(s) of the Trustee(s): _____

_____

Trustee's State Residency: _____

State and date of organization: _____

Describe and set forth the value of the assets of the Plan or Trust: _____

_____

Please identify the person(s) with investment control over the Plan or Trust assets and that person's state of residence.

_____

_____

Please identify the person(s) responsible for the ministerial duties of administering the Plan or Trust (the Trustee) and that person's state of residence.

_____

_____

ACCREDITED INVESTOR STATUS OF THE ENTITY. Please select a category for the entity:

_____ (1) A bank as defined in section 3(a)(2) of the Act, or a savings and loan association or other institution as defined in section 3(a)(5)(a) of the Act, whether acting in its individual or fiduciary capacity;
_____ (2) A broker or dealer registered pursuant to section 15 of the Act;

_____ (3) An insurance company as defined in section 2(13) of the Act;

_____ (4) An investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act;

_____ (5) A Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;

_____ (6) Any plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of Five Million Dollars ($5,000,000);

_____ (7)* An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) thereof, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of Five Million Dollars ($5,000,000) or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

_____ (8) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

_____ (9) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars ($5,000,000);

_____ (10)** A trust, with total assets in excess of Five Million Dollars ($5,000,000), not formed for the specific purpose of acquiring the securities of the Company being offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment in the Company;

_____ (11)*** An entity in which all the equity owners are accredited investors.

***Note for Certain Employee Benefit Plans:** If you are a self-directed plan that believes it is an Accredited Investor because investment decisions are made solely by persons that are Accredited Investors, please complete the information for individuals pursuant to Section 11 with respect to you and each such person participating in making the investment decision.
****Note for Trusts:** If you are a trust that believes it is an Accredited Investor, please complete the information for individuals pursuant to Section 11 with respect to you and each person participating in making the investment decision.
*****Note for Certain Entities:** If you are an entity that believes it is an Accredited Investor" by virtue of the accredited investor status of each equity owner thereof, please complete the information for individuals pursuant to Section 11 with respect to you and each such equity owner.

10. INVESTMENT EXPERIENCE OF PURCHASER.

ALL PURCHASERS SHOULD COMPLETE THIS SECTION

Purchaser must provide the following information on each officer, general partner, and/or other person who will participate in the decision to purchase the Membership Interests.

PURCHASER INFORMATION (INCLUDING IRA ACCOUNT HOLDER, AS APPLICABLE):

Educational background (name of college attended, major, degree obtained, if any, and year):

_____

Investing courses attended (list the name of each, sponsor, and date of attendance):

_____

Any professional licenses or registrations, including bar admissions, accounting certifications, real estate brokerage licenses, and SEC or state broker/dealer registrations held:

_____

Has Purchaser had the following investment experience? Check all that apply:

- ❑ Stock Market investing for at least Two (2) years in self-managed accounts.
- ❑ Real Estate investing for at least Two (2) years.
- ❑ Investing in trust deeds for at least Two (2) years.
- ❑ Bond investing in self-managed accounts.
- ❑ Mutual Fund investing.

Do you have an "Investment Advisor" in order to meet the requirement under Section 7(f) above		
YES ☐ (If yes, the information below must be completed)		NO ☐
Name of Advisor(s) and Relationship:		
Advisor's Address:		
City:	State:	Zip:
Advisor's Phone Number:		
Qualifications of the Advisor(s):		

FOR GOOD AND VALID CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Purchaser, intending to be legally bound, has executed this Subscription Agreement this _____ day of _____, 20_____.

BY PURCHASING MEMBERSHIP INTERESTS AND EXECUTING THIS SUBSCRIPTION AGREEMENT, EACH PURCHASER HEREBY AGREES, UPON ACCEPTANCE BY THE COMPANY, TO BE LEGALLY BOUND BY THE TERMS OF THE OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT, AND MEMORANDUM.

PURCHASER:

_____
Signature of Purchaser

_____
Print Name and Title of Purchaser

_____
Signature of Additional Individual Purchaser, if Applicable

_____
Print Name and Title of Additional Individual Purchaser, if Applicable

_____
Signature of Additional Individual Purchaser, if Applicable

_____
Print Name and Title of Additional Individual Purchaser, if Applicable

ACCEPTANCE: (NOT VALID UNTIL ACCEPTED BY MANAGER)

The Company has accepted this Subscription Agreement as of this ___day of _____, 20___, by the signature of a duly authorized representative of the Manager of the Company.

PACIFIC SOUTHWEST NOTE FUND LLC, a
Delaware limited liability company

By:_____

_____
Name

Pacific Private Money Inc.
Minutes of the 2024
Annual Meeting of Shareholders

The 2024 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 5, 2024. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Corporate Representative for Pacific Private Money Group LLC

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unanimously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their suecessors shall be duly elected and qualified.

Mark Hanf
Nam Phan

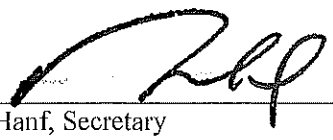
were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf
Nam Phan

were declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.



Mark Hanf, Secretary

Pacific Private Money Inc.
Minutes of the 2016
Annual Meeting of Shareholders

The 2016 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 30, 2016. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Secretary

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unanimously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their successors shall be duly elected and qualified.

Mark Hanf

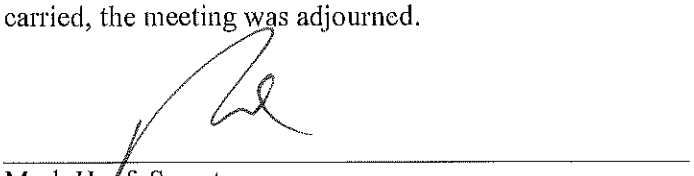
were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf

was declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.



Mark Hanf, Secretary

Pacific Private Money Inc.
Minutes of the 2017
Annual Meeting of Shareholders

The 2017 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 29, 2017. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Secretary

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unanimously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their successors shall be duly elected and qualified.

Mark Hanf

were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf

was declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.

Mark Hanf, Secretary

Pacific Private Money Inc.
Minutes of the 2018
Annual Meeting of Shareholders

The 2018 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 28, 2018. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Secretary

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unanimously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their successors shall be duly elected and qualified.

Mark Hanf

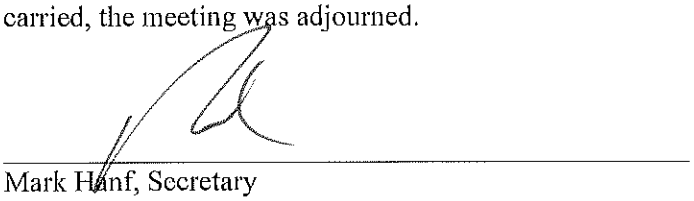
were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf

was declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.



Mark Hanf, Secretary

Pacific Private Money Inc.
Minutes of the 2019
Annual Meeting of Shareholders

The 2019 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 5, 2019. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Secretary

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unanimously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their successors shall be duly elected and qualified.

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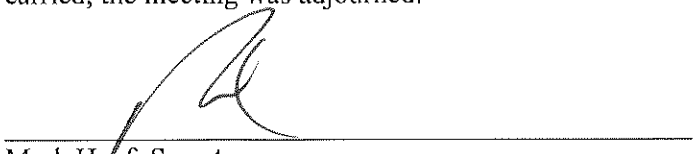
were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf

was declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.



Mark Hanf, Secretary

Pacific Private Money Inc.
Minutes of the 2020
Annual Meeting of Shareholders

The 2020 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 3, 2020. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Corporate Representative for Pacific Private Money Group LLC

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unanimously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their successors shall be duly elected and qualified.

Mark Hanf
Nam Phan

were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf
Nam Phan

were declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.



Mark Hanf, Secretary

Pacific Private Money Inc.
Minutes of the 2021
Annual Meeting of Shareholders

The 2021 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 2, 2021. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Corporate Representative for Pacific Private Money Group LLC

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unanimously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their successors shall be duly elected and qualified.

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Nam Phan

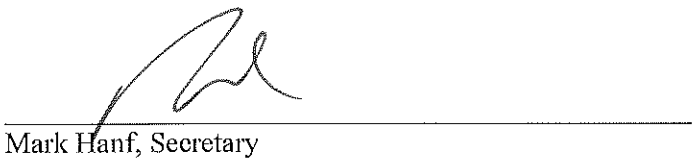
were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf
Nam Phan

were declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.



Mark Hanf, Secretary

Pacific Private Money Inc.
Minutes of the 2022
Annual Meeting of Shareholders

The 2022 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 1, 2022. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Corporate Representative for Pacific Private Money Group LLC

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unanimously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their successors shall be duly elected and qualified.

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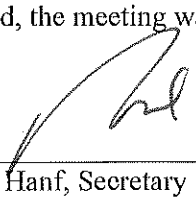
were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf
Nam Phan

were declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.



Mark Hanf, Secretary

Pacific Private Money Inc.
Minutes of the 2023
Annual Meeting of Shareholders

The 2023 annual meeting of the shareholders of Pacific Private Money Inc. ("the Corporation") was held at the offices of Pacific Private Money Inc. at:

1555 Grant Avenue
Novato, California 94945

on December 7, 2023. At 9:30 a.m., pursuant to Waivers of Notice in writing signed by the holders of all issued and outstanding shares of Pacific Private Money Inc. Present in person were:

Mark Hanf, Corporate Representative for Pacific Private Money Group LLC

the above-named all being holders of all of the shares of the Corporation issued and outstanding and constituting a quorum.
Upon motion duly made, seconded and unaniinously carried, Mark Hanf, the President of the Corporation was elected the Chairman of the Meeting and Mark Hanf, the Secretary of the Corporation, was elected as Secretary of the meeting.

The Chairman announced that the first order of business was the election of a director to serve until the next annual meeting of the shareholders of the Corporation, or until their successors shall be duly elected and qualified.

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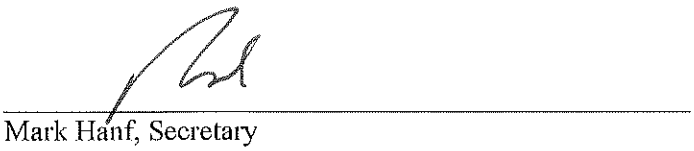
were duly nominated as directors of the Corporation.

There being no further nominations, and upon motion duly made, seconded and unanimously carried, voting by written ballot was waived and

Mark Hanf
Nam Phan

were declared duly elected as Directors of the Corporation until the next annual meeting of the shareholders of the Corporation and until their respective successors are duly elected and qualified.

There being no further business to come before the meeting, and upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.



Mark Hanf, Secretary

WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT

This Warehouse Revolving Line of Credit Agreement ("Agreement") is entered into by and between **Pacific Freedom Fund LLC,** a California limited liability company ("Borrower") and **Pacific Private Money Fund I LLC,** a Delaware limited liability company ("Lender"), as of January 1, 2021.

DEFINITIONS

Advance	Total amount advanced by Lender to Borrower for the purpose of funding one or more specified mortgage loan transactions, each a separate Advance. Each Collateral Loan funded under this Agreement shall be funded in Borrower's name.
Assigned Collateral	The Collateral Documents; an Allonge to the Collateral Loan's Promissory Note; and an Assignment of the Collateral Loan's Deed of Trust.
Assigned Collateral Loan	Collateral Loan that is not purchased by Lender pursuant to Section 1.3 of this Agreement and which Borrower retains as a Portfolio Loan.
Business Day	9:00 a.m. to 5:00 p.m. Monday to Friday, except Federal Holidays.
Collateral Borrower	The borrower or Trustor in a Collateral Loan.
Collateral Documents	All documents of the original Collateral Loan that are being assigned to Lender as set forth in Exhibit "A" attached hereto, including, but not limited to the original of a Collateral Loan's Promissory Note secured by a Deed of Trust, the recorded original of the Deed of Trust, and Lender's Title Insurance Policy.
Collateral Loan	Loans originated or acquired by Borrower utilizing funds advanced pursuant to the terms of this Agreement.
Collateral Property	The property securing the Collateral Loan.
Collateral Value	The unpaid principal balance of a Collateral Loan.
Event of Default	The occurrence of any one or more of the conditions or events set forth in Article 8 of this Agreement.
Defect	Untrue, incomplete or inaccurate information in the Collateral Documents of a nature that is material to the Collateral Loan.
Funding Request	Borrower's request for an Advance to fund a mortgage loan that is pre-approved by Lender. A sample is attached Exhibit "B."
Maturity Date	The maturity date set forth in the Note. For each Advance, the maturity date of the Note will coincide with the maturity date of the underlying note plus an additional ten (10) days processing time.
Note	Promissory Note as set forth in Exhibit "C."

Purchased Collateral Loan	Collateral Loan that is purchased by Lender pursuant to Section 1.3 of this Agreement.
Release Amount	The unpaid principal balance of a Collateral Loan; provided, however, that if the Collateral Loan is sold to a third party, then the Release Amount shall be the unpaid principal balance of the Collateral Loan less selling commissions and any discount Lender has approved.
Revolving Line of Credit	The revolving line of credit covered by this Agreement which shall be determined at Lender's discretion.
Term Sheet	Written statement issued by Borrower to a Collateral Borrower advising the Collateral Borrower that Borrower will make a loan to Collateral Borrower to fund a Collateral Loan and specifying the loan terms for the Collateral Loan.
Trustor	The borrower under any Collateral Loan.

TERMS AND CONDITIONS

ARTICLE 1 - THE SECURED REVOLVING LINE OF CREDIT

Subject to the terms and conditions of this Agreement and provided no Event of Default has occurred and is continuing, Lender agrees to make available to Borrower a Revolving Line of Credit for the purpose of funding mortgage loans originated by Borrower or purchasing performing loans originated by third parties that meet Lender's criteria as defined herein. The total amount extended by Lender to Borrower under the Revolving Line of Credit which shall be determined at Lender's discretion. As set forth in this Agreement, Borrower shall repay Lender for Advances made under the Revolving Line of Credit; and, the funds repaid by Borrower to Lender shall be available for future Advances.

Each Advance made by Lender to Borrower shall fund or purchase loans that meet Lender's then applicable funding criteria. Lender agrees to provide Borrower with a minimum of twenty (20) days advance notice in the event Lender changes, amends or alters its funding criteria. Each Advance under this Agreement shall constitute a single indebtedness, and Borrower shall execute a Promissory Note to Lender for each Advance. The Assigned Collateral shall be security for each Note. Upon delivery of the Assigned Collateral for a Purchased Collateral Loan to Lender, the Advance shall be deemed paid in full. In the event Lender does not take assignment of a Collateral Loan pursuant to Section 1.3, Borrower shall provide a Collateral Assignment of the Collateral Loan to secure the Note associated with the Collateral Loan.

1.1 Purpose of Advance. The Advances shall be used by the Borrower solely for the business purpose of funding the acquisition or origination of mortgage loans secured by deeds of trust or other security instruments encumbering real property (collectively herein "Deeds of Trust" or individually a "Deed of Trust"). Loans originated by Borrower and funded pursuant to an Advance shall be originated in Borrower's name, and Borrower shall be identified as the lender on all loan documents. Loans purchased by Borrower pursuant to an Advance shall be assigned to Lender within 48-hours of the completed purchase transaction.

1.2 Funding of Advance. For each Advance request approved by the Lender, Lender shall wire good funds to Borrower's trust account. Upon confirmation of receipt of the Advance, Borrower shall wire the funds to escrow for the funding of the approved loan to the Collateral Borrower. All loans originated by Borrower shall be funded in Borrower's name.

1.3 Purchase Option. Lender shall, within five (5) Business Days after the date it made an Advance, give written notice to Borrower that Lender will purchase (servicing released), at the amount owed thereon, any Collateral Loan (and all appurtenant rights) that was the subject of a credit advance ("Purchase Notice"), in which case the purchase of the subject Collateral Loan shall be automatic. Borrower's liability under the Note shall be reduced by the purchase price. Lender will record an assignment of the note and deed of trust in its favor. In the absence of a purchase notice, Borrower shall retain ownership of each Collateral Loan and shall endeavor to sell it with commercially reasonable diligence.

All origination points and fees associated with the underlying loan are fully earned by Borrower at time of consummation of the Collateral Loan. Borrower shall retain all origination fees, inclusive of, but not limited to: lender's origination and/or discount points, application fee, administration fee, underwriting fee, flood search fee, credit report fees and other similar fees.

1.4 Borrower Portfolio. In the absence of a purchase notice, Borrower shall retain ownership of the loan, for the purpose of selling the loan to a third party ("Portfolio Loan"). Borrower shall serve as the Document Custodian for the originals of the note, recorded deed of trust and other Collateral Documents. As collateral for the repayment of the Advance, Borrower shall deliver to Lender recordable assignments of the note and deed of trust, which Lender shall not record unless and until there is a default under the terms of the Note. Upon Borrower's sale of the Collateral Loan to a third party, Borrower shall repay to Lender the amount of the Advance plus all interest that has accrued against the Advance. Upon receipt of the funds due and owing to Lender under the Note, Lender shall deliver to Borrower the unrecorded originals of the assignments of the note and deed of trust.

1.5 Expiration or Cancellation of Revolving Line of Credit. Unless there is a material breach or an event of default committed by Borrower or Lender under this Agreement, this Agreement shall expire upon Borrower or Lender's delivery to the other party of a letter of intent to terminate this Agreement. Such termination letter shall not affect Borrower's obligation to repay Advances on the Revolving Line of Credit made by Lender to Borrower prior to the effective date of the termination.

ARTICLE 2 - CONDITIONS PRECEDENT TO ADVANCE

2.1 Pre-Approval by Lender. The funding of each Advance under this Agreement is at the sole discretion of the Lender. Three (3) days prior to funding, the Lender shall have received copies of the following, all of which must be satisfactory in form and content to the Lender:

(a) Collateral Borrower's credit application;

(b) An appraisal of the Collateral Property, performed by an independent appraiser holding a current valid license to appraise property in the state where the property is located;

(c) Borrower's underwriting worksheet for the proposed Collateral Loan documenting that the Collateral Loan meets Lender's criteria;

(d) For a residential mortgage loan, documentation confirming the Collateral Borrower's ability to repay the loan obligation;

(e) The Note and this Agreement duly executed;

(f) A copy of the draft settlement statement for the transaction;

(g) The assignment of the Collateral Loan, and all other instruments or documents to be delivered by the Borrower pursuant to this Agreement; and

(h) Evidence satisfactory to the Lender as to the making and/or continuation of any book entry or the due filing and recording in all appropriate offices of all financing statements and other instruments as may be necessary to perfect the security interest of the Lender in the Collateral Loan under the Uniform Commercial Code of California or other applicable law.

2.2 Term Sheet to Fund Collateral Loan. Borrower shall not issue to a Collateral Borrower a written term sheet to fund a mortgage loan until Borrower receives written approval of the loan transaction from Lender. The Term Sheet shall set forth the approved loan terms, any conditions that must be met by the Collateral Borrower prior to the closing of the Collateral Loan by escrow.

2.3 Cancellation of Lender Approval. Following Lender's delivery of the written approval, Borrower must advise Lender within 24-hours of Borrower's receipt of notice from any source that there has been a material change in circumstances in either Collateral Borrower's financial condition or the condition of the property (real and/or personal) that will secure the Collateral Loan. Lender may, at Lender's sole discretion, cancel or withdraw its approval of the proposed Collateral Loan if the change in circumstances is material to the transaction and/or if the change in circumstance results in a lessening of Lender's security.

ARTICLE 3 - THE CREDIT LINE

3.1 Note. For each individual Advance made by Lender pursuant to this Agreement, Borrower's obligations shall be evidenced by this Agreement and a promissory note which shall be delivered by Borrower to Lender, substantially in the form of Exhibit "C" attached hereto.

3.2 Interest. In the event Lender fails to provide a timely Purchase Notice to Borrower, Borrower shall make monthly payments to Lender as follows:

3.2.1 Each Advance to Borrower shall bear interest at the rate of the underlying Collateral Loan for which the Advance was made.

3.2.2 Interest shall be payable monthly in arrears on the first day of each following month. Payments shall be made regardless of whether the Collateral Borrower has paid Borrower.

3.2.3 Interest on the amount of Advance shall terminate upon the occurrence of any one of the following events:

i. The purchase of the Collateral Loan by Lender, and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
ii. Borrower's sale of the Collateral Loan to a third party and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
iii. The Collateral Borrower's repayment of the Collateral Loan note in full and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower.

3.3 Payments.

3.3.1 The Advance, all interest due thereon and accrued costs, if any, shall be payable in full on the Note's Maturity Date (which shall coincide with the maturity date of the underlying Collateral Loan note plus five (5) additional days to process the payment and transmit funds to Lender) unless that date is extended by Lender.

3.3.2 The Borrower shall have the right to prepay any and all of the Advance in whole or in part, from time to time, without premium or penalty.

3.3.3 The Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the Release Amount of any Assigned Collateral upon maturity, or other disposition, of the Assigned Collateral.

3.3.4 If the principal amount of any Assigned Collateral is prepaid in whole or in part, the Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the amount received within five (5) Business Days. The amount of such payment shall be applied to the Advance.

3.4 Method of Making Payments. Except as otherwise specifically provided herein, all payments due shall be made to the Lender by the close of business on the date due, unless such date is not a Business Day in which case such payment shall be due on the first Business Day thereafter, and shall be made in lawful money of the United States of America or in immediately available funds transferred via wire to accounts designated by the Lender from time to time.

3.5 Application of Payments. Payments made under this Agreement shall be applied: first, to the payment of any attorney's fees; second, to any costs or expenses of collection; third, to any interest due on the Advance; and fourth, to the Advance.

ARTICLE 4 – COLLATERAL

4.1 Document Custodian.

4.1.1 In the event Lender elects not to purchase a Collateral Loan, Borrower shall serve as the Document Custodian for the following original Collateral Loan documents: Collateral Loan Note; Collateral Loan Deed of Trust; Lender’s Title Insurance Policy; and Certified Copy of the Settlement Statement.

4.1.2 If a Collateral Loan is sold to Lender or a third party, Borrower shall forward all original loan documents to the Document Custodian designated by the Lender or third party.

4.2 Grant of Security Interest. As security for the repayment of the Advance and for the performance of all of the Borrower's obligations, the Borrower hereby assigns and transfers to the Lender all right, title and interest in and to and grants a security interest to the Lender in:

(a) All Collateral Documents evidencing or securing loans, which from time to time are delivered or caused to be delivered to (including delivery to a third party on behalf of Lender), come into the possession, custody or control of the Lender for the purpose of assignment.

(b) All escrow accounts, documents, instruments, files, surveys, certificates, correspondence, appraisals, computer programs, tapes, discs, cards, accounting records (including all information, records, tapes, data, programs, discs, and cards necessary or helpful in the administration or servicing of the Collateral Loan) and other information and data of the Borrower relating to the Assigned Collateral.

(c) All now existing or hereafter acquired moneys delivered to or otherwise in the possession of the Borrower or its agent, bailee or custodian or designated on the books and records of the Borrower relating to Assigned Collateral assigned and pledged to the Lender.

4.3 Release of Security Interest in Collateral Loan.

4.3.1 Any Assigned Collateral Loan not purchased by Lender shall be released from the Lender's security interest only upon payment to the Lender of the Release Amount. Upon

receipt of payment of the Release Amount, all Collateral Documents relating to the redeemed Assigned Collateral Loan shall be released by the Lender to the Borrower.

4.3.2 Prior to the occurrence of an Event of Default, the Borrower may redeem an Assigned Collateral Loan from the Lender by notifying the Lender of its intention to redeem such Assigned Collateral Loan by either:

i. Paying, or causing a third party to pay, to the Lender, for application to the Advance the Release Amount; or

ii. Delivering substitute Assigned Collateral which, in addition to being acceptable to the Lender in its sole discretion, will when included with the other Assigned Collateral result in an aggregate Collateral Value held by the Lender to be at least equal to 100% of the Advance.

4.3.3 Following the occurrence of an Event of Default, the Lender may, without liability to the Borrower or any person, continue to release its security interest in any Assigned Collateral Loan upon payment of the Release Amount.

4.4 Collection and Servicing Rights. So long as no Event of Default shall have occurred and be continuing, the Borrower shall be entitled to service, receive and collect directly all sums payable to the Borrower in respect to the Collateral Loan, other than proceeds of the sale of any Collateral Loan. All sums received by the Borrower shall be deposited into the Borrower's Trust Account for the benefit of the Lender by no later than the next Business Day.

4.5 Return of Collateral Documents Upon Termination.

4.5.1 If the Agreement shall have expired or been terminated, and no Advance, interest or other obligations shall be outstanding and unpaid, the Lender shall release its security interest and shall deliver all Assigned Collateral in its possession to the Borrower at the Borrower's expense.

4.5.2 Any Assigned Collateral released or delivered to the Borrower pursuant to any provision of this Agreement shall be a complete and full discharge, and the Lender shall thereafter be relieved from any liability or responsibility therefore.

4.6 Duties With Respect to Portfolio Loans.

4.6.1. Borrower will make all payments and do all acts which Lender may hereafter deem necessary to perfect or protect Lender's security interest in the Assigned Collateral Loan, including without limitation, maintaining in good shape and repair, paying all taxes, charges, assessments or liens levied or imposed on the property described in the Collateral Documents.

4.6.2. Borrower will appear in and defend any and all actions and proceedings, which purport to affect title to the Collateral Loan, or to affect Lender's security interest therein.

4.6.3. Lender shall be the sole judge of the acceptability of any encumbrance or lien against the Collateral Loan or any part thereof, and the amount necessary to discharge the same.

4.6.4. Lender agrees that retaining the possession of Collateral Documents for more than five (5) Business Days is a commitment to accept such Collateral Loan for assignment per the terms of this Agreement.

4.6.5. All rejected Collateral Loans by Lender shall be returned to Borrower within five (5) Business Days after rejection by Lender.

ARTICLE 5 – FUNDING

5.1 Condition of Funding. The obligation of the Lender to make the initial and subsequent funding under this Agreement is subject to the satisfaction of the Lender of the following additional conditions:

(a) The approval of all Collateral Documents and loan terms must occur at least three (3) Business Days before a Funding Request will be processed.

(b) The Collateral Documents delivered to the Lender shall be satisfactory to the Lender in form and content, and the Lender may reject any of them which in the Lender's sole opinion do not meet the requirements of this Agreement.

(c) The Borrower is in compliance with all the conditions of this Agreement and no Event of Default exists.

(d) The Borrower shall not have incurred any substantial liabilities, direct or contingent, other than in the ordinary course of its business, since the date of this Agreement.

(f) Delivery of a Funding Request by the Borrower shall be deemed a representation, affirmation, or re-affirmation that all conditions set forth in this Agreement and the Note are satisfied as of the date of such funding.

5.2 Procedures for Obtaining Funding.

5.2.1. Funding Requests shall be initiated by the Borrower by delivering to the Lender, no later than one (1) Business Day prior to any Business Day that the Borrower desires funding, a completed and signed Funding Request on the then current form approved by the Lender.

5.2.2. The Borrower will deliver the Collateral Documents to the Lender, and any additional documents relating to an Assigned Collateral which the Lender may reasonably request.

5.2.3. Lender shall then fund the Funding Request to Borrower’s trust account. Borrower shall wire the funds to the closing agent for the new loan.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender, as of the date of this Agreement and as of the date of each Funding Request, that:

6.1 This Agreement is a valid, binding, and legally enforceable obligation of the Borrower.

6.2 That any Collateral Loan was made in compliance with all applicable state and federal laws, rules and regulations.

6.3 The Borrower is the legal and absolute owner and holder of the Assigned Collateral, free and clear of all liens other than the liens granted hereunder or disclosed to, and approved in writing by, the Lender. Each Collateral Loan has been duly authorized and validly issued to the Borrower, and

complies with all of the requirements of this Agreement, and have been and will continue to be validly pledged to the Lender, subject to no other liens.

6.4 The Borrower has the full right, power and authority to assign each Collateral Loan to Lender.

6.5 That no Defect has occurred, and has continued for more than fifteen (15) days, without a written waiver by Lender, in any Collateral Loan without the Release Amount having been paid.

6.6 Borrower has obtained and shall maintain a fire and casualty insurance policy covering the premises encumbered by each Assigned Collateral Loan, which names, and will continue to name, the Borrower and its successors and assigns as the insured under a standard mortgagee clause and will continue to be in full force and effect so long as the Collateral Loan remains pledged.

6.7 The obligations of the Trustor under the Collateral Loan is not subject to any claim for credits, allowances, adjustments, or offsets, unless disclosed by Borrower on the Collateral Documents and waived in writing by Lender.

6.8 No notice of bankruptcy, insolvency, or financial embarrassment of any Trustor under the Collateral Loan has been received by the Borrower. Upon Borrower's receipt of any such notice, the Borrower will immediately give the Lender written notice of same.

6.9 No action has been taken or threatened by any taxing authority that would impose a lien on any Collateral Loan.

6.10 Borrower has filed all required federal, state, and local tax returns, and all taxes owing to any such governmental agencies have been paid as they have become due, except that so long as Borrower contests any claim pertaining to the foregoing in good faith and final action by the taxing authority is deferred or stayed, and the liability therefore is appropriately reflected in reserves set aside on Borrower's balance sheet, then it shall not constitute a breach of this representation and warranty.

6.11 No approvals, consents or authorizations of, or filings or registrations with, any federal or state governmental authority or body are necessary for the consummation of the transactions contemplated by this Agreement or for the performance by any such party of any of the terms and conditions thereof, except for such approvals, consents, or authorizations as have already been obtained and copies of which have been delivered to Lender.

6.12 All information furnished or to be furnished, including but not limited to, each document, instrument, invoice, and paper of every kind heretofore or hereafter presented to Lender by Borrower in connection with the funding of the Advance is genuine and the information contained therein is true and correct.

6.13 Each representation and warranty as to Borrower in this Agreement shall be true and correct as of the date of each disbursement of each Advance as if made again on such dates.

6.14 Except as otherwise disclosed on the Term Sheet, neither Borrower nor anyone on its behalf has engaged in any conduct which would give rise to any fee or commission of any broker, finder, or other person. Borrower hereby agrees to indemnify and to hold harmless, Lender, against any and all claims, demands, causes of action, liabilities, losses, judgments, costs, and expenses (including without limitation attorney's fees) asserted with respect to fees or commissions of brokers, finders, or others in connection with any of the transactions referred to herein or contemplated hereby, and shall pay in full any such claims on demand by Lender.

If Lender elects to purchase a Collateral Loan, Borrower hereby makes the representations and warranties to Lender set forth on Exhibit "D" as of the date of each Advance is made to fund a Collateral Loan.

ARTICLE 7 - AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that, so long as any Advance is outstanding, the Borrower shall:

7.1 Payment of Note. Punctually pay or cause to be paid all payments called for in Article 3 of this Agreement and the Note.

7.2 Lender's Right to Hypothecate Assigned Collateral. Borrower hereby authorizes Lender to hypothecate or repledge Lender's interest in any or all of the Collateral Loan, subject to the terms of this Agreement.

7.3 Compliance with Applicable Laws. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which could adversely affect Borrower's business, operations, assets, or financial condition, except where contested in good faith and by appropriate proceedings.

7.4 Indemnity.

7.4.1. Indemnify and hold the Lender harmless from and against any loss, including actual attorneys' fees and costs, attributable to the failure of a title insurance company, its agent or approved attorney to comply with the disbursement or instruction letter or letters of the Borrower relating to any Assigned Collateral.

7.4.2. Indemnify and hold the Lender harmless from and against any claims arising out of the origination of any loan associated with any Assigned Collateral (e.g., fraud, TILA, etc.).

7.4.3. Indemnify and hold Lender harmless from and against any claims arising out of the servicing of any Collateral Loan.

7.5 Prohibition of Modification Without Lender Approval. Not amend or modify, or waive any of the terms and condition of, or settle or compromise any claim in respect of, any Assigned Collateral without written approval from Lender.

ARTICLE 8 – DEFAULTS

8.1 Events of Default.

Borrower shall be in default if:

8.1.1 Borrower's Default.

i. Borrower fails to pay the principal of the Advance when due, whether at stated maturity, by acceleration, or otherwise; or failure to pay any installment of interest on the Advance or any other amount due under this Agreement within twenty (20) days after the due date; or failure to pay, within any applicable grace period, the principal or interest on any other indebtedness of the Borrower due the Lender; or

ii. Borrower fails to perform or comply with all terms or conditions applicable to Borrower or arising out of this Agreement: or

iii. Borrower's representations or warranties made or deemed made herein or in any Collateral Document, or in any statement or certificate at any time given by the Borrower shall be inaccurate or incomplete in any respect on the date as of which made or deemed made; or

8.1.2 Defect in Collateral Loan.

Any Trustor or Trustors in any Collateral Loan fails to perform, unless Borrower:

i. Promptly notifies the Lender of such failure; and

ii. Retains the services of a foreclosing trustee, and a notice of default pursuant to law is recorded on the non-performing Collateral Loan.

8.1.3 Defects in Collateral Documents.

i. Any Assigned Collateral is determined to have been originated based on untrue, incomplete or inaccurate information, and Borrower had knowledge of such untruth, incomplete or inaccurate information; and such default shall not have been cured, or waived in writing by Lender, within fifteen (15) days of written notice.

ii. A Defect or failure having been discovered in any Collateral Document, and such defect or failure shall not have been cured, or waived in writing by Lender, within thirty (30) days of written notice.

ARTICLE 9 - REMEDIES

9.1 Effect of Event of Default. Upon the occurrence of an Event of Default, the Lender may, at its sole discretion, do any one or more of the following:

(a) Notify Borrower who shall after said written notice hold in trust for the benefit of the Lender, and within two (2) Business Days pay to the Lender at its office designated by notice hereunder, all amounts thereafter received by the Borrower upon or in respect of any Assigned Collateral, advising the Lender as to the source of such funds.

(b) By written notice to the Borrower, terminate this Agreement and the Revolving Line of Credit and/or declare all outstanding Advances to be immediately due and payable, whereupon the same shall forthwith become due and payable, together with all accrued interest thereon. The promise of the Lender to fund any Advance shall thereupon terminate.

(c) Require the Borrower to assemble the books and records relating to all Collateral Loan and make such available to the Lender at a place to be designated by the Lender.

(d) Enter onto property where the books and records relating to any Collateral Loan is located and take possession thereof with or without judicial process.

(e) Notify any Trustor that the Collateral Loan has been assigned to the Lender and that all payments thereon are to be made directly to the Lender or such other party as may be designated by the Lender; and

1) Lender or its designee shall thereafter be entitled to service, receive and collect all sums payable in respect of any Assigned Collateral, including endorsing payments;

2) Contract with a third party to act as servicer or subservicer of any and all Assigned Collateral and perform all acts required in connection with such Servicing Contract, and pay the fees of such third party on account of the Borrower;

3) Demand, collect or receive any money or property at any time payable or receivable on account of, or in exchange for, any Assigned Collateral;

4) Where any such Assigned Collateral is in default, foreclose upon or otherwise enforce Lender's security interest in any manner as permitted by law or as provided for in this Agreement;

5) Settle or compromise any amounts owing on any Assigned Collateral;

6) Release, in whole or in part, any obligor or investor under any Assigned Collateral;

7) Prior to the disposition of any Collateral Loan, prepare the underlying security for disposition in any manner and to the extent the Lender deems appropriate.

8) Process and sell property acquired as a result of any foreclosure.

9.2 Application of proceeds of sale or redemption of Collateral Loan and payments

(a) So long as the Advance remains unpaid, all advances, charges, costs and expenses, including reasonable attorney's fees, incurred or paid by Lender in maintaining its security interest in any Assigned Collateral Loan, in exercising any right, power, or remedy conferred by this Agreement, or in the enforcement thereof, shall be applied:

1) First to the cost and expenses of preparation and sale of the underlying security of any Assigned Collateral Loan;

2) Second, to attorneys' fees incurred to perfect and protect Lender's security interest in any Assigned Collateral Loan; and

3) Third, if the proceeds are greater then the costs, expenses and fees as set forth above, the overage shall be applied as agreed by Borrower and Lender.

(b) Upon payment of the Advance in full, Lender shall reassign all remaining Collateral Loans, and return the Collateral Documents associated with the remaining Collateral Loans.

9.3 Proceed against the Borrower under the Note.

ARTICLE 10 - WAIVERS

10.1 No Waiver by Lender. No failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default, shall constitute a waiver

thereof. No waiver of any past Event of Default shall constitute a waiver of any future Event of Default. No failure to accelerate the Advance by reason of an Event of Default hereunder, or acceptance of a past due payment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or shall be deemed to be a novation or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Lender may have, whether by the laws of the state governing this Agreement. Borrower hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

10.2 Waiver by Borrower. Borrower, for itself and for its successors and assigns, hereby waives any requirement that Lender give Borrower any notice of any Event of Default, including without limitation, failure to make payment, except to the extent notice is specifically required elsewhere in this Agreement. All demands of performance, notices of sale, advertisements and manner of any Collateral Loan after and Event of Default, except only as provided by California Commercial Code Section 9504(3), are hereby specifically waived by Borrower.

ARTICLE 11 - NOTICES

11.1 All notices, demands, consents, requests and other communications required or permitted to be given or made shall, except as otherwise expressly provided, shall be in writing and shall be delivered in person or faxed or mailed, first class or delivered by overnight courier, return receipt requested, postage prepaid, addressed to the respective parties hereto at their respective addresses hereinafter set forth or, as to any such party, at such other address as may be designated by it in a written notice to the other. All notices shall be conclusively deemed to have been properly given or made when duly delivered, in person, by telecopy or by overnight courier, or if mailed, on the date of receipt as noted on the return receipt, addressed as follows:

If to the Lender: Pacific Private Money Fund I LLC
1555 Grant Avenue
Novato, California 94945

If to the Borrower: Pacific Freedom Fund LLC
1555 Grant Avenue
Novato, California 94945

11.1.1 Required Notices. Within twenty (20) days of the event requiring the notice, Borrower shall give written notice to the Lender of:

i. All litigation affecting Borrower.

ii. Any Event of Default as defined in this Agreement or any other event which constitutes or, upon the lapse of time or notice or both, would become, an Event of Default.

iii. Any other matter which has resulted in a substantial adverse change in the financial condition or results of operations of Borrower or in Borrower's financial condition.

11.1.2. Twenty (20) days prior to a change in Lender’s criteria for loan approval, Lender shall give written notice to Borrower of any change, amendment or alteration of its funding criteria.

ARTICLE 12 – MISCELLANEOUS

12.1 Terms Binding Upon Successors: Survival of Representatives. The terms and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All representations, warranties, covenants and agreements herein contained on the part of the Borrower shall survive the making of any funding and the execution of the Note, and shall be effective so long as any Advance is outstanding or there remain any obligations to be paid or performed.

12.2 Amendments. Except as otherwise provided in this Agreement, this Agreement may not be amended, modified or supplemented unless such amendment, modification or supplement is set forth in writing signed by the parties hereto.

12.3 Governing Law. This Agreement and the Collateral Documents shall be governed by the laws of the State of California.

12.4 Severability. If any provision of this Agreement shall be declared to be illegal or unenforceable in any respect, such illegal or unenforceable provision shall be and become absolutely null and void and of no force and effect as though such provision were not in fact set forth herein, but all other covenants, terms, conditions and provisions hereof shall nevertheless continue to be valid and enforceable.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

12.6 Entire Agreement. This Agreement, the Note and the Collateral Documents represent the final agreement between Borrower and Lender, and may not be contradicted by evidence of prior or contemporaneous oral agreements among the parties.

12.7 Arbitration Agreement.

12.7.1. The parties agree, not only for them but for successors, assigns, heirs, executors, administrators or any other person, firm or organization acting on their behalf, that any claim or controversy of whatever nature arising out of this Agreement shall be resolved through a final and binding arbitration in accordance with the then-existing rules of the American Arbitration Association and not by a lawsuit or resort to court process except as California law provides for judicial review or enforcement of arbitration proceedings.

12.7.2. The laws of the State of California, including its statute of limitations applicable to the commencement of a lawsuit, shall apply to this arbitration and to the commencement of arbitration.

12.7.3. In rendering the award the arbitrator shall determine the rights of the parties according to the substantive law of the State of California. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

12.7.4. BY INITIALING BELOW, BOTH THE LENDER AND BORROWER ACKNOWLEDGE, UNDERSTAND AND AGREE TO SUBMIT TO ARBITRATION AND FREELY WAIVE THE RIGHT TO TRIAL BY JUDGE OR JURY, THE RIGHT TO APPEAL, PRETRIAL DISCOVERY AND APPLICATION OF THE RULES OF EVIDENCE.

_____ _____

Lender's Initials Borrower's Initials

12.8 No Assignment. This Agreement may not be sold, transferred or otherwise hypothecated by Borrower without the express prior written consent of Lender.

12.9 Power of Attorney. Borrower hereby irrevocably constitutes and appoints Lender its true and lawful attorney with full power of substitution, to do any and all acts which Borrower is obligated by this Agreement to do, and to exercise all rights of Borrower in and to all Assigned Collateral, to make collections and to sign and endorse Borrower's name on any and all papers, instruments or documents, and to do all other things necessary to preserve and protect any Collateral Loan, and to perfect and protect Lender's security interest therein in the Event of Default set forth in this Agreement. Such power of attorney is coupled with an interest and shall remain effective and irrevocable for so long as any Advance remains unpaid.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed as of the date first above written.

BORROWER:

Pacific Freedom Fund LLC
a California limited liability company

By:_____
Name:_____
Its:_____

LENDER:

Pacific Private Money Fund I LLC
a Delaware limited liability company

By:_____
Name:_____
Its:_____

Exhibit "A"
COLLATERAL DOCUMENTS

Account No. _____ Current Payment Due Date: _____

Original Note Amount: $_____ Date of Note:_____

Unpaid Principal Balance $_____ As of Date: _____

Trustor's Mailing Address:_____

_____

Trustor's Telephone Number:_____

_____ Computer Print Out of Account

_____ Original Note (when received from the closing agent)

_____ Executed Allonge (assignment of the Note separate from the Note)

_____ Original Unrecorded & Notarized Corporate Assignment of Deed of Trust/Mortgage

_____ Preliminary Title Report

_____ Copy of Appraisal

_____ Copy of Hazard Insurance Policy

_____ Proof of Paid Current Property Taxes

_____ Any hold-backs? If Yes, explain: _____
_____
_____

Optional Comments:
_____
_____
_____
_____

Dated: _____

By: _____

Exhibit "B"
FUNDING REQUEST

Pacific Freedom Fund LLC a California limited liability company ("Borrower") hereby requests funding of $_____ pursuant to the Warehouse Revolving Line of Credit Agreement ("Agreement") dated January 1, 2021.

I, the undersigned, certify that I am the authorized person to act on behalf of Borrower. In that capacity:

(1) I make this funding request;

(2) I certify that the proceeds of this funding will be, and all prior funding has been, used in accordance with the Warehouse Revolving Line of Credit Agreement ("Agreement");

(3) I certify that there has been no substantial adverse change in the financial condition, operations or fixed assets of Borrower since entering into the Agreement; and

(4) I affirm and re-affirm that all conditions set forth in the Agreement are satisfied, and that no Collateral Loan is in default, nor has an Event of Default, as that term is defined in the Agreement, occurred that is uncured as of the date hereof.

Optional Comments:
_____
_____
_____
_____

Dated:_____

Pacific Freedom Fund LLC
a California limited liability company

By:_____
Name:_____
Its:_____

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Exhibit "C"

PROMISSORY NOTE
(WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT)

Date: January 1, 2021
Novato, California

FOR VALUE RECEIVED, the undersigned, **Pacific Freedom Fund LLC**, a California limited liability company (the "Borrower"), whose principal place of business is 1555 Grant Avenue, Novato, California 94945, hereby promises to pay to the order of **Pacific Private Money Fund I LLC,** a Delaware limited liability company (the "Lender"), together with its successors and assigns, whose principal place of business is 1555 Grant Avenue, Novato, California 94945, or at such other place as the Lender may designate from time to time or so much thereof as may be outstanding from time to time ("Note Amount") pursuant to the Warehouse Line of Credit Agreement (the "Agreement"), executed on January 1, 2021, from the date of each Advance until repaid in full together with all fees and charges due under the Agreement. The Agreement hereby incorporated herein by this reference as if fully set forth herein.

This Note secures the repayment of periodic Advances made to Borrower in various amounts; and funded or to be funded via wire transfer to Borrower's trust account. The Advance will be used by Borrower for the purpose of funding/purchasing a qualified loan.

1. Interest Rate. Interest on the amount of the Advance shall bear at the rate of **nine percent per annum (9.0%)**, payable monthly in arrears on the first day of each following month regardless of whether the Collateral Borrower has paid Borrower.

2. Interest-Only Payments. Borrower shall make payments of interest-only on the Note amount until the earliest of any one of the following events:

i. Lender purchases the Collateral Loan from Borrower and Lender has received all interest and principal due to Lender under the terms of this Note.
ii. Borrower sells the Collateral Loan to a third party and Lender has received all interest and principal due to Lender under the terms of this Note.
iii. The Collateral Borrower has repaid the Collateral Loan in full and Lender has received all interest and principal due to Lender under the terms of this Note.

3. Payments in United States Currency. All payments under this Promissory Note ("Note") shall be made in lawful money of the United States or in immediately available funds transferred via wire to accounts designated by the Investor.

4. Maturity Date. The Maturity Date of this Note shall coincide with the maturity date of the Collateral Loan plus five business days for processing the payoff, unless Lender in its sole discretion extends same in writing not to exceed thirty (30) days.

5. Security for Note. As security for the repayment of this Note, Borrower shall prepare and submit to Lender recordable assignments of the note and deed of trust for the Collateral Loan. Lender shall return the originals of the assignments upon Lender's receipt of payment in full by Borrower of the amounts due under this Note.

6. Prepayment. This Note Amount may be prepaid in whole or in part at any time without premium or penalty.

7. Governing Law. This Note shall be construed and enforced in accordance with the laws of the State of California, without reference to its principals of conflicts of law.

8. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Warehouse Revolving Line of Credit Agreement.

Pacific Freedom Fund LLC
a California limited liability company

By:_____
Name: Mark Hanf
Its: Manager

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Exhibit "D"

Representations and Warranties of Borrower as Seller of Mortgage Loans

As a further inducement to Lender to enter into this Agreement and to consummate the purchases contemplated hereunder, Borrower represents, warrants and covenants to Lender, as of the date of purchase of each mortgage loan purchased under this Agreement, as follows:

A. VALID LIEN

The promissory note evidencing a mortgage loan ("Note") and the related deed of trust, mortgage or other security instrument securing the Note ("Security Instrument") and all related documents and instruments executed in connection with each mortgage loan are valid and binding and constitute a valid lien against the property described therein and is of the priority represented by Borrower. Obligations of the borrower are enforceable according to their terms. There are no defenses, counterclaims, or rights of set-off affecting any mortgage loan.

B. LEGAL CAPACITY

All parties signing the mortgage loan documents had and have the legal capacity and authority to do so, and the documents have been duly executed and delivered by each such party.

C. DELINQUENCY, DEFAULT, AND BANKRUPTCY

On the date of purchase, the obligor(s) under the mortgage loan (a) is current and is not otherwise in default; (b) has not been more than twenty-nine days delinquent or otherwise in default since the borrower's closing date and Borrower has no reason to believe such default is likely to occur; (c) is not a debtor in any bankruptcy or insolvency proceedings and, to Borrower's knowledge, is not the subject of any threatened bankruptcy or insolvency proceedings; (d) is not a party to any litigation and, to Borrower's knowledge, is not the subject of any threatened litigation. There is no default, breach, violation or event of acceleration existing respecting the mortgage loan and no event which with the passage of time or with notice and the expiration of any grace or cure period would constitute such a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived.

D. NO INVESTIGATION OR PROCEEEDING

Neither Borrower nor the mortgage loan is subject to any notification from, or proceeding or investigation by, any governmental agency or entity in connection with any actual, alleged, or potential legal problem, violation, deficiency or irregularity.

E. PRINCIPAL AMOUNT

The full principal amount has been advanced to the borrower, the unpaid principal balance is correctly stated in the documents Borrower submitted to Lender, and the mortgage loan is fully amortizing with no negative amortization.

F. TITLE INSURANCE

A title insurance company satisfactory to Lender must have issued or committed to issue an extended coverage ALTA Loan Policy of Title Insurance in amounts acceptable to Lender for the mortgage loan program under which the mortgage loan was originated. Such title insurance policy must insure the security instrument encumbering the borrower's title to the property represents a good and valid lien, senior in priority to all other liens, encumbrances, easements, reservations and restrictions except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, those of unpaid taxes and assessments not yet due and payable, and such other exceptions as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

G. COSTS, FEES AND EXPENSES

All costs, fees and expenses have been paid in connection with the making of such mortgage loan, including recording fees, documentary stamps, ad valorem taxes, hazard insurance premiums, and any other taxes or assessments that are due and payable in connection with the making of the mortgage loan.

H. GOOD REPAIR

The mortgaged property described in the Security Instrument has not been damaged by fire, flood, or other causes and any improvements thereon have been completed in full compliance with any and all rules and regulations of any governmental agency having jurisdiction.

I. GOOD TITLE

The mortgage loan documents have not been assigned or pledged and Borrower has good and marketable title to and full right to transfer ownership of the Note and Security Instrument free and clear of all liens and encumbrances; Borrower agrees and warrants that the mortgage loan submitted for purchase was originated by Borrower and not submitted to Borrower by, or purchased by Borrower from, the originator of the mortgage loan; and upon payment by Lender for the mortgage loan, Lender will have good and marketable title to the Note and a perfected lien on the mortgage property, free and clear of liens and encumbrances except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, the lien of taxes and assessments not delinquent, and encumbrances of or exceptions to title as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

J. ASSIGNMENT

The assignment of the Security Instrument to Lender has been duly executed and delivered by Borrower and has been recorded (at Borrower's expense) in those states in which recordation is customary or required to perfect ownership, or is in recordable form in those states where recordation of assignments is neither customary nor necessary to perfect ownership, and is valid, binding and enforceable according to its terms. Lender must approve the assignment prior to recording.

K. MORTGAGE LOAN DOCUMENTS

The borrower's application for the mortgage loan, and all documentation relating to the application and mortgage loan, including, without limitation, the Note, Security Instrument, assignment, hazard, flood or mortgage insurance/guaranty documentation, consumer credit disclosures, credit and appraisal documentation, have been prepared and/or completed in accordance with the Lender's guidelines and in the absence thereof industry standard practices, and all information contained in such documents is true and correct in all respects and does not fail to disclose any facts which could be material or which would make such information misleading, to the best of Borrower's knowledge. Borrower has no knowledge with respect to the mortgage loan, the applicant(s) for the mortgage loan, or the property that serves as security for the mortgage loan, that can reasonably be expected to cause an institutional secondary mortgage market investor to regard the purchase of the mortgage loan as an unacceptable investment, cause the mortgage loan to become delinquent, or adversely affect the value or marketability of the mortgage loan.

L. REGULATORY COMPLIANCE

The mortgage loan was made in compliance with all applicable federal, state and local laws and governmental rules and regulations pertaining to the making of residential real estate loans and all consumer disclosure laws and regulations, including, without limitation, the Real Estate Settlement Procedures Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Housing Act, Consumer Credit Protection Act, and Flood Disaster Protection Act, all as from time to time amended.

M. FACTUAL DISCLOSURE

All known facts relating to the mortgage loan transaction which may adversely affect the value of the mortgaged property, the credit, character or capacity of the borrower, the validity of the Security Instrument, or

any other aspect of the transaction have been disclosed to Lender and, if applicable, the appropriate government agency.

N. HAZARD INSURANCE

The improvements now existing or hereafter erected on the property encumbered by the mortgage loan are insured at minimum against fire with "extended coverage" (and flood insurance where the property is located in an area designated as a special flood hazard area) in an amount at least equal to the outstanding principal balance of the mortgage loan or full insurable value of the replacement cost of the improvements, whichever is less. The insurance is without coinsurance or average clause provision and contains a standard mortgagee clause and loss payable endorsement in favor of Lender, containing Lender's address. The policy is of a form acceptable to Lender and issued by an insurance company rated B+III or better by the Best Key Rating Guide, unless otherwise prohibited by law. Lender must be named as the loss payee under the policy and all premiums for the current year must be prepaid. In addition, the policy shall provide that it is noncancellable by the insurer except on 10 days' written notice to the holder of the Note and Security Instrument.

O. NO BROKER

Borrower has not agreed, and will not agree, to pay any broker or finder any fee in connection with the mortgage loan or sale of the mortgage loan pursuant to this Agreement which could give rise to any valid claims against Lender or the mortgage loan.

P. NOT IN COLLECTION

The mortgage loan is not in the possession of a collection agency or any attorney for collection.

Q. CAPITALIZED CHARGES AND ESCROW DEPOSITS

No escrow/impound deposits, payments, advances, or other charges or amounts have been capitalized into the mortgage loan. Accurate records covering any escrow/impound deposits shall be delivered to Lender on the purchase date, along with such deposits.

R. PAYMENTS RECEIVED

Any payments Borrower receives relating to mortgage loans purchased by Lender on or after the close of acquisition shall be endorsed and forwarded by Borrower to Lender (or to any other servicer designated in writing by the Lender) via overnight mail within 24 hours after Borrower’s receipt. Borrower shall attach a loan payment history to each forwarded check for Lender’s future payment reporting purposes.

Lender's Funding Criteria

Business Purpose or Commercial Loan Transactions

Each business purpose or commercial loan originated by Borrower must conform to the following requirements:

1. The maximum loan amount will be $_____ unless Lender provides Borrower with written approval for a loan amount in excess of $_____.
2. The loan will be secured by real and/or personal property that will secure the borrower's repayment obligation.
3. The real property will be appraised by an independent appraiser licensed by the California Office of Real Estate Appraisers as a Certified General Appraiser.
4. The loan to value ratio ("LTV") will not exceed _____%.
5. The Promissory Note will be secured by a Deed of Trust, Assignment of Leases and Rents, Fixture Filing, and Security Agreement, a personal Guaranty executed by an officer or principal of the borrowing entity, except where prohibited by applicable law, an environmental indemnity agreement and an arbitration agreement.
6. As appropriate, the Note may also be secured by a UCC financing statement.
7. Borrower has reviewed the preliminary title report to confirm that all existing liens, judgments or encumbrances recorded against title will be satisfied through the closing of the loan and that the deed of trust will be a first priority deed of trust against the collateral.
8. Borrower has ensured that Collateral Borrower has obtained the necessary hazard insurance and/or liability insurance policies, that the policy premiums are prepaid for the 12-month period following the date of the underlying note, and that Borrower is named as the mortgagee and additional loss payee on all such insurance policies.
9. Borrower has ensured that all property taxes currently due, delinquent or defaulted, are paid current through the loan closing.

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WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT

This Warehouse Revolving Line of Credit Agreement ("Agreement") is entered into by and between **Pacific Freedom Fund LLC,** a California limited liability company ("Borrower") and **Pacific Private Money Fund I LLC,** a Delaware limited liability company ("Lender"), as of January 1, 2021.

DEFINITIONS

Advance	Total amount advanced by Lender to Borrower for the purpose of funding one or more specified mortgage loan transactions, each a separate Advance. Each Collateral Loan funded under this Agreement shall be funded in Borrower's name.
Assigned Collateral	The Collateral Documents; an Allonge to the Collateral Loan's Promissory Note; and an Assignment of the Collateral Loan's Deed of Trust.
Assigned Collateral Loan	Collateral Loan that is not purchased by Lender pursuant to Section 1.3 of this Agreement and which Borrower retains as a Portfolio Loan.
Business Day	9:00 a.m. to 5:00 p.m. Monday to Friday, except Federal Holidays.
Collateral Borrower	The borrower or Trustor in a Collateral Loan.
Collateral Documents	All documents of the original Collateral Loan that are being assigned to Lender as set forth in Exhibit "A" attached hereto, including, but not limited to the original of a Collateral Loan's Promissory Note secured by a Deed of Trust, the recorded original of the Deed of Trust, and Lender's Title Insurance Policy.
Collateral Loan	Loans originated or acquired by Borrower utilizing funds advanced pursuant to the terms of this Agreement.
Collateral Property	The property securing the Collateral Loan.
Collateral Value	The unpaid principal balance of a Collateral Loan.
Event of Default	The occurrence of any one or more of the conditions or events set forth in Article 8 of this Agreement.
Defect	Untrue, incomplete or inaccurate information in the Collateral Documents of a nature that is material to the Collateral Loan.
Funding Request	Borrower's request for an Advance to fund a mortgage loan that is pre-approved by Lender. A sample is attached Exhibit "B."
Maturity Date	The maturity date set forth in the Note. For each Advance, the maturity date of the Note will coincide with the maturity date of the underlying note plus an additional ten (10) days processing time.
Note	Promissory Note as set forth in Exhibit "C."

Purchased Collateral Loan	Collateral Loan that is purchased by Lender pursuant to Section 1.3 of this Agreement.
Release Amount	The unpaid principal balance of a Collateral Loan; provided, however, that if the Collateral Loan is sold to a third party, then the Release Amount shall be the unpaid principal balance of the Collateral Loan less selling commissions and any discount Lender has approved.
Revolving Line of Credit	The revolving line of credit covered by this Agreement which shall be determined at Lender's discretion.
Term Sheet	Written statement issued by Borrower to a Collateral Borrower advising the Collateral Borrower that Borrower will make a loan to Collateral Borrower to fund a Collateral Loan and specifying the loan terms for the Collateral Loan.
Trustor	The borrower under any Collateral Loan.

TERMS AND CONDITIONS

ARTICLE 1 - THE SECURED REVOLVING LINE OF CREDIT

Subject to the terms and conditions of this Agreement and provided no Event of Default has occurred and is continuing, Lender agrees to make available to Borrower a Revolving Line of Credit for the purpose of funding mortgage loans originated by Borrower or purchasing performing loans originated by third parties that meet Lender's criteria as defined herein. The total amount extended by Lender to Borrower under the Revolving Line of Credit which shall be determined at Lender's discretion. As set forth in this Agreement, Borrower shall repay Lender for Advances made under the Revolving Line of Credit; and, the funds repaid by Borrower to Lender shall be available for future Advances.

Each Advance made by Lender to Borrower shall fund or purchase loans that meet Lender's then applicable funding criteria. Lender agrees to provide Borrower with a minimum of twenty (20) days advance notice in the event Lender changes, amends or alters its funding criteria. Each Advance under this Agreement shall constitute a single indebtedness, and Borrower shall execute a Promissory Note to Lender for each Advance. The Assigned Collateral shall be security for each Note. Upon delivery of the Assigned Collateral for a Purchased Collateral Loan to Lender, the Advance shall be deemed paid in full. In the event Lender does not take assignment of a Collateral Loan pursuant to Section 1.3, Borrower shall provide a Collateral Assignment of the Collateral Loan to secure the Note associated with the Collateral Loan.

1.1 Purpose of Advance. The Advances shall be used by the Borrower solely for the business purpose of funding the acquisition or origination of mortgage loans secured by deeds of trust or other security instruments encumbering real property (collectively herein "Deeds of Trust" or individually a "Deed of Trust"). Loans originated by Borrower and funded pursuant to an Advance shall be originated in Borrower's name, and Borrower shall be identified as the lender on all loan documents. Loans purchased by Borrower pursuant to an Advance shall be assigned to Lender within 48-hours of the completed purchase transaction.

1.2 Funding of Advance. For each Advance request approved by the Lender, Lender shall wire good funds to Borrower's trust account. Upon confirmation of receipt of the Advance, Borrower shall wire the funds to escrow for the funding of the approved loan to the Collateral Borrower. All loans originated by Borrower shall be funded in Borrower's name.

1.3 Purchase Option. Lender shall, within five (5) Business Days after the date it made an Advance, give written notice to Borrower that Lender will purchase (servicing released), at the amount owed thereon, any Collateral Loan (and all appurtenant rights) that was the subject of a credit advance ("Purchase Notice"), in which case the purchase of the subject Collateral Loan shall be automatic. Borrower's liability under the Note shall be reduced by the purchase price. Lender will record an assignment of the note and deed of trust in its favor. In the absence of a purchase notice, Borrower shall retain ownership of each Collateral Loan and shall endeavor to sell it with commercially reasonable diligence.

All origination points and fees associated with the underlying loan are fully earned by Borrower at time of consummation of the Collateral Loan. Borrower shall retain all origination fees, inclusive of, but not limited to: lender's origination and/or discount points, application fee, administration fee, underwriting fee, flood search fee, credit report fees and other similar fees.

1.4 Borrower Portfolio. In the absence of a purchase notice, Borrower shall retain ownership of the loan, for the purpose of selling the loan to a third party ("Portfolio Loan"). Borrower shall serve as the Document Custodian for the originals of the note, recorded deed of trust and other Collateral Documents. As collateral for the repayment of the Advance, Borrower shall deliver to Lender recordable assignments of the note and deed of trust, which Lender shall not record unless and until there is a default under the terms of the Note. Upon Borrower's sale of the Collateral Loan to a third party, Borrower shall repay to Lender the amount of the Advance plus all interest that has accrued against the Advance. Upon receipt of the funds due and owing to Lender under the Note, Lender shall deliver to Borrower the unrecorded originals of the assignments of the note and deed of trust.

1.5 Expiration or Cancellation of Revolving Line of Credit. Unless there is a material breach or an event of default committed by Borrower or Lender under this Agreement, this Agreement shall expire upon Borrower or Lender's delivery to the other party of a letter of intent to terminate this Agreement. Such termination letter shall not affect Borrower's obligation to repay Advances on the Revolving Line of Credit made by Lender to Borrower prior to the effective date of the termination.

ARTICLE 2 - CONDITIONS PRECEDENT TO ADVANCE

2.1 Pre-Approval by Lender. The funding of each Advance under this Agreement is at the sole discretion of the Lender. Three (3) days prior to funding, the Lender shall have received copies of the following, all of which must be satisfactory in form and content to the Lender:

(a) Collateral Borrower's credit application;

(b) An appraisal of the Collateral Property, performed by an independent appraiser holding a current valid license to appraise property in the state where the property is located;

(c) Borrower's underwriting worksheet for the proposed Collateral Loan documenting that the Collateral Loan meets Lender's criteria;

(d) For a residential mortgage loan, documentation confirming the Collateral Borrower's ability to repay the loan obligation;

(e) The Note and this Agreement duly executed;

(f) A copy of the draft settlement statement for the transaction;

(g) The assignment of the Collateral Loan, and all other instruments or documents to be delivered by the Borrower pursuant to this Agreement; and

(h) Evidence satisfactory to the Lender as to the making and/or continuation of any book entry or the due filing and recording in all appropriate offices of all financing statements and other instruments as may be necessary to perfect the security interest of the Lender in the Collateral Loan under the Uniform Commercial Code of California or other applicable law.

2.2 Term Sheet to Fund Collateral Loan. Borrower shall not issue to a Collateral Borrower a written term sheet to fund a mortgage loan until Borrower receives written approval of the loan transaction from Lender. The Term Sheet shall set forth the approved loan terms, any conditions that must be met by the Collateral Borrower prior to the closing of the Collateral Loan by escrow.

2.3 Cancellation of Lender Approval. Following Lender's delivery of the written approval, Borrower must advise Lender within 24-hours of Borrower's receipt of notice from any source that there has been a material change in circumstances in either Collateral Borrower's financial condition or the condition of the property (real and/or personal) that will secure the Collateral Loan. Lender may, at Lender's sole discretion, cancel or withdraw its approval of the proposed Collateral Loan if the change in circumstances is material to the transaction and/or if the change in circumstance results in a lessening of Lender's security.

ARTICLE 3 - THE CREDIT LINE

3.1 Note. For each individual Advance made by Lender pursuant to this Agreement, Borrower's obligations shall be evidenced by this Agreement and a promissory note which shall be delivered by Borrower to Lender, substantially in the form of Exhibit "C" attached hereto.

3.2 Interest. In the event Lender fails to provide a timely Purchase Notice to Borrower, Borrower shall make monthly payments to Lender as follows:

3.2.1 Each Advance to Borrower shall bear interest at the rate of the underlying Collateral Loan for which the Advance was made.

3.2.2 Interest shall be payable monthly in arrears on the first day of each following month. Payments shall be made regardless of whether the Collateral Borrower has paid Borrower.

3.2.3 Interest on the amount of Advance shall terminate upon the occurrence of any one of the following events:

i. The purchase of the Collateral Loan by Lender, and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
ii. Borrower's sale of the Collateral Loan to a third party and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
iii. The Collateral Borrower's repayment of the Collateral Loan note in full and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower.

3.3 Payments.

3.3.1 The Advance, all interest due thereon and accrued costs, if any, shall be payable in full on the Note's Maturity Date (which shall coincide with the maturity date of the underlying Collateral Loan note plus five (5) additional days to process the payment and transmit funds to Lender) unless that date is extended by Lender.

3.3.2 The Borrower shall have the right to prepay any and all of the Advance in whole or in part, from time to time, without premium or penalty.

3.3.3 The Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the Release Amount of any Assigned Collateral upon maturity, or other disposition, of the Assigned Collateral.

3.3.4 If the principal amount of any Assigned Collateral is prepaid in whole or in part, the Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the amount received within five (5) Business Days. The amount of such payment shall be applied to the Advance.

3.4 Method of Making Payments. Except as otherwise specifically provided herein, all payments due shall be made to the Lender by the close of business on the date due, unless such date is not a Business Day in which case such payment shall be due on the first Business Day thereafter, and shall be made in lawful money of the United States of America or in immediately available funds transferred via wire to accounts designated by the Lender from time to time.

3.5 Application of Payments. Payments made under this Agreement shall be applied: first, to the payment of any attorney's fees; second, to any costs or expenses of collection; third, to any interest due on the Advance; and fourth, to the Advance.

ARTICLE 4 – COLLATERAL

4.1 Document Custodian.

4.1.1 In the event Lender elects not to purchase a Collateral Loan, Borrower shall serve as the Document Custodian for the following original Collateral Loan documents: Collateral Loan Note; Collateral Loan Deed of Trust; Lender's Title Insurance Policy; and Certified Copy of the Settlement Statement.

4.1.2 If a Collateral Loan is sold to Lender or a third party, Borrower shall forward all original loan documents to the Document Custodian designated by the Lender or third party.

4.2 Grant of Security Interest. As security for the repayment of the Advance and for the performance of all of the Borrower's obligations, the Borrower hereby assigns and transfers to the Lender all right, title and interest in and to and grants a security interest to the Lender in:

(a) All Collateral Documents evidencing or securing loans, which from time to time are delivered or caused to be delivered to (including delivery to a third party on behalf of Lender), come into the possession, custody or control of the Lender for the purpose of assignment.

(b) All escrow accounts, documents, instruments, files, surveys, certificates, correspondence, appraisals, computer programs, tapes, discs, cards, accounting records (including all information, records, tapes, data, programs, discs, and cards necessary or helpful in the administration or servicing of the Collateral Loan) and other information and data of the Borrower relating to the Assigned Collateral.

(c) All now existing or hereafter acquired moneys delivered to or otherwise in the possession of the Borrower or its agent, bailee or custodian or designated on the books and records of the Borrower relating to Assigned Collateral assigned and pledged to the Lender.

4.3 Release of Security Interest in Collateral Loan.

4.3.1 Any Assigned Collateral Loan not purchased by Lender shall be released from the Lender's security interest only upon payment to the Lender of the Release Amount. Upon receipt of payment of the Release Amount, all Collateral Documents relating to the redeemed Assigned Collateral Loan shall be released by the Lender to the Borrower.

4.3.2 Prior to the occurrence of an Event of Default, the Borrower may redeem an Assigned Collateral Loan from the Lender by notifying the Lender of its intention to redeem such Assigned Collateral Loan by either:

i. Paying, or causing a third party to pay, to the Lender, for application to the Advance the Release Amount; or

ii. Delivering substitute Assigned Collateral which, in addition to being acceptable to the Lender in its sole discretion, will when included with the other Assigned Collateral result in an aggregate Collateral Value held by the Lender to be at least equal to 100% of the Advance.

4.3.3 Following the occurrence of an Event of Default, the Lender may, without liability to the Borrower or any person, continue to release its security interest in any Assigned Collateral Loan upon payment of the Release Amount.

4.4 Collection and Servicing Rights. So long as no Event of Default shall have occurred and be continuing, the Borrower shall be entitled to service, receive and collect directly all sums payable to the Borrower in respect to the Collateral Loan, other than proceeds of the sale of any Collateral Loan. All sums received by the Borrower shall be deposited into the Borrower's Trust Account for the benefit of the Lender by no later than the next Business Day.

4.5 Return of Collateral Documents Upon Termination.

4.5.1 If the Agreement shall have expired or been terminated, and no Advance, interest or other obligations shall be outstanding and unpaid, the Lender shall release its security interest and shall deliver all Assigned Collateral in its possession to the Borrower at the Borrower's expense.

4.5.2 Any Assigned Collateral released or delivered to the Borrower pursuant to any provision of this Agreement shall be a complete and full discharge, and the Lender shall thereafter be relieved from any liability or responsibility therefore.

4.6 Duties With Respect to Portfolio Loans.

4.6.1. Borrower will make all payments and do all acts which Lender may hereafter deem necessary to perfect or protect Lender's security interest in the Assigned Collateral Loan, including without limitation, maintaining in good shape and repair, paying all taxes, charges, assessments or liens levied or imposed on the property described in the Collateral Documents.

4.6.2. Borrower will appear in and defend any and all actions and proceedings, which purport to affect title to the Collateral Loan, or to affect Lender's security interest therein.

4.6.3. Lender shall be the sole judge of the acceptability of any encumbrance or lien against the Collateral Loan or any part thereof, and the amount necessary to discharge the same.

4.6.4. Lender agrees that retaining the possession of Collateral Documents for more than five (5) Business Days is a commitment to accept such Collateral Loan for assignment per the terms of this Agreement.

4.6.5. All rejected Collateral Loans by Lender shall be returned to Borrower within five (5) Business Days after rejection by Lender.

ARTICLE 5 – FUNDING

5.1 Condition of Funding. The obligation of the Lender to make the initial and subsequent funding under this Agreement is subject to the satisfaction of the Lender of the following additional conditions:

(a) The approval of all Collateral Documents and loan terms must occur at least three (3) Business Days before a Funding Request will be processed.

(b) The Collateral Documents delivered to the Lender shall be satisfactory to the Lender in form and content, and the Lender may reject any of them which in the Lender's sole opinion do not meet the requirements of this Agreement.

(c) The Borrower is in compliance with all the conditions of this Agreement and no Event of Default exists.

(d) The Borrower shall not have incurred any substantial liabilities, direct or contingent, other than in the ordinary course of its business, since the date of this Agreement.

(f) Delivery of a Funding Request by the Borrower shall be deemed a representation, affirmation, or re-affirmation that all conditions set forth in this Agreement and the Note are satisfied as of the date of such funding.

5.2 Procedures for Obtaining Funding.

5.2.1. Funding Requests shall be initiated by the Borrower by delivering to the Lender, no later than one (1) Business Day prior to any Business Day that the Borrower desires funding, a completed and signed Funding Request on the then current form approved by the Lender.

5.2.2. The Borrower will deliver the Collateral Documents to the Lender, and any additional documents relating to an Assigned Collateral which the Lender may reasonably request.

5.2.3. Lender shall then fund the Funding Request to Borrower’s trust account. Borrower shall wire the funds to the closing agent for the new loan.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender, as of the date of this Agreement and as of the date of each Funding Request, that:

6.1 This Agreement is a valid, binding, and legally enforceable obligation of the Borrower.

6.2 That any Collateral Loan was made in compliance with all applicable state and federal laws, rules and regulations.

6.3 The Borrower is the legal and absolute owner and holder of the Assigned Collateral, free and clear of all liens other than the liens granted hereunder or disclosed to, and approved in writing by, the Lender. Each Collateral Loan has been duly authorized and validly issued to the Borrower, and complies with all of the requirements of this Agreement, and have been and will continue to be validly pledged to the Lender, subject to no other liens.

6.4 The Borrower has the full right, power and authority to assign each Collateral Loan to Lender.

6.5 That no Defect has occurred, and has continued for more than fifteen (15) days, without a written waiver by Lender, in any Collateral Loan without the Release Amount having been paid.

6.6 Borrower has obtained and shall maintain a fire and casualty insurance policy covering the premises encumbered by each Assigned Collateral Loan, which names, and will continue to name, the Borrower and its successors and assigns as the insured under a standard mortgagee clause and will continue to be in full force and effect so long as the Collateral Loan remains pledged.

6.7 The obligations of the Trustor under the Collateral Loan is not subject to any claim for credits, allowances, adjustments, or offsets, unless disclosed by Borrower on the Collateral Documents and waived in writing by Lender.

6.8 No notice of bankruptcy, insolvency, or financial embarrassment of any Trustor under the Collateral Loan has been received by the Borrower. Upon Borrower's receipt of any such notice, the Borrower will immediately give the Lender written notice of same.

6.9 No action has been taken or threatened by any taxing authority that would impose a lien on any Collateral Loan.

6.10 Borrower has filed all required federal, state, and local tax returns, and all taxes owing to any such governmental agencies have been paid as they have become due, except that so long as Borrower contests any claim pertaining to the foregoing in good faith and final action by the taxing authority is deferred or stayed, and the liability therefore is appropriately reflected in reserves set aside on Borrower's balance sheet, then it shall not constitute a breach of this representation and warranty.

6.11 No approvals, consents or authorizations of, or filings or registrations with, any federal or state governmental authority or body are necessary for the consummation of the transactions contemplated by this Agreement or for the performance by any such party of any of the terms and conditions thereof, except for such approvals, consents, or authorizations as have already been obtained and copies of which have been delivered to Lender.

6.12 All information furnished or to be furnished, including but not limited to, each document, instrument, invoice, and paper of every kind heretofore or hereafter presented to Lender by Borrower in connection with the funding of the Advance is genuine and the information contained therein is true and correct.

6.13 Each representation and warranty as to Borrower in this Agreement shall be true and correct as of the date of each disbursement of each Advance as if made again on such dates.

6.14 Except as otherwise disclosed on the Term Sheet, neither Borrower nor anyone on its behalf has engaged in any conduct which would give rise to any fee or commission of any broker, finder, or other person. Borrower hereby agrees to indemnify and to hold harmless, Lender, against any and all claims, demands, causes of action, liabilities, losses, judgments, costs, and expenses

(including without limitation attorney's fees) asserted with respect to fees or commissions of brokers, finders, or others in connection with any of the transactions referred to herein or contemplated hereby, and shall pay in full any such claims on demand by Lender.

If Lender elects to purchase a Collateral Loan, Borrower hereby makes the representations and warranties to Lender set forth on Exhibit "D" as of the date of each Advance is made to fund a Collateral Loan.

ARTICLE 7 - AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that, so long as any Advance is outstanding, the Borrower shall:

7.1 Payment of Note. Punctually pay or cause to be paid all payments called for in Article 3 of this Agreement and the Note.

7.2 Lender's Right to Hypothecate Assigned Collateral. Borrower hereby authorizes Lender to hypothecate or repledge Lender's interest in any or all of the Collateral Loan, subject to the terms of this Agreement.

7.3 Compliance with Applicable Laws. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which could adversely affect Borrower's business, operations, assets, or financial condition, except where contested in good faith and by appropriate proceedings.

7.4 Indemnity.

7.4.1. Indemnify and hold the Lender harmless from and against any loss, including actual attorneys' fees and costs, attributable to the failure of a title insurance company, its agent or approved attorney to comply with the disbursement or instruction letter or letters of the Borrower relating to any Assigned Collateral.

7.4.2. Indemnify and hold the Lender harmless from and against any claims arising out of the origination of any loan associated with any Assigned Collateral (e.g., fraud, TILA, etc.).

7.4.3. Indemnify and hold Lender harmless from and against any claims arising out of the servicing of any Collateral Loan.

7.5 Prohibition of Modification Without Lender Approval. Not amend or modify, or waive any of the terms and condition of, or settle or compromise any claim in respect of, any Assigned Collateral without written approval from Lender.

ARTICLE 8 – DEFAULTS

8.1 Events of Default.

Borrower shall be in default if:

8.1.1 Borrower's Default.

i. Borrower fails to pay the principal of the Advance when due, whether at stated maturity, by acceleration, or otherwise; or failure to pay any installment of interest on the Advance

or any other amount due under this Agreement within twenty (20) days after the due date; or failure to pay, within any applicable grace period, the principal or interest on any other indebtedness of the Borrower due the Lender; or

ii. Borrower fails to perform or comply with all terms or conditions applicable to Borrower or arising out of this Agreement: or

iii. Borrower's representations or warranties made or deemed made herein or in any Collateral Document, or in any statement or certificate at any time given by the Borrower shall be inaccurate or incomplete in any respect on the date as of which made or deemed made; or

8.1.2 Defect in Collateral Loan.

Any Trustor or Trustors in any Collateral Loan fails to perform, unless Borrower:

i. Promptly notifies the Lender of such failure; and

ii. Retains the services of a foreclosing trustee, and a notice of default pursuant to law is recorded on the non-performing Collateral Loan.

8.1.3 Defects in Collateral Documents.

i. Any Assigned Collateral is determined to have been originated based on untrue, incomplete or inaccurate information, and Borrower had knowledge of such untruth, incomplete or inaccurate information; and such default shall not have been cured, or waived in writing by Lender, within fifteen (15) days of written notice.

ii. A Defect or failure having been discovered in any Collateral Document, and such defect or failure shall not have been cured, or waived in writing by Lender, within thirty (30) days of written notice.

ARTICLE 9 - REMEDIES

9.1 Effect of Event of Default. Upon the occurrence of an Event of Default, the Lender may, at its sole discretion, do any one or more of the following:

(a) Notify Borrower who shall after said written notice hold in trust for the benefit of the Lender, and within two (2) Business Days pay to the Lender at its office designated by notice hereunder, all amounts thereafter received by the Borrower upon or in respect of any Assigned Collateral, advising the Lender as to the source of such funds.

(b) By written notice to the Borrower, terminate this Agreement and the Revolving Line of Credit and/or declare all outstanding Advances to be immediately due and payable, whereupon the same shall forthwith become due and payable, together with all accrued interest thereon. The promise of the Lender to fund any Advance shall thereupon terminate.

(c) Require the Borrower to assemble the books and records relating to all Collateral Loan and make such available to the Lender at a place to be designated by the Lender.

(d) Enter onto property where the books and records relating to any Collateral Loan is located and take possession thereof with or without judicial process.

(e) Notify any Trustor that the Collateral Loan has been assigned to the Lender and that all payments thereon are to be made directly to the Lender or such other party as may be designated by the Lender; and

1) Lender or its designee shall thereafter be entitled to service, receive and collect all sums payable in respect of any Assigned Collateral, including endorsing payments;

2) Contract with a third party to act as servicer or subservicer of any and all Assigned Collateral and perform all acts required in connection with such Servicing Contract, and pay the fees of such third party on account of the Borrower;

3) Demand, collect or receive any money or property at any time payable or receivable on account of, or in exchange for, any Assigned Collateral;

4) Where any such Assigned Collateral is in default, foreclose upon or otherwise enforce Lender's security interest in any manner as permitted by law or as provided for in this Agreement;

5) Settle or compromise any amounts owing on any Assigned Collateral;

6) Release, in whole or in part, any obligor or investor under any Assigned Collateral;

7) Prior to the disposition of any Collateral Loan, prepare the underlying security for disposition in any manner and to the extent the Lender deems appropriate.

8) Process and sell property acquired as a result of any foreclosure.

9.2 Application of proceeds of sale or redemption of Collateral Loan and payments

(a) So long as the Advance remains unpaid, all advances, charges, costs and expenses, including reasonable attorney's fees, incurred or paid by Lender in maintaining its security interest in any Assigned Collateral Loan, in exercising any right, power, or remedy conferred by this Agreement, or in the enforcement thereof, shall be applied:

1) First to the cost and expenses of preparation and sale of the underlying security of any Assigned Collateral Loan;

2) Second, to attorneys' fees incurred to perfect and protect Lender's security interest in any Assigned Collateral Loan; and

3) Third, if the proceeds are greater then the costs, expenses and fees as set forth above, the overage shall be applied as agreed by Borrower and Lender.

(b) Upon payment of the Advance in full, Lender shall reassign all remaining Collateral Loans, and return the Collateral Documents associated with the remaining Collateral Loans.

9.3 Proceed against the Borrower under the Note.

ARTICLE 10 - WAIVERS

10.1 No Waiver by Lender. No failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default, shall constitute a waiver thereof. No waiver of any past Event of Default shall constitute a waiver of any future Event of Default. No failure to accelerate the Advance by reason of an Event of Default hereunder, or acceptance of a past due payment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or shall be deemed to be a novation or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Lender may have, whether by the laws of the state governing this Agreement. Borrower hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

10.2 Waiver by Borrower. Borrower, for itself and for its successors and assigns, hereby waives any requirement that Lender give Borrower any notice of any Event of Default, including without limitation, failure to make payment, except to the extent notice is specifically required elsewhere in this Agreement. All demands of performance, notices of sale, advertisements and manner of any Collateral Loan after and Event of Default, except only as provided by California Commercial Code Section 9504(3), are hereby specifically waived by Borrower.

ARTICLE 11 - NOTICES

11.1 All notices, demands, consents, requests and other communications required or permitted to be given or made shall, except as otherwise expressly provided, shall be in writing and shall be delivered in person or faxed or mailed, first class or delivered by overnight courier, return receipt requested, postage prepaid, addressed to the respective parties hereto at their respective addresses hereinafter set forth or, as to any such party, at such other address as may be designated by it in a written notice to the other. All notices shall be conclusively deemed to have been properly given or made when duly delivered, in person, by telecopy or by overnight courier, or if mailed, on the date of receipt as noted on the return receipt, addressed as follows:

If to the Lender: Pacific Private Money Fund I LLC
1555 Grant Avenue
Novato, California 94945

If to the Borrower: Pacific Freedom Fund LLC
1555 Grant Avenue
Novato, California 94945

11.1.1 Required Notices. Within twenty (20) days of the event requiring the notice, Borrower shall give written notice to the Lender of:

i. All litigation affecting Borrower.

ii. Any Event of Default as defined in this Agreement or any other event which constitutes or, upon the lapse of time or notice or both, would become, an Event of Default.

iii. Any other matter which has resulted in a substantial adverse change in the financial condition or results of operations of Borrower or in Borrower's financial condition.

11.1.2. Twenty (20) days prior to a change in Lender's criteria for loan approval, Lender shall give written notice to Borrower of any change, amendment or alteration of its funding criteria.

ARTICLE 12 – MISCELLANEOUS

12.1 Terms Binding Upon Successors: Survival of Representatives. The terms and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All representations, warranties, covenants and agreements herein contained on the part of the Borrower shall survive the making of any funding and the execution of the Note, and shall be effective so long as any Advance is outstanding or there remain any obligations to be paid or performed.

12.2 Amendments. Except as otherwise provided in this Agreement, this Agreement may not be amended, modified or supplemented unless such amendment, modification or supplement is set forth in writing signed by the parties hereto.

12.3 Governing Law. This Agreement and the Collateral Documents shall be governed by the laws of the State of California.

12.4 Severability. If any provision of this Agreement shall be declared to be illegal or unenforceable in any respect, such illegal or unenforceable provision shall be and become absolutely null and void and of no force and effect as though such provision were not in fact set forth herein, but all other covenants, terms, conditions and provisions hereof shall nevertheless continue to be valid and enforceable.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

12.6 Entire Agreement. This Agreement, the Note and the Collateral Documents represent the final agreement between Borrower and Lender, and may not be contradicted by evidence of prior or contemporaneous oral agreements among the parties.

12.7 Arbitration Agreement.

12.7.1. The parties agree, not only for them but for successors, assigns, heirs, executors, administrators or any other person, firm or organization acting on their behalf, that any claim or controversy of whatever nature arising out of this Agreement shall be resolved through a final and binding arbitration in accordance with the then-existing rules of the American Arbitration Association and not by a lawsuit or resort to court process except as California law provides for judicial review or enforcement of arbitration proceedings.

12.7.2. The laws of the State of California, including its statute of limitations applicable to the commencement of a lawsuit, shall apply to this arbitration and to the commencement of arbitration.

12.7.3. In rendering the award the arbitrator shall determine the rights of the parties according to the substantive law of the State of California. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

12.7.4. BY INITIALING BELOW, BOTH THE LENDER AND BORROWER ACKNOWLEDGE, UNDERSTAND AND AGREE TO SUBMIT TO ARBITRATION AND FREELY WAIVE

THE RIGHT TO TRIAL BY JUDGE OR JURY, THE RIGHT TO APPEAL, PRETRIAL DISCOVERY AND APPLICATION OF THE RULES OF EVIDENCE.

_____ _____
Lender's Initials Borrower's Initials

12.8 No Assignment. This Agreement may not be sold, transferred or otherwise hypothecated by Borrower without the express prior written consent of Lender.

12.9 Power of Attorney. Borrower hereby irrevocably constitutes and appoints Lender its true and lawful attorney with full power of substitution, to do any and all acts which Borrower is obligated by this Agreement to do, and to exercise all rights of Borrower in and to all Assigned Collateral, to make collections and to sign and endorse Borrower's name on any and all papers, instruments or documents, and to do all other things necessary to preserve and protect any Collateral Loan, and to perfect and protect Lender's security interest therein in the Event of Default set forth in this Agreement. Such power of attorney is coupled with an interest and shall remain effective and irrevocable for so long as any Advance remains unpaid.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed as of the date first above written.

BORROWER:

Pacific Freedom Fund LLC
a California limited liability company

By:_____
Name:_____
Its:_____

LENDER:

Pacific Private Money Fund I LLC
a Delaware limited liability company

By:_____
Name:_____
Its:_____

Exhibit "A"
COLLATERAL DOCUMENTS

Account No. _____ Current Payment Due Date: _____

Original Note Amount: $_____ Date of Note:_____

Unpaid Principal Balance $_____ As of Date: _____

Trustor's Mailing Address:_____

_____

Trustor's Telephone Number:_____

_____ Computer Print Out of Account

_____ Original Note (when received from the closing agent)

_____ Executed Allonge (assignment of the Note separate from the Note)

_____ Original Unrecorded & Notarized Corporate Assignment of Deed of Trust/Mortgage

_____ Preliminary Title Report

_____ Copy of Appraisal

_____ Copy of Hazard Insurance Policy

_____ Proof of Paid Current Property Taxes

_____ Any hold-backs? If Yes, explain: _____
_____
_____

Optional Comments:
_____
_____
_____
_____

Dated: _____

By: _____

Exhibit "B"
FUNDING REQUEST

Pacific Freedom Fund LLC a California limited liability company ("Borrower") hereby requests funding of $_____ pursuant to the Warehouse Revolving Line of Credit Agreement ("Agreement") dated January 1, 2021.

I, the undersigned, certify that I am the authorized person to act on behalf of Borrower. In that capacity:

(1) I make this funding request;

(2) I certify that the proceeds of this funding will be, and all prior funding has been, used in accordance with the Warehouse Revolving Line of Credit Agreement ("Agreement");

(3) I certify that there has been no substantial adverse change in the financial condition, operations or fixed assets of Borrower since entering into the Agreement; and

(4) I affirm and re-affirm that all conditions set forth in the Agreement are satisfied, and that no Collateral Loan is in default, nor has an Event of Default, as that term is defined in the Agreement, occurred that is uncured as of the date hereof.

Optional Comments:

_____
_____
_____
_____

Dated:_____

Pacific Freedom Fund LLC
a California limited liability company

By:_____
Name:_____
Its:_____

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Exhibit "C"

PROMISSORY NOTE
(WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT)

Date: January 1, 2021
Novato, California

FOR VALUE RECEIVED, the undersigned, **Pacific Freedom Fund LLC**, a California limited liability company (the "Borrower"), whose principal place of business is 1555 Grant Avenue, Novato, California 94945, hereby promises to pay to the order of **Pacific Private Money Fund I LLC,** a Delaware limited liability company (the "Lender"), together with its successors and assigns, whose principal place of business is 1555 Grant Avenue, Novato, California 94945, or at such other place as the Lender may designate from time to time or so much thereof as may be outstanding from time to time ("Note Amount") pursuant to the Warehouse Line of Credit Agreement (the "Agreement"), executed on January 1, 2021, from the date of each Advance until repaid in full together with all fees and charges due under the Agreement. The Agreement hereby incorporated herein by this reference as if fully set forth herein.

This Note secures the repayment of periodic Advances made to Borrower in various amounts; and funded or to be funded via wire transfer to Borrower's trust account. The Advance will be used by Borrower for the purpose of funding/purchasing a qualified loan.

1. Interest Rate. Interest on the amount of the Advance shall bear at the rate of **nine percent per annum (9.0%)**, payable monthly in arrears on the first day of each following month regardless of whether the Collateral Borrower has paid Borrower.

2. Interest-Only Payments. Borrower shall make payments of interest-only on the Note amount until the earliest of any one of the following events:

i. Lender purchases the Collateral Loan from Borrower and Lender has received all interest and principal due to Lender under the terms of this Note.
ii. Borrower sells the Collateral Loan to a third party and Lender has received all interest and principal due to Lender under the terms of this Note.
iii. The Collateral Borrower has repaid the Collateral Loan in full and Lender has received all interest and principal due to Lender under the terms of this Note.

3. Payments in United States Currency. All payments under this Promissory Note ("Note") shall be made in lawful money of the United States or in immediately available funds transferred via wire to accounts designated by the Investor.

4. Maturity Date. The Maturity Date of this Note shall coincide with the maturity date of the Collateral Loan plus five business days for processing the payoff, unless Lender in its sole discretion extends same in writing not to exceed thirty (30) days.

5. Security for Note. As security for the repayment of this Note, Borrower shall prepare and submit to Lender recordable assignments of the note and deed of trust for the Collateral Loan. Lender shall return the originals of the assignments upon Lender's receipt of payment in full by Borrower of the amounts due under this Note.

6. Prepayment. This Note Amount may be prepaid in whole or in part at any time without premium or penalty.

7. Governing Law. This Note shall be construed and enforced in accordance with the laws of the State of California, without reference to its principals of conflicts of law.

8. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Warehouse Revolving Line of Credit Agreement.

Pacific Freedom Fund LLC
a California limited liability company

By:_____
Name: Mark Hanf
Its: Manager

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Exhibit "D"

Representations and Warranties of Borrower as Seller of Mortgage Loans

As a further inducement to Lender to enter into this Agreement and to consummate the purchases contemplated hereunder, Borrower represents, warrants and covenants to Lender, as of the date of purchase of each mortgage loan purchased under this Agreement, as follows:

A. VALID LIEN

The promissory note evidencing a mortgage loan ("Note") and the related deed of trust, mortgage or other security instrument securing the Note ("Security Instrument") and all related documents and instruments executed in connection with each mortgage loan are valid and binding and constitute a valid lien against the property described therein and is of the priority represented by Borrower. Obligations of the borrower are enforceable according to their terms. There are no defenses, counterclaims, or rights of set-off affecting any mortgage loan.

B. LEGAL CAPACITY

All parties signing the mortgage loan documents had and have the legal capacity and authority to do so, and the documents have been duly executed and delivered by each such party.

C. DELINQUENCY, DEFAULT, AND BANKRUPTCY

On the date of purchase, the obligor(s) under the mortgage loan (a) is current and is not otherwise in default; (b) has not been more than twenty-nine days delinquent or otherwise in default since the borrower's closing date and Borrower has no reason to believe such default is likely to occur; (c) is not a debtor in any bankruptcy or insolvency proceedings and, to Borrower's knowledge, is not the subject of any threatened bankruptcy or insolvency proceedings; (d) is not a party to any litigation and, to Borrower's knowledge, is not the subject of any threatened litigation. There is no default, breach, violation or event of acceleration existing respecting the mortgage loan and no event which with the passage of time or with notice and the expiration of any grace or cure period would constitute such a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived.

D. NO INVESTIGATION OR PROCEEEDING

Neither Borrower nor the mortgage loan is subject to any notification from, or proceeding or investigation by, any governmental agency or entity in connection with any actual, alleged, or potential legal problem, violation, deficiency or irregularity.

E. PRINCIPAL AMOUNT

The full principal amount has been advanced to the borrower, the unpaid principal balance is correctly stated in the documents Borrower submitted to Lender, and the mortgage loan is fully amortizing with no negative amortization.

F. TITLE INSURANCE

A title insurance company satisfactory to Lender must have issued or committed to issue an extended coverage ALTA Loan Policy of Title Insurance in amounts acceptable to Lender for the mortgage loan program under which the mortgage loan was originated. Such title insurance policy must insure the security instrument encumbering the borrower's title to the property represents a good and valid lien, senior in priority to all other liens, encumbrances, easements, reservations and restrictions except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, those of unpaid taxes and assessments not yet due and payable, and such other exceptions as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

G. COSTS, FEES AND EXPENSES

All costs, fees and expenses have been paid in connection with the making of such mortgage loan, including recording fees, documentary stamps, ad valorem taxes, hazard insurance premiums, and any other taxes or assessments that are due and payable in connection with the making of the mortgage loan.

H. GOOD REPAIR

The mortgaged property described in the Security Instrument has not been damaged by fire, flood, or other causes and any improvements thereon have been completed in full compliance with any and all rules and regulations of any governmental agency having jurisdiction.

I. GOOD TITLE

The mortgage loan documents have not been assigned or pledged and Borrower has good and marketable title to and full right to transfer ownership of the Note and Security Instrument free and clear of all liens and encumbrances; Borrower agrees and warrants that the mortgage loan submitted for purchase was originated by Borrower and not submitted to Borrower by, or purchased by Borrower from, the originator of the mortgage loan; and upon payment by Lender for the mortgage loan, Lender will have good and marketable title to the Note and a perfected lien on the mortgage property, free and clear of liens and encumbrances except those Security Instruments represented by Borrower to be prior to the Security Instrument of the mortgage loan, the lien of taxes and assessments not delinquent, and encumbrances of or exceptions to title as commonly accepted by mortgage lenders in the area in which the mortgaged property is located.

J. ASSIGNMENT

The assignment of the Security Instrument to Lender has been duly executed and delivered by Borrower and has been recorded (at Borrower's expense) in those states in which recordation is customary or required to perfect ownership, or is in recordable form in those states where recordation of assignments is neither customary nor necessary to perfect ownership, and is valid, binding and enforceable according to its terms. Lender must approve the assignment prior to recording.

K. MORTGAGE LOAN DOCUMENTS

The borrower's application for the mortgage loan, and all documentation relating to the application and mortgage loan, including, without limitation, the Note, Security Instrument, assignment, hazard, flood or mortgage insurance/guaranty documentation, consumer credit disclosures, credit and appraisal documentation, have been prepared and/or completed in accordance with the Lender's guidelines and in the absence thereof industry standard practices, and all information contained in such documents is true and correct in all respects and does not fail to disclose any facts which could be material or which would make such information misleading, to the best of Borrower's knowledge. Borrower has no knowledge with respect to the mortgage loan, the applicant(s) for the mortgage loan, or the property that serves as security for the mortgage loan, that can reasonably be expected to cause an institutional secondary mortgage market investor to regard the purchase of the mortgage loan as an unacceptable investment, cause the mortgage loan to become delinquent, or adversely affect the value or marketability of the mortgage loan.

L. REGULATORY COMPLIANCE

The mortgage loan was made in compliance with all applicable federal, state and local laws and governmental rules and regulations pertaining to the making of residential real estate loans and all consumer disclosure laws and regulations, including, without limitation, the Real Estate Settlement Procedures Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Housing Act, Consumer Credit Protection Act, and Flood Disaster Protection Act, all as from time to time amended.

M. FACTUAL DISCLOSURE

All known facts relating to the mortgage loan transaction which may adversely affect the value of the mortgaged property, the credit, character or capacity of the borrower, the validity of the Security Instrument, or

any other aspect of the transaction have been disclosed to Lender and, if applicable, the appropriate government agency.

N. HAZARD INSURANCE

The improvements now existing or hereafter erected on the property encumbered by the mortgage loan are insured at minimum against fire with "extended coverage" (and flood insurance where the property is located in an area designated as a special flood hazard area) in an amount at least equal to the outstanding principal balance of the mortgage loan or full insurable value of the replacement cost of the improvements, whichever is less. The insurance is without coinsurance or average clause provision and contains a standard mortgagee clause and loss payable endorsement in favor of Lender, containing Lender's address. The policy is of a form acceptable to Lender and issued by an insurance company rated B+III or better by the Best Key Rating Guide, unless otherwise prohibited by law. Lender must be named as the loss payee under the policy and all premiums for the current year must be prepaid. In addition, the policy shall provide that it is noncancellable by the insurer except on 10 days' written notice to the holder of the Note and Security Instrument.

O. NO BROKER

Borrower has not agreed, and will not agree, to pay any broker or finder any fee in connection with the mortgage loan or sale of the mortgage loan pursuant to this Agreement which could give rise to any valid claims against Lender or the mortgage loan.

P. NOT IN COLLECTION

The mortgage loan is not in the possession of a collection agency or any attorney for collection.

Q. CAPITALIZED CHARGES AND ESCROW DEPOSITS

No escrow/impound deposits, payments, advances, or other charges or amounts have been capitalized into the mortgage loan. Accurate records covering any escrow/impound deposits shall be delivered to Lender on the purchase date, along with such deposits.

R. PAYMENTS RECEIVED

Any payments Borrower receives relating to mortgage loans purchased by Lender on or after the close of acquisition shall be endorsed and forwarded by Borrower to Lender (or to any other servicer designated in writing by the Lender) via overnight mail within 24 hours after Borrower's receipt. Borrower shall attach a loan payment history to each forwarded check for Lender's future payment reporting purposes.

Lender's Funding Criteria

Business Purpose or Commercial Loan Transactions

Each business purpose or commercial loan originated by Borrower must conform to the following requirements:

1. The maximum loan amount will be $_____ unless Lender provides Borrower with written approval for a loan amount in excess of $_____.
2. The loan will be secured by real and/or personal property that will secure the borrower's repayment obligation.
3. The real property will be appraised by an independent appraiser licensed by the California Office of Real Estate Appraisers as a Certified General Appraiser.
4. The loan to value ratio ("LTV") will not exceed _____%.
5. The Promissory Note will be secured by a Deed of Trust, Assignment of Leases and Rents, Fixture Filing, and Security Agreement, a personal Guaranty executed by an officer or principal of the borrowing entity, except where prohibited by applicable law, an environmental indemnity agreement and an arbitration agreement.
6. As appropriate, the Note may also be secured by a UCC financing statement.
7. Borrower has reviewed the preliminary title report to confirm that all existing liens, judgments or encumbrances recorded against title will be satisfied through the closing of the loan and that the deed of trust will be a first priority deed of trust against the collateral.
8. Borrower has ensured that Collateral Borrower has obtained the necessary hazard insurance and/or liability insurance policies, that the policy premiums are prepaid for the 12-month period following the date of the underlying note, and that Borrower is named as the mortgagee and additional loss payee on all such insurance policies.
9. Borrower has ensured that all property taxes currently due, delinquent or defaulted, are paid current through the loan closing.

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WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT

This Warehouse Revolving Line of Credit Agreement ("Agreement") is entered into by and between **Pacific Private Money Inc.,** a California corporation ("Borrower") and **Pacific Freedom Fund LLC, a California limited liability company** ("Lender"), as of Dec. 9, 2022.

DEFINITIONS

Advance	Total amount advanced by Lender to Borrower for the purpose of funding one or more specified mortgage loan transactions, each a separate Advance. Each Program Loan funded under this Agreement shall be funded in Borrower's name.
Program Loan	Program Loan that is not purchased by Lender pursuant to Section 1.2 of this Agreement and which Borrower retains as a Portfolio Loan.
Business Day	9:00 a.m. to 5:00 p.m. Monday to Friday, except Federal Holidays.
Program Borrower	The borrower or Trustor in a Program Loan.
Program Documents	All documents of the original Program Loan including, but not limited to the original of a Program Loan's Promissory Note secured by a Deed of Trust, the recorded original of the Deed of Trust, and Lender's Title Insurance Policy.
Program Loan	Loans originated or acquired by Borrower utilizing funds advanced pursuant to the terms of this Agreement.
Program Property	The property securing the Program Loan.
Program Loan Value	The unpaid principal balance of a Program Loan.
Event of Default	The occurrence of any one or more of the conditions or events set forth in Article 8 of this Agreement.
Defect	Untrue, incomplete or inaccurate information in the Program Documents of a nature that is material to the Program Loan.
Funding Request	Borrower's request for an Advance to fund a mortgage loan that is pre- approved by Lender. A sample is attached Exhibit "B."
Maturity Date	The maturity date set forth in the Note. For each Advance, the maturity date of the Note will coincide with the maturity date of

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	the underlying note plus an additional ten (10) days processing time.
Note	Promissory Note as set forth in **Exhibit A**
Purchased Program Loan	Program Loan that is purchased by Lender pursuant to Section 1.2 of this Agreement.
Release Amount	The unpaid principal balance of a Program Loan; provided, however, that if the Program Loan is sold to a third party, then the Release Amount shall be the unpaid principal balance of the Program Loan less selling commissions and any discount Lender has approved.
Revolving Line of Credit	The revolving line of credit covered by this Agreement which shall be determined at Lender's discretion.
Term Sheet	Written statement issued by Borrower to a Program Borrower advising the Program Borrower that Borrower will make a loan to Program Borrower to fund a Program Loan and specifying the loan terms for the Program Loan.
Trustor	The borrower under any Program Loan.

TERMS AND CONDITIONS

ARTICLE 1 - THE SECURED REVOLVING LINE OF CREDIT

Subject to the terms and conditions of this Agreement and provided no Event of Default has occurred and is continuing, Lender agrees to make available to Borrower a Revolving Line of Credit for the purpose of funding mortgage loans originated by Borrower or purchasing performing loans originated by third parties that meet Lender's criteria herein. The total amount extended by Lender to Borrower under the Revolving Line of Credit which shall be determined at Lender's discretion. As set forth in this Agreement, Borrower shall repay Lender for Advances made under the Revolving Line of Credit; and, the funds repaid by Borrower to Lender shall be available for future Advances.

Each Advance made by Lender to Borrower shall fund or purchase loans that meet Lender's then applicable funding criteria. Lender agrees to provide Borrower with a minimum of twenty (20) days advance notice in the event Lender changes, amends or alters its funding criteria. Each Advance under this Agreement shall constitute a single indebtedness, and Borrower shall execute a Promissory Note to Lender for each Advance.

1.1 Purpose of Advance. The Advances shall be used by the Borrower solely for the business purpose of funding the acquisition or origination of mortgage loans secured by deeds of trust or other security instruments encumbering real property (collectively herein "Deeds of Trust" or

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individually a "Deed of Trust"). Loans originated by Borrower and funded pursuant to an Advance shall be originated in Borrower's name, and Borrower shall be identified as the lender on all loan documents. Loans purchased by Borrower pursuant to an Advance shall be assigned to Lender within 48-hours of the completed purchase transaction.

1.2 Purchase Option in Favor of Lender. Lender may, on or after sixty one (61) days following the date it made an Advance, give written notice to Borrower that Lender will purchase (servicing released), at the amount owed thereon, any Program Loan (and all appurtenant rights) that was the subject of a credit advance ("Purchase Notice"), in which case the purchase of the subject Program Loan shall be automatic. Borrower's liability under the Note shall be reduced by the purchase price. Lender will record an assignment of the note and deed of trust in its favor. In the absence of a Purchase Notice, Borrower, at the Borrower's sole discretion, shall either (a) retain ownership of each Program Loan or (b) endeavor to sell such Program Loan.

All origination points and fees associated with the Program Loans are fully earned by Borrower at time of consummation of the Program Loan. Borrower shall retain all origination fees, inclusive of, but not limited to: lender's origination and/or discount points, application fee, administration fee, underwriting fee, flood search fee, credit report fees and other similar fees

1.3 Borrower Portfolio. Except as provided under Section 1.2 hereof, Borrower shall retain ownership of the loan (a) for the purpose of selling the loan to a third party or (b) to hold the loan as an asset of the Borrower for the duration of such loan (while such loan is held as an asset of the Borrower, a "Portfolio Loan"). Borrower shall serve as the Document Custodian for the originals of the note, recorded deed of trust and other Program Documents. As collateral for the repayment of the Advance, Borrower shall deliver to Lender recordable assignments of the note and deed of trust, which Lender shall not record unless and until there is a default under the terms of the Note. Upon Borrower's sale of the Program Loan to a third party (if any such sale occurs), Borrower shall repay to Lender the amount of the Advance plus all interest that has accrued against the Advance. Upon receipt of the funds due and owing to Lender under the Note, Lender shall deliver to Borrower the unrecorded originals of the assignments of the note and deed of trust.

1.4 Expiration or Cancellation of Revolving Line of Credit. Unless there is a material breach or an event of default committed by Borrower or Lender under this Agreement, this Agreement shall expire upon Borrower or Lender's delivery to the other party of a letter of intent to terminate this Agreement. Such termination letter shall not affect Borrower's obligation to repay Advances on the Revolving Line of Credit made by Lender to Borrower prior to the effective date of the termination.

ARTICLE 2 - CONDITIONS PRECEDENT TO ADVANCE

2.1 Pre-Approval by Lender. The funding of each Advance under this Agreement is at the sole discretion of the Lender. Three (3) days prior to funding, the Lender shall have received copies of the following, all of which must be satisfactory in form and content to the Lender:

(a) Program Borrower's credit application;

(b) An appraisal of the Program Property, performed by an independent

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appraiser holding a current valid license to appraise property in the state where the property is located;

(c) Borrower's underwriting worksheet for the proposed Program Loan documenting that the Program Loan meets Lender's criteria;

(d) For a residential mortgage loan, documentation confirming the Program Borrower's ability to repay the loan obligation;

(e) The Note and this Agreement duly executed;

(f) A copy of the draft settlement statement for the transaction;

(g) The assignment of the Program Loan, and all other instruments or documents to be delivered by the Borrower pursuant to this Agreement; and

(h) Evidence satisfactory to the Lender as to the making and/or continuation of any book entry or the due filing and recording in all appropriate offices of all financing statements and other instruments as may be necessary to perfect the security interest of the Lender in the Program Loan under the Uniform Commercial Code of California or other applicable law.

ARTICLE 3 - THE CREDIT LINE

3.1 Note. For each individual Advance made by Lender pursuant to this Agreement, Borrower's obligations shall be evidenced by this Agreement and a promissory note which shall be delivered by Borrower to Lender, substantially in the form of Exhibit "C" attached hereto.

3.2 Interest. In the event Lender fails to provide a timely Purchase Notice to Borrower, Borrower shall make monthly payments to Lender as follows:

3.2.1 Each Advance to Borrower shall bear interest at the rate of the underlying Program Loan for which the Advance was made.

3.2.2 Interest shall be payable monthly in arrears on the first day of each following month. Payments shall be made regardless of whether the Program Borrower has paid Borrower.

3.2.3 Interest on the amount of Advance shall terminate upon the occurrence of any one of the following events:

i. The purchase of the Program Loan by Lender, and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;

ii. Borrower's sale of the Program Loan to a third party and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;

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iii. The Program Borrower's repayment of the Program Loan note in full and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower.

3.3 Payments.

3.3.1 The Advance, all interest due thereon and accrued costs, if any, shall be payable in full on the Note's Maturity Date.

3.3.2 The Borrower shall have the right to prepay any and all of the Advance in whole or in part, from time to time, without premium or penalty.

3.4 Method of Making Payments. Except as otherwise specifically provided herein, all payments due shall be made to the Lender by the close of business on the date due, unless such date is not a Business Day in which case such payment shall be due on the first Business Day thereafter, and shall be made in lawful money of the United States of America or in immediately available funds transferred via wire to accounts designated by the Lender from time to time.

3.5 Application of Payments. Payments made under this Agreement shall be applied: first, to the payment of any attorney's fees; second, to any costs or expenses of collection; third, to any interest due on the Advance; and fourth, to the Advance.

ARTICLE 4 – RESERVED

ARTICLE 5 - FUNDING

5.1 Condition of Funding. The obligation of the Lender to make the initial and subsequent funding under this Agreement is subject to the satisfaction of the Lender of the following additional conditions:

(a) The approval of all Program Documents and loan terms must occur at least three (3) Business Days before a Funding Request will be processed.

(b) The Borrower is in compliance with all the conditions of this Agreement and no Event of Default exists.

(c) The Borrower shall not have incurred any substantial liabilities, direct or contingent, other than in the ordinary course of its business, since the date of this Agreement.

(d) Delivery of a Funding Request by the Borrower shall be deemed a representation, affirmation, or re-affirmation that all conditions set forth in this Agreement and the Note are satisfied as of the date of such funding.

5.2 Procedures for Obtaining Funding.

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5.2.1. Funding Requests shall be initiated by the Borrower by delivering to the Lender, no later than one (1) Business Day prior to any Business Day that the Borrower desires funding, a completed and signed Funding Request on the then current form approved by the Lender.

5.2.2. Lender shall then fund the Funding Request to Borrower's trust account. Borrower shall wire the funds to the closing agent for the new Program Loan.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender, as of the date of this Agreement and as of the date of each Funding Request, that:

6.1 This Agreement is a valid, binding, and legally enforceable obligation of the Borrower.

6.2 That any Program Loan was made in compliance with all applicable state and federal laws, rules and regulations.

6.3 The Borrower is the legal and absolute owner and holder of the Program Collateral, free and clear of all liens other than the liens granted hereunder or disclosed to, and approved in writing by, the Lender. Each Program Loan has been duly authorized and validly issued to the Borrower, and complies with all of the requirements of this Agreement.

6.4 The Borrower has the full right, power and authority to assign each Program Loan to Lender.

6.5 That no Defect has occurred, and has continued for more than fifteen (15) days, without a written waiver by Lender, in any Program Loan without the Release Amount having been paid.

6.6 Borrower has obtained and shall maintain a fire and casualty insurance policy covering the premises encumbered by each Assigned Program Loan, which names, and will continue to name, the Borrower and its successors and assigns as the insured under a standard mortgagee clause and will continue to be in full force and effect so long as the Program Loan remains unpaid.

6.7 The obligations of the Trustor under the Program Loan is not subject to any claim for credits, allowances, adjustments, or offsets, unless disclosed by Borrower on the Program Documents and waived in writing by Lender.

6.8 No notice of bankruptcy, insolvency, or financial embarrassment of any Trustor under the Program Loan has been received by the Borrower. Upon Borrower's receipt of any such notice, the Borrower will immediately give the Lender written notice of same.

6.9 No action has been taken or threatened by any taxing authority that would impose a lien on any Program Loan.

6.10 Borrower has filed all required federal, state, and local tax returns, and all taxes owing to any such governmental agencies have been paid as they have become due, except that so long as Borrower contests any claim pertaining to the foregoing in good faith and final action by the taxing authority is deferred or stayed, and the liability therefore is appropriately reflected in

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reserves set aside on Borrower's balance sheet, then it shall not constitute a breach of this representation and warranty.

6.11 No approvals, consents or authorizations of, or filings or registrations with, any federal or state governmental authority or body are necessary for the consummation of the transactions contemplated by this Agreement or for the performance by any such party of any of the terms and conditions thereof, except for such approvals, consents, or authorizations as have already been obtained and copies of which have been delivered to Lender.

6.12 All information furnished or to be furnished, including but not limited to, each document, instrument, invoice, and paper of every kind heretofore or hereafter presented to Lender by Borrower in connection with the funding of the Advance is genuine and the information contained therein is true and correct.

6.13 Each representation and warranty as to Borrower in this Agreement shall be true and correct as of the date of each disbursement of each Advance as if made again on such dates.

6.14 Except as otherwise disclosed on the Term Sheet, neither Borrower nor anyone on its behalf has engaged in any conduct which would give rise to any fee or commission of any broker, finder, or other person. Borrower hereby agrees to indemnify and to hold harmless, Lender, against any and all claims, demands, causes of action, liabilities, losses, judgments, costs, and expenses (including without limitation attorney's fees) asserted with respect to fees or commissions of brokers, finders, or others in connection with any of the transactions referred to herein or contemplated hereby, and shall pay in full any such claims on demand by Lender.

If Lender elects to purchase a Program Loan, Borrower hereby makes the representations and warranties to Lender set forth on Exhibit "D" as of the date of each Advance is made to fund a Program Loan.

ARTICLE 7 - AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that, so long as any Advance is outstanding, the Borrower shall:

7.1 Payment of Note. Punctually pay or cause to be paid all payments called for in Article 3 of this Agreement and the Note.

7.2 Compliance with Applicable Laws. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which could adversely affect Borrower's business, operations, assets, or financial condition, except where contested in good faith and by appropriate proceedings.

7.3 Indemnity.

7.3.1. Indemnify and hold the Lender harmless from and against any loss, including actual attorneys' fees and costs, attributable to the failure of a title insurance company, its agent or approved attorney to comply with the disbursement or instruction letter or letters of the Borrower relating to any Program Collateral.

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7.3.2. Indemnify and hold the Lender harmless from and against any claims arising out of the origination of any loan associated with any Program Collateral (e.g., fraud, TILA, etc.).

7.3.3. Indemnify and hold Lender harmless from and against any claims arising out of the servicing of any Program Loan.

7.4 Prohibition of Modification Without Lender Approval. Not amend or modify, or waive any of the terms and condition of, or settle or compromise any claim in respect of, any Program Collateral without written approval from Lender.

ARTICLE 8-DEFAULTS

8.1 Events of Default.

Borrower shall be in default if:

8.1.1 Borrower's Default.

i. Borrower fails to pay the principal of the Advance when due, whether at stated maturity, by acceleration, or otherwise; or failure to pay any installment of interest on the Advance or any other amount due under this Agreement within twenty (20) days after the due date; or failure to pay, within any applicable grace period, the principal or interest on any other indebtedness of the Borrower due the Lender; or

ii. Borrower fails to perform or comply with all terms or conditions applicable to Borrower or arising out of this Agreement: or

iii. Borrower's representations or warranties made or deemed made herein, or in any statement or certificate at any time given by the Borrower shall be inaccurate or incomplete in any respect on the date as of which made or deemed made; or

8.1.2 Defect in Program Loan.

Any Trustor or Trustors in any Program Loan fails to perform, unless Borrower:

i. Promptly notifies the Lender of such failure; and

ii. Retains the services of a foreclosing trustee, and a notice of default pursuant to law is recorded on the non-performing Program Loan.

ARTICLE 9 - REMEDIES

9.1 Effect of Event of Default. Upon the occurrence of an Event of Default, the Lender may, at its sole discretion, do any one or more of the following:

(a) Notify Borrower who shall after said written notice hold in trust for the benefit of the Lender, and within two (2) Business Days pay to the Lender at its office designated by notice hereunder, all amounts thereafter received by the Borrower

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upon or in respect of any Program Collateral, advising the Lender as to the source of such funds.

(b) By written notice to the Borrower, terminate this Agreement and the Revolving Line of Credit and/or declare all outstanding Advances to be immediately due and payable, whereupon the same shall forthwith become due and payable, together with all accrued interest thereon. The promise of the Lender to fund any Advance shall thereupon terminate.

(c) Require the Borrower to assemble the books and records relating to all Program Loan and make such available to the Lender at a place to be designated by the Lender.

(d) Notify any Trustor that the Program Loan has been assigned to the Lender and that all payments thereon are to be made directly to the Lender or such other party as may be designated by the Lender; and

1) Lender or its designee shall thereafter be entitled to service, receive and collect all sums payable in respect of any Program Collateral, including endorsing payments;

2) Contract with a third party to act as servicer or subservicer of any and all Program Collateral and perform all acts required in connection with such servicing contract, and pay the fees of such third party on account of the Borrower;

3) Demand, collect or receive any money or property at any time payable or receivable on account of, or in exchange for, any Program Collateral;

4) Release, in whole or in part, any obligor or investor under any Program Collateral;

5) Prior to the disposition of any Program Loan, prepare the underlying security for disposition in any manner and to the extent the Lender deems appropriate.

6) Process and sell property acquired as a result of any foreclosure.

9.2 Application of proceeds of sale or redemption of Program Loan and payments

(a) So long as the Advance remains unpaid, all advances, charges, costs and expenses, including reasonable attorney's fees, incurred or paid by Lender hereunder, in exercising any right, power, or remedy conferred by this Agreement, or in the enforcement thereof, shall be applied:

1) First to the cost and expenses of preparation and sale of the underlying security of any Assigned Program Loan;

2) Second, to attorneys' fees incurred to perfect and protect Lender's security

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interest in any Assigned Program Loan; and

3) Third, if the proceeds are greater then the costs, expenses and fees as set forth above, the overage shall be applied as agreed by Borrower and Lender.

(b) Upon payment of the Advance in full, Lender shall release any interest in all remaining Program Loans,

9.3 Proceed against the Borrower under the Note.

ARTICLE 10 - WAIVERS

10.1 No Waiver by Lender. No failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default, shall constitute a waiver thereof. No waiver of any past Event of Default shall constitute a waiver of any future Event of Default. No failure to accelerate the Advance by reason of an Event of Default hereunder, or acceptance of a past due payment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or shall be deemed to be a novation or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Lender may have, whether by the laws of the state governing this Agreement. Borrower hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

10.2 Waiver by Borrower. Borrower, for itself and for its successors and assigns, hereby waives any requirement that Lender give Borrower any notice of any Event of Default, including without limitation, failure to make payment, except to the extent notice is specifically required elsewhere in this Agreement. All demands of performance, notices of sale, advertisements and manner of any Program Loan after and Event of Default, except only as provided by California Commercial Code Section 9504(3), are hereby specifically waived by Borrower.

ARTICLE 11 - NOTICES

11.1 All notices, demands, consents, requests and other communications required or permitted to be given or made shall, except as otherwise expressly provided, shall be in writing and shall be delivered in person or faxed or mailed, first class or delivered by overnight courier, return receipt requested, postage prepaid, addressed to the respective parties hereto at their respective addresses hereinafter set forth or, as to any such party, at such other address as may be designated by it in a written notice to the other. All notices shall be conclusively deemed to have been properly given or made when duly delivered, in person, by telecopy or by overnight courier, or if mailed, on the date of receipt as noted on the return receipt, addressed as follows:

If to the Lender: Pacific Freedom Fund LLC
1555 Grant Avenue
Novato, California 94945

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If to the Borrower: Pacific Private Money Inc.
1555 Grant Avenue
Novato, California 94945

11.1.1 Required Notices. Within twenty (20) days of the event requiring the notice, Borrower shall give written notice to the Lender of:

i. All litigation affecting Borrower.

ii. Any Event of Default as defined in this Agreement or any other event which constitutes or, upon the lapse of time or notice or both, would become, an Event of Default.

iii. Any other matter which has resulted in a substantial adverse change in the financial condition or results of operations of Borrower or in Borrower's financial condition.

11.1.2. Twenty (20) days prior to a change in Lender's criteria for loan approval, Lender shall give written notice to Borrower of any change, amendment or alteration of its funding criteria.

ARTICLE 12 - MISCELLANEOUS

12.1 Terms Binding Upon Successors: Survival of Representatives. The terms and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All representations, warranties, covenants and agreements herein contained on the part of the Borrower shall survive the making of any funding and the execution of the Note, and shall be effective so Jong as any Advance is outstanding or there remain any obligations to be paid or performed.

12.2 Amendments. Except as otherwise provided in this Agreement, this Agreement may not be amended, modified or supplemented unless such amendment, modification or supplement is set forth in writing signed by the parties hereto.

12.3 Governing Law. This Agreement and the Program Documents shall be governed by the laws of the State of California.

12.4 Severability. If any provision of this Agreement shall be declared to be illegal or unenforceable in any respect, such illegal or unenforceable provision shall be and become absolutely null and void and of no force and effect as though such provision were not in fact set forth herein, but all other covenants, terms, conditions and provisions hereof shall nevertheless continue to be valid and enforceable.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

12.6 Entire Agreement. This Agreement, the Note and the Program Documents represent the final agreement between Borrower and Lender, and may not be contradicted by evidence of prior

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or contemporaneous oral agreements among the parties.

12.7 Arbitration Agreement.

12.7.1. The parties agree, not only for them but for successors, assigns, heirs, executors, administrators or any other person, firm or organization acting on their behalf, that any claim or controversy of whatever nature arising out of this Agreement shall be resolved through a final and binding arbitration in accordance with the then-existing rules of the American Arbitration Association and not by a lawsuit or resort to court process except as California law provides for judicial review or enforcement of arbitration proceedings.

12.7.2. The laws of the State of California, including its statute of limitations applicable to the commencement of a lawsuit, shall apply to this arbitration and to the commencement of arbitration.

12.7.3. In rendering the award the arbitrator shall determine the rights of the parties according to the substantive law of the State of California. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

12.7.4. BY INITIALING BELOW, BOTH THE LENDER AND BORROWER ACKNOWLEDGE, UNDERSTAND AND AGREE TO SUBMIT TO ARBITRATION AND FREELY WAIVE THE RIGHT TO TRIAL BY JUDGE OR JURY, THE RIGHT TO APPEAL, PRETRIAL DISCOVERY AND APPLICATION OF THE RULES OF EVIDENCE.

_____ _____

Lender's Initials Borrower's Initials

12.8 No Assignment. This Agreement may not be sold, transferred or otherwise hypothecated by Borrower without the express prior written consent of Lender.

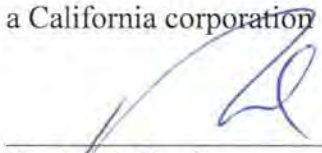
12.9 Power of Attorney. Borrower hereby irrevocably constitutes and appoints Lender its true and lawful attorney with full power of substitution, to do any and all acts which Borrower is obligated by this Agreement to do, and to exercise all rights of Borrower in and to all Program Collateral, to make collections and to sign and endorse Borrower's name on any and all papers, instruments or documents, and to do all other things necessary to preserve and protect any Program Loan, and to perfect and protect Lender's security interest therein in the Event of Default set forth in this Agreement. Such power of attorney is coupled with an interest and shall remain effective and irrevocable for so long as any Advance remains unpaid.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed as of the date first above written.

BORROWER:

Pacific Private Money Inc.,
a California corporation



By: Mark Hanf
Its: President and CEO

LENDER:

Pacific Freedom Fund LLC,
a California limited liability company

By: Pacific Private Money, Inc.,
a California corporation, its Manager



By: Mark Hanf
Its: President and CEO

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PACIFIC PRIVATE MONEY INC.
OFFICER'S CERTIFICATE

December 9, 2022

The undersigned, being the duly elected, qualified and acting O icers of Pacific Private Money Inc., a California corporation (the "Company"), in their capacity as the O cers of the Company and not individually, do hereby deliver this certificate in connection with (i) that certain Master Loan and Security Agreement, dated as of the date hereof, by and among AXOS Bank, as Lender, the Company and Pacific Freedom Fund LLC, a California limited liability company (individually and collectively "Borrower"), Pacific Private Money Group LLC, a Delaware limited liability company, as Pledgor and Mark D. Hanf and Hoainam Phan (individually as the "Limited Guarantors"), and does hereby certify that:

1. Attached hereto as **Exhibit A** is a true, correct and complete copy of the A1iicles of lncorporation of the Company, together with all amendments thereto, as filed with the Secretary of State of the State of California and as in e ect on the date hereof (the "Articles of Incorporation"). The Articles of Incorporation are in full force and e ect and has not been amended, altered, modified or rescinded, and no actions or proceedings for the amendment, alteration, modification or rescission thereof are pending or contemplated.

2. Attached hereto as **Exhibit B** is a true, complete and correct copy of the bylaws of the Company, together with all amendments thereto, as in effect on the date hereof (the "Bylaws"). The Bylaws are in full force and e ect and has not been amended, altered, modified or rescinded, and no actions or proceedings for the amendment, alteration, modification or rescission thereof are pending or contemplated.

3. Attached hereto as **Exhibit C** is a true, correct and complete copy of the Resolutions adopted by the board of directors of the Company dated as of the date hereof (the "Resolutions"). The Resolutions have not been amended or modified or rescinded and are in full force and effect in the form adopted, and they are the only resolutions adopted by the directors relating to the execution, delivery and performance by the Company of the transactions contemplated by the Master Loan and Security Agreement.

4. Attached hereto as **Exhibit D** is a Certificate of Good Standing for the Company, certified as of a recent date by the appropriate governmental authority of the State of California.

5. Set forth on **Exhibit E** is the name, title and genuine signature of the o icers of the Company, each of which is duly elected to hold such o ices for each of such entities as of the date hereof.

6. The federal tax identification number of the Company is 27-4684932

[SIGNATURE PAGE FOLLOWS]

CERTIFICATE OF ADOPTION OF BYLAWS OF PACIFIC PRIVATE MONEY INC., A CALIFORNIA CORPORATION

The undersigned hereby certifies, under penalty of perjury, that the accompanying Bylaws of Pacific Private Money Inc. are the true and accurate bylaws of the corporation approved by the corporation's board of directors on August 12, 2019.

Date: August 12, 2019

Mark D. Hanf, Secretary

PCFG_0000759793_Pacific Private Money Inc Articles of Incorporation 12.9.22.pdf
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Pacific Southwest Note Fund (PSWNF) Transition

8/8/2023

Outstanding Items:

#	Item to be completed	TMC Dependent?	Date Due	Resp.	Status
3	Check with Eric Starr regarding legality of selling a note out of state & whether required to maintain TX location. (before changing PSWNF address to Novato - may need to open TX suite)	no		EB/JR	
14	Check licensing - PSWNF licensing transferable?	?			
23	Check with Mark Hanf re: address on accounts. This is a Texas Fund & a Delaware Corporation. We need to determine if ok to use CA address.	no		JR/EB	
25	Get contract between Mark H & Mark B for close-out and/or Buyout of Mark Brown.	no		JR	
26	Determine hierarchy for decision making on loan file level - is this Edward? Or Nam/JR?	no			
27	Master Servicing Agreement PPMI - PSWNF.	no		MN	
29	On-board Madison file (1) to FCI.	no	8/26/2023	TM	in process
30	On-board August REI files (41) to FCI.	no	6/30/2023	TM	in process
32	Tax Service for files at FCI	no		TM	
33	Address all Accounts Payable and change address and/or cancel services - including printer	yes		MG	

Completed Items:

1	Get list of loans in PSWNF from Edward Brown	no	2/9/2023	EB	done
2	Obtain logins & passwords for August REI, Madison & FCI	no	2/10/2023	EB	done
4	Receive loan files from Mark Brown (August REI & TMC)	yes	3/3/2023	MB	done
5	Communication to Borrowers from TMC to direct questions & payments on TMC files to PPM. Goodbye letters sent as files shipped.	yes	3/3/2023	MB	done
6	Ensure REIL understands/is aware of Accretion method. Mara will send Edward's email to Justin/REIL	no	3/23/2023	MN	done. MN forwarded EB's email 3/23/23
8	Add Servicing@ppm and Accounting@ ppm to August REI	no	3/16/2023	MN	done
12	Contact Mark Brown & Ashley for insight into files. Conference call with RT/MN/MB/Ashley on 3/23/23	yes	3/23/2023	MN	done
9	Add Servicing@ppm and Accounting@ ppm to PSWNF FCI account. Email sent by TM 3/22/23	no	3/31/2023	TM	done
13	Ryan to send list of TMC files with questions and/or missing documents to MB	yes	3/24/2023	RT	done
20	Answer Justin (REIL) questions regarding January payments received (MN forwarded list to MB for details 3/23/23)	yes	3/29/2023	MN	done
21	Answer Justin (REIL) questions regarding February payments received - Justin to send list	yes	tbd	MN	done
22	Deposit received payments (have folder at Alexis' desk)	no	3/31/2023	RT/AW	done
18	Create list of FC Attorney and BK Attorneys used for PSWNF. (have compiled emails from EB and MB, but need in reference sheet)	no	4/27/2023	MN	done
15	Scan files to P:drive - TMC & August REI. TMC files complete. August REI files in process.	no	3/31/2023	RT/AMP	done
24	Investor payments - on track with REIL - for March 2023 to be paid out 4/20/23 through JSQ	no	4/20/2023	MN	done
10	Add Servicing@ppm and Accounting@ppm to Madison. There only appears to be space for one contact and it currently shows Edward Brown.		3/31/2023	MN/EB?	done
11	2022 1098 IRS statement for all files. Per Mark Brown they were not issuing?	yes		MB	done

19	City Bank - either obtain way to deposit or open WF accounts for PSWNF. 3/27 deposit sent by mail for March payments. WC to set up accounts	no	4/30/2023	WC	done
28	Investor payments - on track with REIL - for April 2023 to be paid out 5/20/23 through JSQ	no	5/20/2023		done
17	Onboard TMC files to FCI - 10 at a time (have 25 TMC files) - tape of 25 TMC files completed 3/29/23 MN. Uploaded to FCI by TM 3/30/23 with documents uploaded 3/30/23-4/5/23. 4/18/23 Tonya to reach out to FCI and include Gordon Albrecht to see if we can get some cooperation on onboarding. Final docs and completed information provided by Tonya to FCI 4/25/23.	no	5/19/2023	RT/TM	done
7	Cancel/Transfer Force-placed insurance from TMC to PSWNF. Tonya is working on this 3/23/23 for those loans that have been identified. Will switch to FCI company once files uploaded.	no	5/31/2023	TM	done
16	Check with EB on FCI files & Madison file - those are the only ones we do not have a paper file for and MB indicated those were EB. 4/5/23 Spoke with EB. Files with custodian for Scottsdale RE. Only really need Madison file to xfer to FCI.	no	5/31/2023	MN	done
31	Per EB, there was a lawsuit that Mark Brown was handling wherein the seller had signed documents for us to purchase and backed out after finding out the borrower planned to payoff. Damages approx $25k…need to find out what happened with lawsuit. Calico v. Enhance Mtg	no		EB/JR	done

STARR · FINLEY LLP

235 Pine Street
15th Floor
San Francisco, California 94104

Tel 415 658-0800
Fax 415 399-1407
www.starrfinley.com

July 24, 2024

Via US Certified Mail, email (markb@enhancemtg.com)

Mark Brown
Enhance Mortgage\
5109 82nd Street, Suite 71135
Lubbock, TX 79424

Re: Pacific Southwest Note Fund, LLC; Cease and Desist

Dear Mr. Brown:

Your many letters and communications to Pacific Private Money and various individual officers of the constituent companies have been referred to this office. As I have told you previously, all correspondence and communications regarding the Pacific Southwest Note Fund, LLC, and its manager, Pacific Southwest Management Group, LLC are to be directed to this office.

Your practice of sending volumes of certified letters, to the office and private residences of the personnel is deliberately intended to bully, vex, harass and annoy these individuals. All letters, emails, and other communications to any company or individual other than to this office, must cease and desist immediately.

You are no longer a manger (let alone "co-manager") of the Fund. However, you continue to intentionally misstate your position as "Fund Manager" of PSWNF. Through that bogus title, you demand "revised" accountings, responses, and detailed timelines; none of which you are entitled to any longer.

I remind you of your resignation as "fund manager" of the Fund in a writing dated February 6, 2023 (a copy of which is enclosed). As a result, you have no actual or apparent authority to represent yourself as "Fund Manager." Without the position or authority of a fund (co-)manager you have no right to demand anything: no "comprehensive review of all financial records" no "prompt issuance of a revised set of financial statements," or no "precise timeline detailing" any response to your unfounded, pompous, and vexatious demands.

In all of your previous dealings with the Fund and PPMI, PPMG, and PSWNF, you are the one who didn't perform as promised. Despite taking more than $1,500,000 in overhead and payments to you and your staff, the Fund never generated enough money even to cover the ongoing overhead, let alone repay the obligations to PPMI. Your outlandish representation to

Mr. Hanf that the Fund was worth $5 million only attests to your inability to understand basic accounting and valuations.

For this reason and others, we will respond only to counsel and/or a third-party CPA.

I have previously provided the protocol for all communications with PPM, PPMG, and PSWNF (see copy of correspondence, enclosed).. We have demanded that in light of the serious nature of your various allegations, the discourse needs to be elevated to professional levels. We will not respond to the onslaught of unfounded allegations you continue to spew.

You must cease and desist from any and all declarations that you are a" Fund Manager" for Pacific Southwest Note Fund, LLC. Further, you must cease and desist from communicating directly with Pacific Private Money, Inc, Pacific Private Management Group, the Pacific Southwest Note Fund, and the individuals involved, and refer these matters to your counsel and CPA.

I look forward to continuing this discussion with professional counsel. Please advise as to their contact information so that we can interact directly.

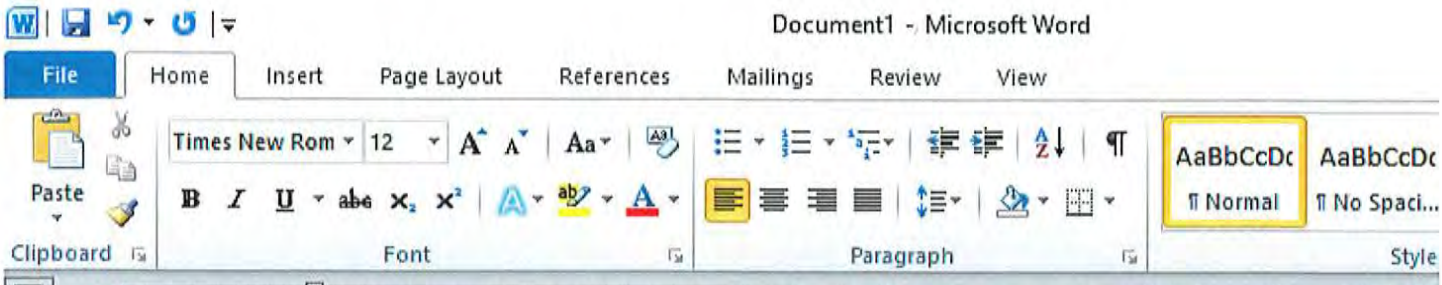
Sincerely,

STARR FINLEY LLP

Eric C. Starr

Encl.

cc: M. Hanf
N. Phan
JR Sandell



February 6, 2023

Pacific Southwest Note Fund, LLC
5109 82nd St., Ste. 71135
Lubbock, TX 79424

To whom it may concern:

Effective January 11, 2023, I, Mark Brown, resign as fund manager of Pacific Southwes
Fund, a Delaware LLC.

Sincerely,

Mark Brown
Fund Manager
Pacific Southwest Note Fund, LLC
5109 82nd St., Ste. 71135
Lubbock, TX 79424
P: (806) 748-1305
F: (806) 748-8481

Eric Starr

From: Mark Hanf <mark@pacificprivatemoney.com>
Sent: Tuesday, July 23, 2024 11:04 AM
To: Eric Starr
Cc: Nam Phan; JR Sandell
Subject: FW: Draft PSMG

And this was my reply to him.

From: Mark Hanf <mark@pacificprivatemoney.com>
Sent: Monday, February 6, 2023 8:59 AM
To: Mark Brown <markb@enhancemtg.com>
Subject: RE: Draft PSMG

That works for me Mark.

I left you a message about getting on a call together. We can go over the transfer of files, etc.

Mark

From: Mark Brown <markb@enhancemtg.com>
Sent: Monday, February 6, 2023 8:17 AM
To: Mark Hanf <mark@pacificprivatemoney.com>
Subject: Draft PSMG

Dear Mr. Hanf

does this look sufficient?

STARR · FINLEY LLP

235 Pine Street
15th Floor
San Francisco, California 94104

Tel 415 658-0800
Fax 415 399-1407
www.starrfinley.com

April 29, 2024

Via Certified Mail, Overnight Delivery and email

Mark Brown
Pacific Southwest Management Group, LLC
5109 82nd Street
Lubbock, Texas 79424

Re: Windup of Pacific Southwest Management Group, LLC ("Company"); windup of PSW Fund

Dear Mark:

Pacific Private Money ("PPM") has directed me to work with you to windup the Company and the Fund. As discussed on the call last week, PPM's goal is to dissociate as soon as reasonably practicable and to sell (or dissolve) the Fund in due course.

Since the accounting for the Company is complicated, and any "unwind" is necessarily legal, we would like to elevate our discussions to a professional level. In other words, please engage a certified accountant as well as legal counsel to enable our discussions to go forward.

I understand that the Company has previously provided an accounting of the Company's business matters and current financial status. The accounting has identified several discrepancies. By engaging with your designated certified accountant, we hope to clarify and resolve these concerns.

In addition, as we move toward finalization of our separation, I would like to speak with your counsel to discuss legal aspects of the unwind and dissolution of the Company, possibly in conjunction with the sale or liquidation of the Fund.

I appreciate your attention to these matters, and look forward to hearing from you shortly.

Sincerely,

STARR FINLEY LLP

Eric C. Starr

cc: M. Hanf
N. Phan
JR Sandell

Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
REDACTED

Paid in Capital		
$158,594.83	**Account M#**	REDACTED 9951
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$157,687.59**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$907.24
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($907.24)
Reinvestments	$907.24
Market Value as of Feb 28, 2022	**$158,594.83**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$158,594.83
Units	158.59483000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$158,594.83

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$907.24
	Reinvest	Reinvested Distribution	$907.24

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
REDACTED

Paid in Capital		
$101,860.73	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$101,278.03**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$582.70
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($582.70)
Reinvestments	$582.70
Market Value as of Feb 28, 2022	**$101,860.73**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$101,860.73
Units	101.86073000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$101,860.73

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$582.70
	Reinvest	Reinvested Distribution	$582.70

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
REDACTED

Paid in Capital		
$100,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$100,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$575.34
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($575.34)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$100,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$100,000.00
Units	100.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$100,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$575.34
	Payment	Distribution Payment	$575.34

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
REDACTED

Paid in Capital		
$140,436.20	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$139,632.83**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$803.37
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($803.37)
Reinvestments	$803.37
Market Value as of Feb 28, 2022	**$140,436.20**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$140,436.20
Units	140.43620000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$140,436.20

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$803.37
	Reinvest	Reinvested Distribution	$803.37

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
REDACTED

Paid in Capital		
$286,686.66	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$285,046.67**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$1,639.99
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($1,639.99)
Reinvestments	$1,639.99
Market Value as of Feb 28, 2022	**$286,686.66**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$286,686.66
Units	286.68666000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$286,686.66

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$1,639.99
	Reinvest	Reinvested Distribution	$1,639.99

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$52,562.58	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$52,261.90**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$300.68
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($300.68)
Reinvestments	$300.68
Market Value as of Feb 28, 2022	**$52,562.58**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$52,562.58
Units	52.56258000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$52,562.58

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$300.68
	Reinvest	Reinvested Distribution	$300.68

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$233,673.99	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$232,337.26**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$1,336.73
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($1,336.73)
Reinvestments	$1,336.73
Market Value as of Feb 28, 2022	**$233,673.99**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$233,673.99
Units	233.67399000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$233,673.99

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$1,336.73
	Reinvest	Reinvested Distribution	$1,336.73

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
[redacted]
[redacted]

Paid in Capital		
$50,349.67	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$50,061.64**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$288.03
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($288.03)
Reinvestments	$288.03
Market Value as of Feb 28, 2022	**$50,349.67**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$50,349.67
Units	50.34967000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$50,349.67

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$288.03
	Reinvest	Reinvested Distribution	$288.03

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$50,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$50,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$287.67
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($287.67)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$50,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$50,000.00
Units	50.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$50,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$287.67
	Payment	Distribution Payment	$287.67

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$45,773.58	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$45,511.73**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$261.85
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($261.85)
Reinvestments	$261.85
Market Value as of Feb 28, 2022	**$45,773.58**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$45,773.58
Units	45.77358000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$45,773.58

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$261.85
	Reinvest	Reinvested Distribution	$261.85

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$114,045.71	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$113,393.31**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$652.40
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($652.40)
Reinvestments	$652.40
Market Value as of Feb 28, 2022	**$114,045.71**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$114,045.71
Units	114.04571000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$114,045.71

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$652.40
	Reinvest	Reinvested Distribution	$652.40

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
[redacted]
[redacted]

Paid in Capital		
$89,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$89,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$512.05
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($512.05)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$89,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$89,000.00
Units	89.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$89,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$512.05
	Payment	Distribution Payment	$512.05

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

Hanf Capital LLC
1555 Grant Ave
Novato, CA 94945

Paid in Capital	Account M#	M4952-1661
$100,000.00	Account	Hanf Capital LLC

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$100,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$575.34
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($575.34)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$100,000.00**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$100,000.00
Units	100.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$100,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$575.34
	Payment	Distribution Payment	$575.34

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$50,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$50,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$287.67
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($287.67)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$50,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$50,000.00
Units	50.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$50,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$287.67
	Payment	Distribution Payment	$287.67

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$100,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$100,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$575.34
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($575.34)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$100,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$100,000.00
Units	100.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$100,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$575.34
	Payment	Distribution Payment	$575.34

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$350,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$350,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$2,013.70
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($2,013.70)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$350,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$350,000.00
Units	350.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$350,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$2,013.70
	Payment	Distribution Payment	$2,013.70

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
[redacted]
[redacted]

Paid in Capital		
$11,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$11,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$63.29
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($63.29)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$11,000.00**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$11,000.00
Units	11.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$11,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$63.29
	Payment	Distribution Payment	$63.29

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$300,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$300,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$1,726.03
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($1,726.03)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$300,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$300,000.00
Units	300.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$300,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$1,726.03
	Payment	Distribution Payment	$1,726.03

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$105,124.90	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$104,523.53**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$601.37
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($601.37)
Reinvestments	$601.37
Market Value as of Feb 28, 2022	**$105,124.90**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$105,124.90
Units	105.12490000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$105,124.90

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$601.37
	Reinvest	Reinvested Distribution	$601.37

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
REDACTED
REDACTED

Paid in Capital		
$200,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$200,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$1,150.68
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($1,150.68)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$200,000.00**

Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$200,000.00
Units	200.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$200,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$1,150.68
	Payment	Distribution Payment	$1,150.68

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$50,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$50,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$287.67
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($287.67)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$50,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$50,000.00
Units	50.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$50,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$287.67
	Payment	Distribution Payment	$287.67

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$100,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$100,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$575.34
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($575.34)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$100,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$100,000.00
Units	100.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$100,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$575.34
	Payment	Distribution Payment	$575.34

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$50,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$50,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$287.67
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($287.67)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$50,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$50,000.00
Units	50.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$50,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$287.67
	Payment	Distribution Payment	$287.67

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$100,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$100,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$575.34
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($575.34)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$100,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$100,000.00
Units	100.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$100,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$575.34
	Payment	Distribution Payment	$575.34

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
[redacted]
[redacted]

Paid in Capital		
$152,791.09	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$151,917.05**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$874.04
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($874.04)
Reinvestments	$874.04
Market Value as of Feb 28, 2022	**$152,791.09**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$152,791.09
Units	152.79109000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$152,791.09

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$874.04
	Reinvest	Reinvested Distribution	$874.04

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED
[redacted]
[redacted]

Paid in Capital		
$50,000.00	**Account M#**	REDACTED
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$50,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$287.67
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($287.67)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$50,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$50,000.00
Units	50.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$50,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$287.67
	Payment	Distribution Payment	$287.67

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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Pacific Private Money

1555 Grant Avenue
Novato, CA 94945

Period	Feb 1, 2022 - Feb 28, 2022
Offering	Pacific Southwest Note Fund

REDACTED

Paid in Capital		
$100,000.00	**Account M#**	REDACTREDACT
	Account	REDACTED

Income Return	Total Return
Period	Period
0.58%	0.58%

Reconciliation for the Period

Market Value as of Feb 1, 2022	**$100,000.00**
Contributions (Withdrawals)	$0.00
Net Income (Loss)	$575.34
Interest Income	$0.00
Fees	$0.00
Loss of Capital	$0.00
Withholding	$0.00
Distributions	($575.34)
Reinvestments	$0.00
Market Value as of Feb 28, 2022	**$100,000.00**

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Holdings

Membership Interests	as of Feb 28, 2022
Paid in Capital	$100,000.00
Units	100.00000000
Unit price as of Feb 28, 2022	$1,000.00000000
Market Value	$100,000.00

Activity

Date	Type	Description	Amount
Feb 28, 2022	Net Income (Loss)	Feb 2022 Preferred Return	$575.34
	Payment	Distribution Payment	$575.34

For all investment related questions, please contact **nam@pacificprivatemoney.com**

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A. Opening Balance

	Partner Account	Partner Name	Beginning Capital (Per schedule provided)	Per subscription agreement Date	Amount	Difference	SAC Comments	
							>Difference noted in balance per schedule and per subscription agreement. Please provide all the related additional contribution forms related to this account since initial subscription or reconciliation as applicable.	
1)	M6067-4427	REDACTED	$ 350,000.00	11/16/2020	250,000.00	$ 100,000.00		Attached.
2)	M6172-3037	REDACTED	$ 200,000.00	8/4/2021	100,000.00	$ 100,000.00	Per rollforward provided for 2021 on this account, total additions amounted to $400K. Please provide the remaining contribution forms.	In situations where Verivest made a data entry mistake, they would have fixed the issue by a separate transaction. In this case they mistakenly entered $400k and fixed it with a $200k redemption.
				7/26/2021	200,000.00			

B. Redemption

Please provide redemption forms (see below) for the following;

ACCOUNT	PARTNER NAME	WITHDRAWALS/ DISTRIBUTIONS	
M7145-1952	REDACTED	$ 11,000.00	No redemption form. Verbal request and approval.
M9438-7129	REDACTED	$ 89,000.00	No redemption form. Verbal request and approval.
M4952-1661	Hanf Capital LLC	$ 100,000.00	No redemption form. Verbal request and approval.



Pacific Capital Funding Group Inc.

1555 Grant Ave.

Novato, CA 94945

November 22, 2022

To Whom It May Concern:

This is a confirmation that the above entity does not produce financial statements.

Sincerely,

Mark Hanf

Pacific Private Money

President and CEO

Tel. 415-926-4444

WELLS FARGO **Basic Banking**

Transfer Funds Confirmation

Transfer Successful

Reference Number	BB0L6W4RJRWW
From Account	PSWNF OPS (32) REDACTED1590
To Account	PFF OPS (52) REDACTED4079
Amount	390,000.00 USD
Description	Online Transfer - 90 32 TO 79 52 PSWNF LNS TO PURCH OCT
Date/Time	11/01/2023 Immediately

PSW ⇒ PFF
1590 → 4079

Wilson Cruz

From: Bill Farrant
Sent: Friday, October 27, 2023 11:09 AM
To: Meg Giron; Andrew Walker; Wilson Cruz
Cc: Edward Brown; Nam Phan; JR Sandell; Luke Mazza
Subject: PSWNF purchase from PFF - 11/01/23
Attachments: PSWNF loans to purch October 31, 2023 Template.xlsx

All,

Please see the attached sheet for detail of purchase PSWNF is making from PFF, effective 11/01 (this is so PFF receives the full month of October interest payment and there is a clean cut-off for PSWNF receiving interest for November and beyond).

@Wilson Cruz – please setup book transfer from PSWNF to PFF for $390k on 11/01/23.

Accounting team - Assuming PSWNF receives no new subscriptions, the entries will be (if PSWNF gets new funds before 11/01, we will increase the transfer amount and lower the S/T Loan):

PFF

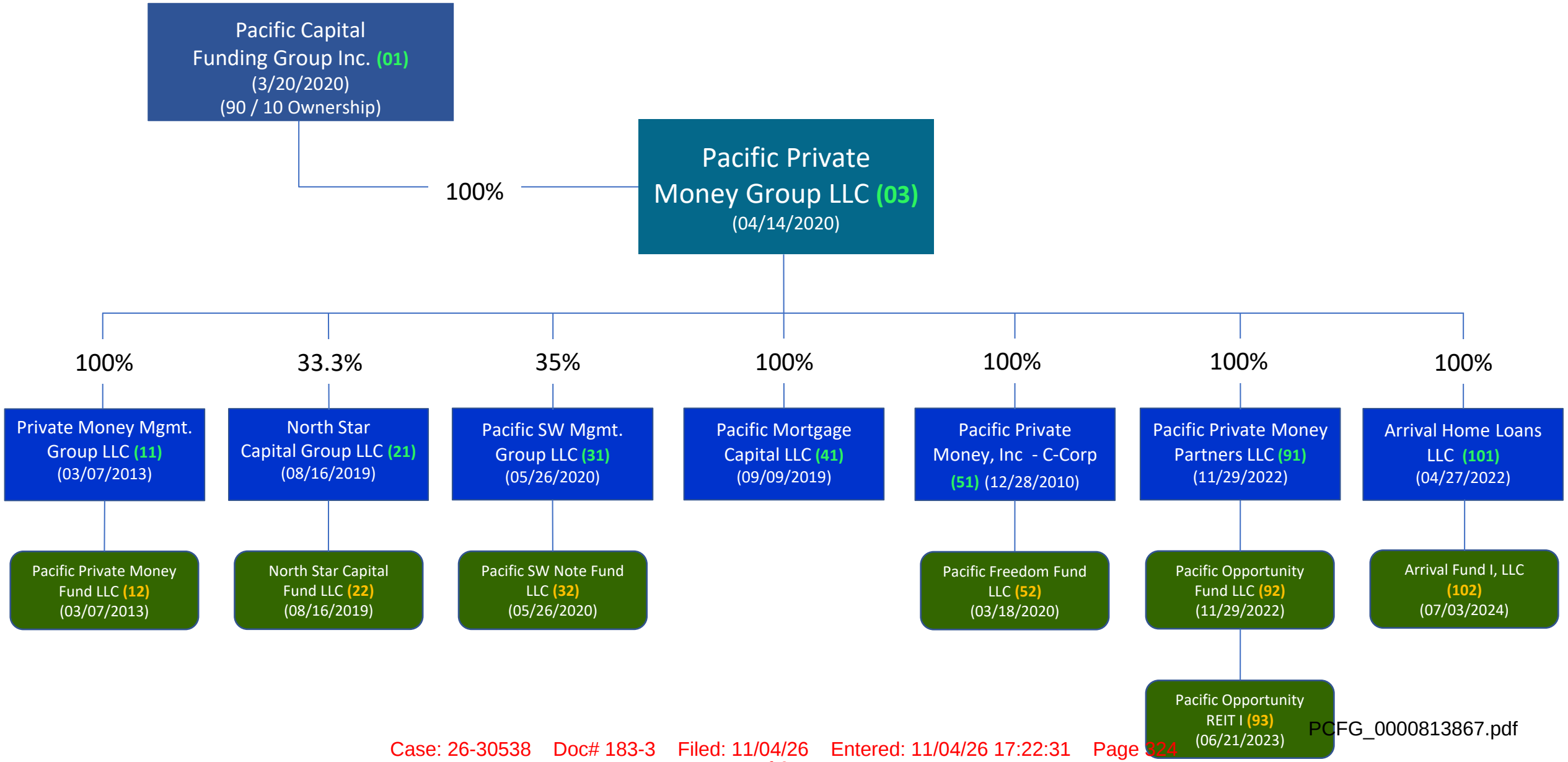
	dr	cr
Bank	$ 390,000.00	
J&S Loans		624,219.30
Origination fees	$ 14,565.12	
S/T Loan - PFF/PSWNF	$ 219,654.18	
	$ 624,219.30	**$ 624,219.30**
	$ (0.00)	

PSWNF

	dr	cr
Bank		$ 390,000.00

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THE PACIFIC PRIVATE MONEY GROUP OF COMPANIES



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Rev. 123124

Ref #	Company	Bank	Account Title
1	003 PPMG	Wells Fargo	Operating Account
2	011 PMMG	Wells Fargo	Operating Account
3	012 PPMF	Wells Fargo	Operating Account
4	012 PPMF	Poppy Bank	PPMF Investor ACH
5	031 PSWMG	Wells Fargo	Operating Account
6	032 PSWNF	Wells Fargo	Operating Account
7	041 PMC	Wells Fargo	Operating Account
8	051 PPMI	Poppy Bank	CFL Servicing
9	051 PPMI	Poppy Bank	DRE Servicing
10	051 PPMI	Poppy Bank	Saluda PAC-1 Trust
11	051 PPMI	Poppy Bank	Operations
12	051 PPMI	Wells Fargo	Interest Reserve
13	051 PPMI	Wells Fargo	Operating Account
14	052 PFF	Wells Fargo	Operating Account
15	053 PAO	Wells Fargo	Operating Account
16	091 PPMP	Wells Fargo	Operating Account
17	092 POF	Wells Fargo	Operating Account
18	101 Arrival	Wells Fargo	Operating Account
19	102 AFI	Wells Fargo	Operating Account

Ref #	Company	Bank	Account Title
1	012 PPMF	Wells Fargo	Investor Distribution
2	012 PPMF	Wells Fargo	Investor Subscription
3	031 PSWMG	City Bank of TX	Operations
4	032 PSWNF	FCB of TX	
5	032 PSWNF	City Bank of TX	Operations
6	032 PSWNF	City Bank of TX	Investor Subscription

7	032	PSWNF	FCB of TX	Operations
8	032	PSWNF	FCB of TX	
9	032	PSWNF	Wells Fargo	Investor Subscription
10	032	PSWNF	Wells Fargo	Operations
11	051	PPMI	Poppy Bank	CFL
4	051	PPMI	Poppy Bank	HomeLiberty Reserve
5	051	PPMI	Wells Fargo	CFL Loan Servicing Trust
6	051	PPMI	Poppy Bank	Saluda Distribution
7	051	PPMI	Wells Fargo	Funding
8	051	PPMI	Wells Fargo	FBO Homeliberty Inc
9	052	PFF	Wells Fargo	Operations
10	052	PFF	Wells Fargo	Investor Distribution
11	052	PFF	Wells Fargo	Investor Subscription
12	091	PPMP	Wells Fargo	Operations
13	092	POF	Wells Fargo	Investor Subscription
14	101	Arrival	Wells Fargo	n/a

BANK ACCOUNTS BY COMPANY

Account Address	Partial Acct #	Full Acct #	Account Type
1555 Grant Ave, Novato, CA 94945	3943	REDACTED	Checking
1555 Grant Ave, Novato, CA 94945	5489		Checking
1555 Grant Ave, Novato, CA 94945	4524		Checking
1555 Grant Ave, Novato, CA 94945	2197		Servicing Trust
1555 Grant Ave, Novato, CA 94945	3423		Checking
1555 Grant Ave, Novato, CA 94945	9764		Checking
1555 Grant Ave, Novato, CA 94945	2242		Checking
1555 Grant Ave, Novato, CA 94945	0778		Servicing Trust
1555 Grant Ave, Novato, CA 94945	1801		Servicing Trust
1555 Grant Ave, Novato, CA 94945	8848		Servicing Trust
1555 Grant Ave, Novato, CA 94945	6552		Servicing Trust
1555 Grant Ave, Novato, CA 94945	6637		Checking
1555 Grant Ave, Novato, CA 94945	4634		Checking
1555 Grant Ave, Novato, CA 94945	4079		Checking
1555 Grant Ave, Novato, CA 94945	6877		Checking
1555 Grant Ave, Novato, CA 94945	3276		Checking
1555 Grant Ave, Novato, CA 94945	3243		Checking
1555 Grant Ave, Novato, CA 94945	6033		Checking
1555 Grant Ave, Novato, CA 94945	9532		Checking

BANK ACCOUNTS BY COMPANY - CLOSED

Account Address	Partial Acct #	Full Account#	Account Type
1555 Grant Ave, Novato, CA 94945	6267	REDACTED	
1555 Grant Ave, Novato, CA 94945	5091		
5109 82nd St. Suite #71135, Lubbock, TX 79424	6220		
5109 82nd St. Suite #71135, Lubbock, TX 79424	1705		
5109 82nd St. Suite #71135, Lubbock, TX 79424	3023		
5109 82nd St. Suite #71135, Lubbock, TX 79424	3015		_0000813886.pdf

5109 82nd St. Suite #71135, Lubbock, TX 79424	1762	REDACTED	
5109 82nd St. Suite #71135, Lubbock, TX 79424	1713		
1555 Grant Ave, Novato, CA 94945	1582		
1555 Grant Ave, Novato, CA 94945	1590		
1555 Grant Ave, Novato, CA 94945	1975		Servicing Trust
1555 Grant Ave, Novato, CA 94945	2270		Servicing Trust
1555 Grant Ave, Novato, CA 94945	1183		
1555 Grant Ave, Novato, CA 94945	2188		Servicing Trust
1555 Grant Ave, Novato, CA 94945	0282		
1555 Grant Ave, Novato, CA 94945	1191		
1555 Grant Ave, Novato, CA 94945	8452		Checking
1555 Grant Ave, Novato, CA 94945	6515		
1555 Grant Ave, Novato, CA 94945	8429		
1555 Grant Ave, Novato, CA 94945	1566		Checking
1555 Grant Ave, Novato, CA 94945	3029		
1555 Grant Ave, Novato, CA 94945	8108		

7/31/2025

Taxpayer ID	Account Open Date	Account Closed Date	Account Owners / Signatories	Relationships
REDACTED 758		Current	Mark Hanf	President
952		Current	Mark Hanf	President
895		Current	Mark Hanf	Fund Manager
932		Current	Mark Hanf	Fund Manager
809		Current	Mark Hanf	President
297		Current	Mark Hanf	Fund Manager
994		Current	Mark Hanf	President
932		Current	Mark Hanf	President
932		Current	Mark Hanf	President
932		Current	Mark Hanf	President
932		Current	Mark Hanf	President
932		Current	Mark Hanf	President
932		Current	Mark Hanf, Lisa Hanf and Hoai-Nam C Phan	President
239	10/1/2022	Current	Mark Hanf	Fund Manager
166		Current	Mark Hanf and Hoai-Nam C Phan	President
821		Current	Mark Hanf	President
296		Current	Mark Hanf	Fund Manager
185		Current	Mark Hanf	Chairman of the Board
354		Current	Mark Hanf	Fund Manager

Taxpayer ID	Account Open Date	Account Closed / Last Activity	Account Owners / Signatories	Relationships
REDACTED 1895		4/11/2025	Mark Hanf	Fund Manager
1895		4/1/2025	Mark Hanf	Fund Manager
7809		8/31/2023	Mark Brown	President
6297		12/7/2020	Mark Brown	Fund Manager
6297		11/17/2023	Mark Brown	Fund Manager
6297		8/4/2023	Mark Brown	Fund Manager

REDACTED	297	8/17/2020	Mark Brown	Fund Manager
	297	12/7/2020	Mark Brown	Fund Manager
	297	4/25/2025	Mark Hanf	President
	297	4/25/2025	Mark Hanf	President
	932		Mark Hanf	President
	932	1/31/2023	Mark Hanf	President
	932		Mark Hanf	President
	932	1/9/2025	Mark Hanf	President
	932	3/7/2025	Mark Hanf	President
	932		Mark Hanf	President
	239	12/31/2022	Mark Hanf	Fund Manager
	239	4/20/2025	Mark Hanf	Fund Manager
	239	4/20/2025	Mark Hanf	Fund Manager
	821	6/1/2023	Mark Hanf	President
	296	8/1/2025	Mark Hanf	Fund Manager
	185		Mark Hanf	Chairman of the Board

Note

Servicing Dept.
Servicing Dept.
Servicing Dept.

Note

Replaced with 0778
Last activity, still open

Replace by 4079

Never used

PACIFIC FREEDOM FUND LLC

a California limited liability company

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

THE MEMBERSHIP INTERESTS OF THE COMPANY SUBJECT TO THIS SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY ("SUBSCRIPTION AGREEMENT") ARE SECURITIES WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"). SUCH MEMBERSHIP INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED TO ANY PERSON AT ANY TIME IN: (A) THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT COVERING SUCH MEMBERSHIP INTERESTS UNDER THE ACT; OR (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED; OR (B) A MANNER INCONSISTENT WITH THE TERMS OF THE MEMBERSHIP INTERESTS OR THE COMPANY ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT, ALL OF WHICH ARE INCORPORATED HEREIN BY THIS REFERENCE.

1. SUBSCRIPTION.

AMOUNT OF INVESTMENT: 100,000

DISTRIBUTION ELECTION (*please select one*):

☐ CASH

☑ REINVESTMENT

PLEASE DELIVER PAYMENT TO PACIFIC FREEDOM FUND LLC, AND MAIL THIS COMPLETED AND SIGNED SUBSCRIPTION AGREEMENT TO: PACIFIC FREEDOM FUND LLC, 1555 GRANT AVENUE, NOVATO, CALIFORNIA 94945.

EXACT NAME OF PURCHASER: REDACTED
(List only one name and one tax ID number in this section. If there are multiple purchasers – See Section 8 below)

TAX ID NUMBER OF PURCHASER: REDACTED

REDACTED
Mailing Address of Purchaser

REDACTED
City, State, and Zip Code of Purchaser

REDACTED
Phone Number / E-mail address of Purchaser

The undersigned ("Purchaser") hereby subscribes to become a holder ("Member") of membership interests in **PACIFIC FREEDOM FUND LLC**, a California limited liability company ("Company"), and to

purchase the membership interests ("Membership Interests") in the amount indicated above, all in accordance with the terms and conditions of this Subscription Agreement, the Articles of Organization ("Articles"), Operating Agreement ("Operating Agreement") of the Fund, and the Private Placement Memorandum dated April 1, 2020 ("Memorandum").

(a) The Purchaser acknowledges and agrees that this subscription cannot be withdrawn, terminated, or revoked. The Purchaser agrees to become a Member and to be bound by all the terms and conditions of the Operating Agreement. This subscription shall be binding on the heirs, executors, administrators, successors and assigns of the Purchaser. This subscription is not transferable or assignable by the Purchaser, except as is provided in the Memorandum or Subscription Agreement.

(b) This subscription may be rejected as a whole or in part by the Fund in its sole and absolute discretion. If this subscription is rejected, the Purchaser's funds shall be returned to the extent of such rejection. This subscription shall be binding on the Fund only upon its acceptance of the same.

(c) By executing this Subscription Agreement, a Purchaser: (a) makes certain representations and warranties upon which Pacific Private Money Inc., a California corporation ("Manager"), will rely on in accepting Purchaser's subscription funds; and (b) unconditionally and irrevocably agrees to purchase the Membership Interests in the amount shown above, and thereby makes a commitment to contribute capital in accordance with the terms set forth in this Subscription Agreement, the Memorandum, and the Operating Agreement.

(d) Neither the execution nor the acceptance of this Subscription Agreement constitutes the Purchaser as a Member, shareholder, owner or creditor of the Fund. If accepted by the Manager, the Purchaser's capital contribution will be temporarily deposited into a call account ("Subscription Account"). This Subscription Agreement is only an agreement to purchase the Membership Interests on a when issued basis; and the Purchaser will become a Member only after the Purchaser's funds are duly transferred to the operating bank account of the Fund ("Operating Account") and the Membership Interests are issued thereupon to the Purchaser in conjunction with the provisions of the Operating Agreement (which Purchaser would become a signatory to). Until such time, the Purchaser shall have only those rights as may be set forth in this Subscription Agreement.

(e) The Purchaser's rights and responsibilities will be governed by the terms and conditions of this Subscription Agreement, the Memorandum, the Articles and the Operating Agreement. The Fund will rely upon the information provided in this Subscription Agreement to confirm that the Purchaser is an "Accredited Investor" as defined in Regulation D promulgated under the Act.

(f) If a Purchaser has not been admitted as a Member within Ninety (90) days of signing this Subscription Agreement and depositing funds into the Subscription Account, the Purchaser may request in writing to the Manager to recover his, her or its investment funds. If, upon receipt of such request in writing, the Fund has not yet admitted the Purchaser as a Member, then Company may, in its sole and absolute discretion, return the Purchaser's funds to the Purchaser and revoke the Subscription Agreement within Ten (10) business days of receipt of such request from the Purchaser.

(g) The Purchaser agrees that the subscription for Membership Interests, or portions thereof, will become effective (subject to acceptance of the same by the Fund, in its sole and absolute discretion) following acceptance of the subscription and the transfer of the Purchaser's subscription funds into the Operating Account.

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2. REPRESENTATIONS AND WARRANTIES BY THE PURCHASER. The Purchaser hereby represents, warrants, and agrees as follows:

(a) Purchaser has received and read the Memorandum and its Exhibits, including the Articles and the terms and conditions of the Operating Agreement, and Purchaser is thoroughly familiar with the proposed business, operations, properties and financial condition of the Fund. Purchaser has relied solely upon the Memorandum and independent investigations made by Purchaser or Purchaser's representative with respect to the investment in Membership Interests. No oral or written representations beyond the Memorandum have been made or relied upon.

(b) Purchaser has read and understands the Articles and Operating Agreement and understands how the Fund functions as a corporate entity. By purchasing the Membership Interests and executing this Subscription Agreement, Purchaser hereby agrees to the terms and provisions of the Articles and the Operating Agreement.

(c) Purchaser understands that the Fund has limited financial and operating history. Purchaser has been furnished with such financial and other information concerning the Fund, its management, and its business, as Purchaser considers necessary in connection with the investment in Membership Interests. Purchaser has been given the opportunity to discuss any questions and concerns with the Fund.

(d) Purchaser is purchasing Membership Interests for Purchaser's own account (or for a trust if Purchaser is a trustee), for investment purposes and not with a view or intention to resell or distribute the same. Purchaser has no present intention, agreement, or arrangement to divide Purchaser's participation with others or to resell, assign, transfer, or otherwise dispose of all or part of the Membership Interests.

(e) Purchaser or Purchaser's investment advisors have such knowledge and experience in financial and business matters that will enable Purchaser to utilize the information made available to evaluate the risks of the prospective investment and to make an informed investment decision. Purchaser has been advised to consult Purchaser's own attorney concerning this investment and to consult with independent tax counsel regarding the tax considerations of investing in the Membership Interests and becoming a Member of the Fund.

(f) If a Purchaser has not been admitted as a Member within Ninety (90) days of signing this Subscription Agreement and depositing funds into the Subscription Account, the Purchaser may send a written notice to the Manager asking the Manager to either admit Purchaser as a Member or return Purchaser's funds and revoke the Subscription Agreement. Within Ten (10) business days of receipt of such written request from the Purchaser, Manager shall, in its sole and absolute discretion, either accept Purchaser as a Member and transfer Purchaser's funds to the Fund's operating account, or return the Purchaser's funds to the Purchaser and revoke the Subscription Agreement.

(g) Purchaser has been advised that the Membership Interests have not been registered under the Securities Act of 1933, as amended ("Act"), or qualified under any State Securities Laws ("Law"), on the ground, among others, that no distribution or public offering of the Membership Interests is to be effected and the Membership Interests will be issued by the Fund in connection with a transaction that does not involve any public offering within the meaning of section 4(2) of the Act or of the Law, under the respective rules and regulations of the Securities and Exchange Commission.

(h) Purchaser has previously furnished the Fund a completed and signed Investor Questionnaire or has completed and signed the attached Investor Questionnaire. All information which Purchaser has furnished in this Subscription Agreement and the Investor Questionnaire, concerning his/her/itself, financial position, and knowledge of financial and business matters is correct, current, and compete.

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(i) Purchaser agrees that Purchaser must provide any and all documentation and information (to the satisfaction of the Fund) to verify the Purchaser's status as an Accredited Investor. The Fund may conduct such verification through any reasonable means and steps deemed necessary or suitable by the Fund. A non-exhaustive list of verification steps that the Fund may use for, or require from, the Purchaser to complete such verification is noted in Section 13 below.

(j) All information which Purchaser has furnished in this Subscription Agreement concerning Purchaser, Purchaser's financial position, and Purchaser's knowledge of financial and business matters is correct, current, true and complete.

3. INVESTOR SUITABILITY STANDARDS. The Company intends to sell the Membership Interests to an unlimited number of "Accredited Investors" only. No Membership Interests will be sold to non-accredited investors. To qualify as an Accredited Investor, an investor must meet any of the following:

(a) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of Five Million Dollars ($5,000,000); any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered adviser, or if the employee benefit plan has total assets in excess of Five Million Dollars ($5,000,000) or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(b) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(c) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars ($5,000,000);

(d) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(e) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million Dollars ($1,000,000) (excluding the value of such person's primary residence);

(f) Any natural person who had an individual income in excess of Two Hundred Thousand Dollars ($200,000) in each of the two most recent years or joint income with that person's spouse in excess of Three Hundred Thousand Dollars ($300,000) in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(g) Any trust, with total assets in excess of Five Million Dollars ($5,000,000), not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii); or

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(h) Any entity in which all of the equity owners are accredited investors.

4. AGREEMENT TO REFRAIN FROM RESALE. The Purchaser agrees not to pledge, hypothecate, sell, transfer, assign or otherwise dispose of any Membership Interests, nor receive any consideration for Membership Interests from any person, unless and until prior to any such action:

(a) A registration statement on a form appropriate for the purpose under the Act with respect to the Membership Interests proposed to be so disposed of shall be then effective and such disposition shall have been appropriately qualified in accordance with applicable securities laws; or

(b) All of the following shall have occurred: (i) the Purchaser shall have furnished the Fund with a detailed explanation of the proposed disposition, (ii) the Purchaser shall have furnished the Fund with an opinion of the Purchaser's counsel in form and substance satisfactory to the Fund to the effect that such disposition will not require registration of such Membership Interests under the Act or qualification of such Membership Interests under any other securities law, and (iii) counsel for the Fund shall have concurred in such opinion and the Fund shall have advised the Purchaser in writing of such concurrence.

5. POWER OF ATTORNEY.

(a) The Purchaser irrevocably constitutes and appoints the Fund with full power of substitution as his/her true and lawful attorney-in-fact and agent, to execute, acknowledge, verify, swear to, deliver, record, and file, in the Purchaser's name or his/her assignee's name, place, and stead, all instruments, documents, and certificates that may from time to time be required by the laws of the United States of America, the State of California, and any other state in which the Fund conducts or plans to conduct business, or any political subdivision or agency of the government, to effectuate, implement, and continue the valid existence of the Fund, including, without limitation, the power of attorney and authority to execute, verify, swear to, acknowledge, deliver, record and file the following:

(i) the Membership Interests, the Operating Agreement, the Articles and all other instruments (including amendments thereto) that the Fund deems appropriate to form, qualify or continue the Fund as a limited liability company in the State of California and all other jurisdictions in which the Fund conducts or plans to conduct business;

(ii) all instruments that the Fund deems appropriate to reflect any amendment to the Articles or Operating Agreement, or modification of the Fund, made in accordance with the terms of the Articles or Operating Agreement;

(iii) a fictitious business name certificate and such other certificates and instruments as may be necessary under the fictitious or assumed name statute from time to time in effect in the State of California and all other jurisdictions in which the Fund conducts or plans to conduct business;

(iv) all instruments relating to the admission of any additional Members or other shareholders, owners or creditors, whether secured or unsecured; and

(v) all conveyances and other instruments that the Fund deems appropriate to reflect the dissolution and termination of the Fund pursuant to the terms of the Articles and the Operating Agreement.

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(b) The power of attorney granted is a special power of attorney and shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, dissolution, bankruptcy, or legal disability of the Purchaser, and shall extend to the Purchaser's heirs, successors, and assigns. The Purchaser agrees to be bound by any representations made by the Fund acting in good faith under such power of attorney, and each Member waives any and all defenses that may be available to contest, negate, or disaffirm any action of the Fund taken in good faith under such power of attorney.

6. MISCELLANEOUS.

(a) CHOICE OF LAWS: This Subscription Agreement will be governed by and construed in accordance with the laws of the state of California, without giving effect to its choice of laws rules.

(b) ENTIRE AGREEMENT: This Subscription Agreement constitutes the entire agreement between the parties and may be amended only by written agreement between all parties.

(c) BINDING ARBITRATION: Any dispute, claim or controversy arising out of, relating to, in connection with or under this Subscription Agreement, or the breach or threatened breach thereof, will be resolved through confidential binding arbitration under the then prevailing rules of the American Arbitration Association in the county of Marin, state of California, and any party making a claim hereunder in whatever form hereby submits to jurisdiction and venue in that forum for any and all purposes. The decision of the arbitrator shall be final and judgment on any award thereupon may be entered in any court having jurisdiction thereof. This paragraph 6(c) shall not preclude either party from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

(d) TERMINATION OF AGREEMENT: If this subscription is rejected by the Fund, then this Subscription Agreement shall be null and void and of no further force and effect and no party shall have any rights against any other party hereunder and the Fund shall promptly return the funds delivered with this Subscription Agreement.

(e) TAXES. The discussion of the federal income tax considerations arising from investment in the Fund, as set forth in the Memorandum, is general in nature and the federal income tax considerations to the Purchaser of investment in the Membership Interests will depend on individual circumstances. The Memorandum does not discuss state income tax considerations, which may apply to all or substantially all Purchasers. There can be no assurance that the Internal Revenue Code or the Regulations under the Code will not be amended in a manner adverse to the interests of the Purchaser or the Fund.

(f) DULY AUTHORIZED. If the Purchaser is a corporation, partnership, trust, or other entity, the individual(s) signing in its name is (are) duly authorized to execute and deliver this Subscription Agreement on behalf of such entity, and the purchase of the Membership Interests by such entity will not violate any law or agreement by which it is bound.

(g) MEMBERSHIP INTERESTS WILL BE RESTRICTED SECURITIES. The Purchaser understands that the Membership Interests will be "restricted securities" as that term is defined in Rule 144 under the Act and, accordingly, that the Membership Interests must be held indefinitely unless they are subsequently registered under the Act and any other applicable securities law or exemptions from such registration is available. The Purchaser understands that the Fund is under no obligation to register Membership Interests under the Act, to qualify Membership Interests under any federal or state securities law, or to comply with Regulation A or any other exemption under the Act or any other law.

(h) MEMBERSHIP INTERESTS CONTAIN RESTRICTIVE LEGEND. Any documents or certificates issued to evidence ownership of the Membership Interests will bear restrictive legends notifying

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prospective purchasers of the transfer restrictions set forth above, and the Fund will not permit transfer of any Membership Interests on the books of the Fund in violation of such restrictions.

(i) SUCCESSORS. The representations, warranties and agreements contained in this Subscription Agreement shall be binding on the Purchaser's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the Fund and its directors and officers. If the Purchaser is more than one person, the obligations of all of them shall be joint and several, and the representations and warranties contained herein shall be deemed to be made by, and to be binding upon, each such person and his heirs, executors, administrators, successors, and assigns.

(j) INDEMNIFICATION. The Purchaser shall indemnify and defend the Fund and its directors and officers from and against any and all liability, damage, cost, or expense (including attorneys' fees) arising out of or in connection with:

(i) Any inaccuracy in, or breach of, any of the Purchaser's declarations, representations, warranties or covenants set forth in this document or any other document or writing delivered to the Fund;

(ii) Any disposition by the Purchaser of any Membership Interests in violation of this Agreement, the Articles or the Operating Agreement, or any applicable law; or

(iii) Any action, suit, proceeding or arbitration, whether threatened, pending or actual, alleging any of the foregoing.

7. **FORM OF OWNERSHIP.** Please indicate the form in which Purchaser will hold title to the Membership Interests. Please consider this election carefully. Once the subscription is accepted, a change in the form of title constitutes a transfer of the Membership Interests and will therefore be restricted by the terms of the Operating Agreement and the Act. Purchaser should seek the advice of an attorney in deciding in which of the forms to take ownership of the Membership Interests as different forms of ownership can have substantially varying gift tax, estate tax, income tax and other consequences.

☐ INDIVIDUAL OWNERSHIP (one signature required).

☐ COMMUNITY PROPERTY (one signature required if Membership Interests held in one name, i.e., managing spouse; two signatures required if Membership Interests held in both names).

☐ JOINT TENANTS WITH RIGHT TO SURVIVORSHIP (not as tenants in common)(both or all parties must sign).

☐ TENANTS IN COMMON (both or all parties must sign).

☐ GENERAL PARTNERSHIP (fill out all documents in the name of the partnership by a partner authorized to sign)

☐ LIMITED PARTNERSHIP (fill out all documents in the name of the limited partnership by a general partner authorized to sign, and include a copy of the Certificate of Limited Partnership – LP1).

☐ LIMITED LIABILITY COMPANY (fill out all documents in the name of the limited liability company by the manager authorized to sign, and include a copy of the Articles of Organization – LLC-1).

☐ CORPORATION (fill out all documents in the name of the corporation, by the President and Secretary, and include a certified corporate resolution authorizing the signature).

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For corporation, business trust, investment company, partnership or other business entity:

Fiscal year end: _____

Principal place of business: _____

Phone number of business: _____

What is the entity's net worth, on a consolidated basis, according to its most recent audited financial statement? _____

Company Pension or Profit Sharing Plan Purchaser:

Exact Name of the Plan: _____

_____

Name(s) of the Trustee(s): _____

_____

Trustee's State Residency: _____

State and date of organization: _____

Describe and set forth the value of the assets of the Plan or Trust: _____

_____

Please identify the person(s) with investment control over the Plan or Trust assets and that person's state of residence.

_____

_____

Please identify the person(s) responsible for the ministerial duties of administering the Plan or Trust (the Trustee) and that person's state of residence.

_____

_____

9. SPECIFIC INFORMATION REQUIRED FROM ENTITIES.

(INDIVIDUALS: SKIP TO SECTION 10 BELOW)

ACCREDITED INVESTOR STATUS OF THE ENTITY. Please select a category for the entity:

☐ (1) A bank as defined in section 3(a)(2) of the Act, or a savings and loan association or other institution as defined in section 3(a)(5)(a) of the Act, whether acting in its individual or fiduciary capacity;

☐ (2) A broker or dealer registered pursuant to section 15 of the Act;

☐ (3) An insurance company as defined in section 2(13) of the Act;

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☐ (4) An investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act;

☐ (5) A Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;

☐ (6) Any plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of Five Million Dollars ($5,000,000);

☐ (7)* An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) thereof, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of Five Million Dollars ($5,000,000) or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ (8) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

☐ (9) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars ($5,000,000);

☐ (10)** A trust, with total assets in excess of Five Million Dollars ($5,000,000), not formed for the specific purpose of acquiring the securities of the Fund being offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment in the Fund;

☐ (11)*** An entity in which all the equity owners are accredited investors.

***Note for Certain Employee Benefit Plans:** If you are a self-directed plan that believes it is an Accredited Investor because investment decisions are made solely by persons that are Accredited Investors, please complete the information for individuals pursuant to Section 11 with respect to you and each such person participating in making the investment decision.
****Note for Trusts:** If you are a trust that believes it is an Accredited Investor, please complete the information for individuals pursuant to Section 11 with respect to you and each person participating in making the investment decision.
*****Note for Certain Entities:** If you are an entity that believes it is an Accredited Investor" by virtue of the accredited investor status of each equity owner thereof, please complete the information for individuals pursuant to Section 11 with respect to you and each such equity owner.

10. FURTHER REPRESENTATIONS AND COVENANTS. Purchaser (whether an individual or entity) understands that the Fund will be relying on the accuracy and completeness of the statements and responses contained in this Subscription Agreement. Purchaser represents, warrants, and covenants to the Fund as follows:

(a) Purchaser's statements and responses contained in this Subscription Agreement are complete and correct and may be relied on by the Fund for the purpose of complying with all applicable security laws and to determine whether the Purchaser is a suitable investor.

(b) Purchaser will notify the Fund immediately of any material change in any statement or response made in this Subscription Agreement before acceptance by the Fund of this subscription.

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(c) Purchaser has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of the prospective investment, or the Purchaser has consulted with professional advisors who have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of prospective investment.

(d) Purchaser is able to bear the economic risk of an investment in the Membership Interests for an indefinite period of time and understand that an investment in the Membership Interests is illiquid and may result in a complete loss of such investment.

(e) Purchaser understands and agrees that the Fund is relying upon the truthfulness of the certification being made by Purchaser as to Purchaser's status as an Accredited Investor for the reason checked in Section 9 above or Section 11 below. Purchaser further understands and agrees that the Fund may request to be shown, in confidence, documentation reasonably satisfactory to the Fund supporting the certification by the Purchaser as to the Purchaser's status as an Accredited. The Fund reserves the right to refuse to accept any subscription as to which the Fund is not reasonably satisfied that the Purchaser is an Accredited Investor.

(f) Purchaser agrees and understands that in making this investment, Purchaser: (a) must have sufficient knowledge and experience in such financial and business matters to be capable of evaluating the merits and risks of a purchase of the Membership Interests; or (b) must retain the services of an "Investment Advisor" (who may be an attorney, accountant, or other financial adviser unaffiliated with, and who is not compensated by, the Fund or any affiliate or selling agent of the Fund, directly or indirectly) for the purpose of aiding in the evaluation of this particular transaction.

(g) Purchaser acknowledges and understands that the Purchaser must be an Accredited Investor in order to purchase Membership Interests. Purchaser represents and warrants that Purchaser has not heretofore directly or indirectly provided any information or documents to the Company that, in any manner, may suggest, imply, and demonstrate or otherwise evidence, that the Purchaser is not an Accredited Investor.

11. SPECIFIC INFORMATION REQUIRED FROM INDIVIDUALS.

ACCREDITED INVESTOR STATUS OF INDIVIDUAL. Please select a category for the individual:

☐ (1) Any natural person who had an individual income in excess of Two Hundred Thousand Dollars ($200,000) in each of the two most recent years or joint income with that person's spouse in excess of Three Hundred Thousand Dollars ($300,000) in each of those years and who has a reasonable expectation of reaching the same income level in the current year.

☑ (2) Any natural person whose individual net worth or joint net worth, with that person's spouse, at the time of their purchase exceeds One Million Dollars ($1,000,000) (excluding the value of such person's primary residence).

☐ (3) A director or executive officer of the Fund.

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12. INVESTMENT EXPERIENCE OF PURCHASER.

ALL PURCHASERS SHOULD COMPLETE THIS SECTION

Purchaser must provide the following information on each officer, general partner, and/or other person who will participate in the decision to purchase the Membership Interests.

PURCHASER INFORMATION (INCLUDING IRA ACCOUNT HOLDER, AS APPLICABLE):
Educational background (name of college attended, major, degree obtained, if any, and year):

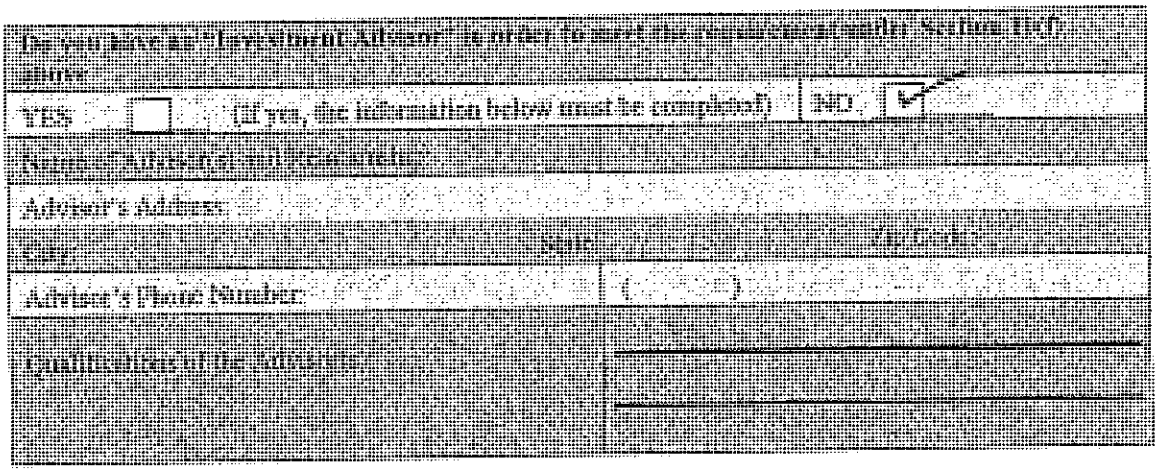
MIT, Engineering, M.S. 1989

Investing courses attended (list the name of each, sponsor, and date of attendance):

Any professional licenses or registrations, including bar admissions, accounting certifications, real estate brokerage licenses, and SEC or state broker/dealer registrations held:

Has Purchaser had the following investment experience? Check all that apply:

- ☑ Stock Market investing for at least Two (2) years in self-managed accounts.
- ☑ Real Estate investing for at least Two (2) years.
- ☐ Investing in trust deeds for at least Two (2) years.
- ☐ Bond investing in self-managed accounts.
- ☑ Mutual Fund investing.



[Signature Page to Subscription Agreement on Following Page]

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FOR GOOD AND VALID CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Purchaser, intending to be legally bound, has executed this Subscription Agreement this 12th day of March, 2025.

BY PURCHASING MEMBERSHIP INTERESTS AND EXECUTING THIS SUBSCRIPTION AGREEMENT, EACH PURCHASER HEREBY AGREES, UPON ACCEPTANCE BY THE COMPANY, TO BE LEGALLY BOUND BY THE TERMS OF THE OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT, AND MEMORANDUM.

PURCHASER:

REDACTED

Signature of Purchaser

REDACTED

Print Name and Title of Purchaser

REDACTED

X

Signature of Additional Individual Purchaser, if Applicable

REDACTED

Print Name and Title of Additional Individual Purchaser, if Applicable

Signature of Additional Individual Purchaser, if Applicable

Print Name and Title of Additional Individual Purchaser, if Applicable

ACCEPTANCE: (NOT VALID UNTIL ACCEPTED BY MANAGER)

The Fund has accepted this Subscription Agreement as of this 17 day of March, 2025, by the signature of a duly authorized representative of the Manager of the Fund.

PACIFIC FREEDOM FUND LLC, a California limited liability company

By:

Mark Hanf, President and CEO of Pacific Private Money Inc., Manager of the Company

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ARRIVAL FUND I, LLC

a California limited liability company

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

THE MEMBERSHIP INTERESTS OF THE FUND SUBJECT TO THIS SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY ("SUBSCRIPTION AGREEMENT") ARE SECURITIES WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). SUCH MEMBERSHIP INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED TO ANY PERSON AT ANY TIME IN: (A) THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT COVERING SUCH MEMBERSHIP INTERESTS UNDER THE ACT; OR (2) AN OPINION OF COUNSEL SATISFACTORY TO THE FUND TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED; OR (B) A MANNER INCONSISTENT WITH THE TERMS OF THE MEMBERSHIP INTERESTS OR THE FUND'S ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT, ALL OF WHICH ARE INCORPORATED HEREIN BY THIS REFERENCE.

1. SUBSCRIPTION.

DOLLAR AMOUNT OF INVESTMENT: $10,000 for (#) 10,000
Number of Interests ($1.00 per Interest; minimum investment of $100,000 unless otherwise approved by the Fund).

DISTRIBUTION ELECTION (*please select one*)**:**

☒ CASH

☐ REINVESTMENT

PLEASE DELIVER PAYMENT TO ARRIVAL FUND I, LLC, AND MAIL THIS COMPLETED AND SIGNED SUBSCRIPTION AGREEMENT TO: ARRIVAL FUND I, LLC, 1555 GRANT AVENUE, NOVATO, CALIFORNIA 94945.

EXACT NAME OF PURCHASER: REDACTED

(List only one name and one tax ID number in this section. If there are multiple purchasers – See Section 8 below)

TAX ID NUMBER OF PURCHASER: REDACTEDTED

REDACTED

Mailing Address of Purchaser

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REDACTED

City, State, and Zip Code of Purchaser

REDACTED

Phone Number / E-mail address of Purchaser

The undersigned ("Purchaser") hereby subscribes to become a holder ("Member") of membership interests in **ARRIVAL FUND I, LLC**, a California limited liability company ("Fund"), and to purchase the membership interests ("Membership Interests") in the amount indicated above, all in accordance with the terms and conditions of this Subscription Agreement, the Articles of Organization ("Articles"), Operating Agreement ("Operating Agreement") of the Fund, and the Private Placement Memorandum dated October 25, 2024 ("Memorandum").

(a) The Purchaser acknowledges and agrees that this subscription cannot be withdrawn, terminated, or revoked. The Purchaser agrees to become a Member and to be bound by all the terms and conditions of the Operating Agreement. This subscription shall be binding on the heirs, executors, administrators, successors and assigns of the Purchaser. This subscription is not transferable or assignable by the Purchaser, except as is provided in the Memorandum or Subscription Agreement.

(b) This subscription may be rejected as a whole or in part by the Fund in its sole and absolute discretion. If this subscription is rejected, the Purchaser's funds shall be returned to the extent of such rejection. This subscription shall be binding on the Fund only upon its acceptance of the same.

(c) By executing this Subscription Agreement, a Purchaser: (a) makes certain representations and warranties upon which Arrival Home Loans, LLC, a Delaware limited liability company ("Manager"), will rely on in accepting Purchaser's subscription funds; and (b) unconditionally and irrevocably agrees to purchase the Membership Interests in the amount shown above, and thereby makes a commitment to contribute capital in accordance with the terms set forth in this Subscription Agreement, the Memorandum, and the Operating Agreement.

(d) Neither the execution nor the acceptance of this Subscription Agreement constitutes the Purchaser as a Member, shareholder, owner or creditor of the Fund. If accepted by the Manager, the Purchaser's capital contribution will be temporarily deposited into a call account ("Subscription Account"). This Subscription Agreement is only an agreement to purchase the Membership Interests on a when issued basis; and the Purchaser will become a Member only after the Purchaser's funds are duly transferred to the operating bank account of the Fund ("Operating Account") and the Membership Interests are issued thereupon to the Purchaser in conjunction with the provisions of the Operating Agreement (which Purchaser would become a signatory to). Until such time, the Purchaser shall have only those rights as may be set forth in this Subscription Agreement.

(e) The Purchaser's rights and responsibilities will be governed by the terms and conditions of this Subscription Agreement, the Memorandum, the Articles, and the Operating Agreement. The Fund will rely upon the information provided in this Subscription Agreement to confirm that the Purchaser is an "Accredited Investor" as defined in Regulation D promulgated under the Act.

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(f) If a Purchaser has not been admitted as a Member within 90 days of signing this Subscription Agreement and depositing funds into the Subscription Account, the Purchaser may request in writing to the Manager to recover his, her or its investment funds. If, upon receipt of such request in writing, the Fund has not yet admitted the Purchaser as a Member, then the Manager may, in its sole and absolute discretion, return the Purchaser's funds to the Purchaser and revoke the Subscription Agreement within ten business days of receipt of such request from the Purchaser.

(g) The Purchaser agrees that the subscription for Membership Interests, or portions thereof, will become effective (subject to acceptance of the same by the Fund, in its sole and absolute discretion) following acceptance of the subscription and the transfer of the Purchaser's subscription funds into the Operating Account.

2. REPRESENTATIONS AND WARRANTIES BY THE PURCHASER. The Purchaser hereby represents, warrants, and agrees as follows:

(a) Purchaser has received and read the Memorandum and its Exhibits, including the Articles and the terms and conditions of the Operating Agreement, and Purchaser is thoroughly familiar with the proposed business, operations, properties and financial condition of the Fund. Purchaser has relied solely upon the Memorandum and independent investigations made by Purchaser or Purchaser's representative with respect to the investment in Membership Interests. No oral or written representations beyond the Memorandum have been made or relied upon.

(b) Purchaser has read and understands the Articles and Operating Agreement and understands how the Fund functions as a corporate entity. By purchasing the Membership Interests and executing this Subscription Agreement, Purchaser hereby agrees to the terms and provisions of the Articles and the Operating Agreement.

(c) Purchaser understands that the Fund has no financial and operating history. Purchaser has been furnished with any and all financial and other information concerning the Fund, its management, and its business, as Purchaser considers necessary in connection with the investment in Membership Interests. Purchaser has been given the opportunity to discuss any questions and concerns with the Fund.

(d) Purchaser is purchasing Membership Interests for Purchaser's own account (or for a trust if Purchaser is a trustee), for investment purposes and not with a view or intention to resell or distribute the same. Purchaser has no present intention, agreement, or arrangement to divide Purchaser's participation with others or to resell, assign, transfer, or otherwise dispose of all or part of the Membership Interests.

(e) Purchaser or Purchaser's investment advisors have such knowledge and experience in financial and business matters that will enable Purchaser to utilize the information made available to evaluate the risks of the prospective investment and to make an informed investment decision. Purchaser has been advised to consult Purchaser's own attorney concerning this investment and to consult with independent tax counsel regarding the tax considerations of investing in the Membership Interests and becoming a Member of the Fund.

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(f) Purchaser has been advised that the Membership Interests have not been registered under the Act, or qualified under any State Securities Laws ("Law"), on the ground, among others, that no distribution or public offering of the Membership Interests is to be effected and the Membership Interests will be issued by the Fund in connection with a transaction that does not involve any public offering within the meaning of section 4(a)(2) of the Act or within the meaning of similar provisions of any Law, under the respective rules and regulations of the Securities and Exchange Commission.

(g) Purchaser has previously furnished the Fund a completed and signed Investor Questionnaire or has completed and signed the attached Investor Questionnaire. All information which Purchaser has furnished in this Subscription Agreement and the Investor Questionnaire, concerning his/her/itself, financial position, and knowledge of financial and business matters is correct, current, and compete.

(h) Purchaser agrees that Purchaser must provide any and all documentation and information (to the satisfaction of the Fund) to verify the Purchaser's status as an Accredited Investor. The Fund may conduct such verification through any reasonable means and steps deemed necessary or suitable by the Fund. A non-exhaustive list of verification steps that the Fund may use for, or require from, the Purchaser to complete such verification is noted in Section 14 below.

(i) All information which Purchaser has furnished in this Subscription Agreement concerning Purchaser, Purchaser's financial position, and Purchaser's knowledge of financial and business matters is correct, current, true and complete.

3. INVESTOR SUITABILITY STANDARDS. The Fund intends to sell the Membership Interests to an unlimited number of "Accredited Investors" only. No Membership Interests will be sold to non-accredited investors. To qualify as an Accredited Investor, an investor must meet any of the following:

(a) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in Section 348A of the Consolidated Farm and Rural Development Act; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(b) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

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(c) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

(d) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(e) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 (excluding the value of such person's primary residence);

(f) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(g) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii);

(h) Any entity in which all of the equity owners are accredited investors.

(i) An individual that holds professional certification or designation or credentials in good standing from an accredited institution that the SEC has designated as sufficient to demonstrate their investment knowledge, which initially consists of Series 7, Series 65, or Series 82 exams (but may be expanded by the SEC in the future);

(j) Any entity not otherwise specified in the accredited investor definition and not formed for the specific purpose of acquiring the securities offered that owns more than $5,000,000 in "investments" as defined in Rule 2a51-1(b);

(k) an individual who is a "knowledgeable employee," as defined in Rule 3c-5(a)(4) under the Investment Company Act of 1940, as amended ("Investment Company Act"), of the private fund issuer of the securities being offered or sold;

(l) an investment adviser registered under the Investment Advisers Act of 1940, as amended ("Advisers Act"), or a person exempt from registration as a private fund adviser or a venture capital adviser;

(m) a "family office," as defined in Rule 202(A)(11)(G)-1 under the Advisers Act (the "Family Office Rule") not formed for the specific purpose of acquiring the securities offered with more than $5,000,000 in assets under management whose investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the investment; or

(n) a "family client" as defined in the Family Office Rule, of a family office that satisfies the requirements in (11) above and whose investments are directed by that family office.

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4. AGREEMENT TO REFRAIN FROM RESALE. The Purchaser agrees not to pledge, hypothecate, sell, transfer, assign or otherwise dispose of any Membership Interests, nor receive any consideration for Membership Interests from any person, unless and until prior to any such action:

(a) A registration statement on a form appropriate for the purpose under the Act with respect to the Membership Interests proposed to be so disposed of shall be then effective and such disposition shall have been appropriately qualified in accordance with applicable securities laws; or

(b) All of the following shall have occurred: (i) the Purchaser shall have furnished the Fund with a detailed explanation of the proposed disposition, (ii) the Purchaser shall have furnished the Fund with an opinion of the Purchaser's counsel in form and substance satisfactory to the Fund to the effect that such disposition will not require registration of such Membership Interests under the Act or qualification of such Membership Interests under any other securities law, and (iii) counsel for the Fund shall have concurred in such opinion and the Fund shall have advised the Purchaser in writing of such concurrence.

5. POWER OF ATTORNEY.

(a) The Purchaser irrevocably constitutes and appoints the Fund with full power of substitution as his/her true and lawful attorney-in-fact and agent, to execute, acknowledge, verify, swear to, deliver, record, and file, in the Purchaser's name or his/her assignee's name, place, and stead, all instruments, documents, and certificates that may from time to time be required by the laws of the United States of America, the State of California, and any other state in which the Fund conducts or plans to conduct business, or any political subdivision or agency of the government, to effectuate, implement, and continue the valid existence of the Fund, including, without limitation, the power of attorney and authority to execute, verify, swear to, acknowledge, deliver, record and file the following:

(i) the Membership Interests, the Operating Agreement, the Articles and all other instruments (including amendments thereto) that the Fund deems appropriate to form, qualify or continue the Fund as a limited liability company in the State of California and all other jurisdictions in which the Fund conducts or plans to conduct business;

(ii) all instruments that the Fund deems appropriate to reflect any amendment to the Articles or Operating Agreement, or modification of the Fund, made in accordance with the terms of the Articles or Operating Agreement;

(iii) a fictitious business name certificate and such other certificates and instruments as may be necessary under the fictitious or assumed name statute from time to time in effect in the State of California and all other jurisdictions in which the Fund conducts or plans to conduct business;

(iv) all instruments relating to the admission of any additional Members or other shareholders, owners or creditors, whether secured or unsecured; and

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(v) all conveyances and other instruments that the Fund deems appropriate to reflect the dissolution and termination of the Fund pursuant to the terms of the Articles and the Operating Agreement.

(b) The power of attorney granted is a special power of attorney and shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, dissolution, bankruptcy, or legal disability of the Purchaser, and shall extend to the Purchaser's heirs, successors, and assigns. The Purchaser agrees to be bound by any representations made by the Fund acting in good faith under such power of attorney, and each Member waives any and all defenses that may be available to contest, negate, or disaffirm any action of the Fund taken in good faith under such power of attorney.

6. MISCELLANEOUS.

(a) CHOICE OF LAWS: This Subscription Agreement will be governed by and construed in accordance with the laws of the State of California, without giving effect to its choice of laws rules.

(b) ENTIRE AGREEMENT: This Subscription Agreement constitutes the entire agreement between the parties and may be amended only by written agreement between all parties.

(c) BINDING ARBITRATION: Any dispute, claim or controversy arising out of, relating to, in connection with or under this Subscription Agreement, or the breach or threatened breach thereof, will be resolved through confidential binding arbitration under the then prevailing rules of the American Arbitration Association in the County of Marin State of California, and any party making a claim hereunder in whatever form hereby submits to jurisdiction and venue in that forum for any and all purposes. The decision of the arbitrator shall be final and judgment on any award thereupon may be entered in any court having jurisdiction thereof. This paragraph 6(c) shall not preclude either party from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

(d) TERMINATION OF AGREEMENT: If this subscription is rejected by the Fund, then this Subscription Agreement shall be null and void and of no further force and effect and no party shall have any rights against any other party hereunder and the Fund shall promptly return the funds delivered with this Subscription Agreement.

(e) TAXES. The discussion of the federal income tax considerations arising from investment in the Fund, as set forth in the Memorandum, is general in nature and the federal income tax considerations to the Purchaser of investment in the Membership Interests will depend on individual circumstances. The Memorandum does not discuss state income tax considerations, which may apply to all or substantially all Purchasers. There can be no assurance that the Internal Revenue Code or the Regulations under the Code will not be amended in a manner adverse to the interests of the Purchaser or the Fund.

(f) DULY AUTHORIZED. If the Purchaser is a corporation, partnership, trust, or other entity, the individual(s) signing in its name is (are) duly authorized to execute and deliver this Subscription Agreement on behalf of such entity, and the purchase of the Membership Interests by such entity will not violate any law or agreement by which it is bound.

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(g) MEMBERSHIP INTERESTS WILL BE RESTRICTED SECURITIES. The Purchaser understands that the Membership Interests will be "restricted securities" as that term is defined in Rule 144 under the Act and, accordingly, that the Membership Interests must be held indefinitely unless they are subsequently registered under the Act and any other applicable securities law or exemptions from such registration is available. The Purchaser understands that the Fund is under no obligation to register Membership Interests under the Act, to qualify Membership Interests under any federal or state securities law, or to comply with Regulation A or any other exemption under the Act or any other law.

(h) MEMBERSHIP INTERESTS CONTAIN RESTRICTIVE LEGEND. Any documents or certificates issued to evidence ownership of the Membership Interests will bear restrictive legends notifying prospective purchasers of the transfer restrictions set forth above, and the Fund will not permit transfer of any Membership Interests on the books of the Fund in violation of such restrictions.

(i) SUCCESSORS. The representations, warranties and agreements contained in this Subscription Agreement shall be binding on the Purchaser's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the Fund and its directors and officers. If the Purchaser is more than one person, the obligations of all of them shall be joint and several, and the representations and warranties contained herein shall be deemed to be made by, and to be binding upon, each such person and his heirs, executors, administrators, successors, and assigns.

(j) INDEMNIFICATION. The Purchaser shall indemnify and defend the Fund and its managers and agents from and against any and all liability, damage, cost, or expense (including attorneys' fees) arising out of or in connection with:

(i) Any inaccuracy in, or breach of, any of the Purchaser's declarations, representations, warranties or covenants set forth in this document or any other document or writing delivered to the Fund;

(ii) Any disposition by the Purchaser of any Membership Interests in violation of this Agreement, the Articles or the Operating Agreement, or any applicable law; or

(iii) Any action, suit, proceeding or arbitration, whether threatened, pending or actual, alleging any of the foregoing.

7. FORM OF OWNERSHIP. Please indicate the form in which Purchaser will hold title to the Membership Interests. Please consider this election carefully. Once the subscription is accepted, a change in the form of title constitutes a transfer of the Membership Interests and will therefore be restricted by the terms of the Operating Agreement and the Act. Purchaser should seek the advice of an attorney in deciding in which of the forms to take ownership of the Membership Interests as different forms of ownership can have substantially varying gift tax, estate tax, income tax and other consequences.

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( ) INDIVIDUAL OWNERSHIP (one signature required).

( ) COMMUNITY PROPERTY (one signature required if Membership Interests held in one name, i.e., managing spouse; two signatures required if Membership Interests held in both names).

( ) JOINT TENANTS WITH RIGHT TO SURVIVORSHIP (not as tenants in common)(both or all parties must sign).

( ) TENANTS IN COMMON (both or all parties must sign).

( ) GENERAL PARTNERSHIP (fill out all documents in the name of the partnership by a partner authorized to sign)

( ) LIMITED PARTNERSHIP (fill out all documents in the name of the limited partnership by a general partner authorized to sign, and include a copy of the Certificate of Limited Partnership – LP1).

( ) LIMITED LIABILITY COMPANY (fill out all documents in the name of the limited liability company by the manager authorized to sign, and include a copy of the Articles of Organization – LLC-1).

( ) CORPORATION (fill out all documents in the name of the corporation, by the President and Secretary, and include a certified corporate resolution authorizing the signature).

( ) TRUST (fill out all documents in the name of the trust, by the trustee, and include a copy of the instrument creating the trust and any other documents necessary to show that the investment by the trustee is authorized). The date of the trust must appear on the notarial where indicated.

( ) IRA or KEOGH plan (fill out all documents in the name of the IRA or Keogh plan, by the beneficiary). The documents must also be executed by the custodian of the plan.

Please print in the space below the EXACT name the Purchaser desires on the account and the address for any correspondence and notices.

REDACTED
Exact Name(s)

REDACTED
Street Address

REDACTED
City, State, and Zip Code

REDACTED
E-mail address

REDACTED
Phone number

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8. IDENTIFYING INFORMATION.

Additional Individual Purchaser(s):

Name of Purchaser:
_____

Social Security No.: _____ - _____ - _____
Name of Co-Purchaser:
_____

Social Security No.: _____ - _____ - _____
Name of Co-Purchaser:
_____

Social Security No.: _____ - _____ - _____

Entity Purchaser:

Name of Entity:
_____

State and date of formation:
_____

For corporation, business trust, investment company, partnership or other business entity:

Fiscal year end:
_____

Principal place of business:
_____

Phone number of business:
_____

What is the entity's net worth, on a consolidated basis, according to its most recent audited financial statement?

_____

Company Pension or Profit Sharing Plan Purchaser:

Exact Name of the Plan:
_____
_____

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Name(s) of the Trustee(s):

_____

_____

Trustee's State Residency:

_____

State and date of organization:

_____

Describe and set forth the value of the assets of the Plan or Trust:

_____

_____

Please identify the person(s) with investment control over the Plan or Trust assets and that person's state of residence.

_____

_____

Please identify the person(s) responsible for the ministerial duties of administering the Plan or Trust (the Trustee) and that person's state of residence.

_____

_____

9. SPECIFIC INFORMATION REQUIRED FROM ENTITIES.

(INDIVIDUALS: SKIP TO SECTION 10 BELOW)

ACCREDITED INVESTOR STATUS OF THE ENTITY. Please select a category for the entity:

_____ (1) A bank as defined in section 3(a)(2) of the Act, or a savings and loan association or other institution as defined in section 3(a)(5)(a) of the Act, whether acting in its individual or fiduciary capacity;

_____ (2) A broker or dealer registered pursuant to section 15 of the Act;

_____ (3) An insurance company as defined in section 2(a)(13) of the Act;

_____ (4) An investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act;

_____ (5) A Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in Section 348A of the Consolidated Farm and Rural Development Act;

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_____ (6) Any plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000;

_____ (7)* An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) thereof, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

_____ (8) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

_____ (9) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

_____ (10)** A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities of the Fund being offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment in the Fund;

_____ (11)*** An entity in which all the equity owners are accredited investors.

_____ (12) an investment adviser registered pursuant to Section 203 of the Investment Advisers Act of 1940 (the "Advisers Act") or registered pursuant to the laws of a state;

_____ (13) an investment adviser relying on the exemption from registering with the Securities and Exchange Commission under Section 203(l) or (m) of the Advisers Act;

_____ (14) a family office as defined in Rule 202(a)(11)(G)-1 under the Advisers Act with assets under management in excess of $5,000,000 whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; or

_____ (15) a family client, as defined in Rule 202(a)(11)(G)-1 under the Advisers Act, of a family office with assets under management in excess of $5,000,000 whose prospective investment is directed by such family office.

***Note for Certain Employee Benefit Plans:** If you are a self-directed plan that believes it is an Accredited Investor because investment decisions are made solely by persons that are Accredited Investors, please complete the information for individuals pursuant to Section 11 with respect to you and each such person participating in making the investment decision.

****Note for Trusts:** If you are a trust that believes it is an Accredited Investor, please complete the information for individuals pursuant to Section 11 with respect to you and each person participating in making the investment decision.

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*****Note for Certain Entities:** If you are an entity that believes it is an Accredited Investor" by virtue of the accredited investor status of each equity owner thereof, please complete the information for individuals pursuant to Section 11 with respect to you and each such equity owner.

10. FURTHER REPRESENTATIONS AND COVENANTS. Purchaser (whether an individual or entity) understands that the Fund will be relying on the accuracy and completeness of the statements and responses contained in this Subscription Agreement. Purchaser represents, warrants, and covenants to the Fund as follows:

(a) Purchaser's statements and responses contained in this Subscription Agreement are complete and correct and may be relied on by the Fund for the purpose of complying with all applicable security laws and to determine whether the Purchaser is a suitable investor.

(b) Purchaser will notify the Fund immediately of any material change in any statement or response made in this Subscription Agreement before acceptance by the Fund of this subscription.

(c) Purchaser has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of the prospective investment, or the Purchaser has consulted with professional advisors who have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of prospective investment.

(d) Purchaser is able to bear the economic risk of an investment in the Membership Interests for an indefinite period of time and understand that an investment in the Membership Interests is illiquid and may result in a complete loss of such investment.

(e) Purchaser understands and agrees that the Fund is relying upon the truthfulness of the certification being made by Purchaser as to Purchaser's status as an Accredited Investor for the reason checked in Section 9 above or Section 11 below. Purchaser further understands and agrees that the Fund may request to be shown, in confidence, documentation reasonably satisfactory to the Fund supporting the certification by the Purchaser as to the Purchaser's status as an Accredited. The Fund reserves the right to refuse to accept any subscription as to which the Fund is not reasonably satisfied that the Purchaser is an Accredited Investor.

(f) Purchaser agrees and understands that in making this investment, Purchaser: (a) must have sufficient knowledge and experience in such financial and business matters to be capable of evaluating the merits and risks of a purchase of the Membership Interests; or (b) must retain the services of an "Investment Advisor" (who may be an attorney, accountant, or other financial adviser unaffiliated with, and who is not compensated by, the Fund or any affiliate or selling agent of the Fund, directly or indirectly) for the purpose of aiding in the evaluation of this particular transaction.

(g) Purchaser acknowledges and understands that the Purchaser must be an Accredited Investor in order to purchase Membership Interests. Purchaser represents and warrants that Purchaser has not heretofore directly or indirectly provided any information or documents to the Fund that, in any manner, may suggest, imply, and demonstrate or otherwise evidence, that the Purchaser is not an Accredited Investor.

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11. SPECIFIC INFORMATION REQUIRED FROM INDIVIDUALS.

ACCREDITED INVESTOR STATUS OF INDIVIDUAL. Please select a category for the individual:

__X__ (1) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year.

_____ (2) Any natural person whose individual net worth or joint net worth, with that person's spouse, at the time of their purchase exceeds $1,000,000 (excluding the value of such person's primary residence).

_____ (3) A director or executive officer of the Fund.

_____ (4) I am a natural person holding in good standing a Series 7, Series 65, or Series 82 license.

12. INVESTMENT EXPERIENCE OF PURCHASER.

ALL PURCHASERS SHOULD COMPLETE THIS SECTION

Purchaser must provide the following information on each officer, general partner, and/or other person who will participate in the decision to purchase the Membership Interests.

PURCHASER INFORMATION (INCLUDING IRA ACCOUNT HOLDER, AS APPLICABLE):
Educational background (name of college attended, major, degree obtained, if any, and year):

Chapman University, BS in Kinesiology 2017

Investing courses attended (list the name of each, sponsor, and date of attendance):

N/a

Any professional licenses or registrations, including bar admissions, accounting certifications, real estate brokerage licenses, and SEC or state broker/dealer registrations held:

N/a

Has Purchaser had the following investment experience? Check all that apply:

- ❑ Stock Market investing for at least Two (2) years in self-managed accounts.
- ❑ Real Estate investing for at least Two (2) years.
- ❑ Investing in trust deeds for at least Two (2) years.
- ❑ Bond investing in self-managed accounts.
- ❑ Mutual Fund investing.

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Do you have an "Investment Advisor" in order to meet the requirement under Section 10(f) above	
YES _____ (If yes, the information below must be completed)	NO _____
Name of Advisor(s) and Relationship:	
Advisor's Address:	
City: State: Zip Code:	
Advisor's Phone Number:	( ) -
Qualifications of the Advisor(s):	

13. FEDERAL LAW REQUIREMENTS

Federal Law requires us to obtain the following information from you to detect and prevent misuse of the world financial system.

1. In the space provided below, please provide details of **where monies were transferred from** to the Fund in relation to your subscription for the securities.

COUNTRY	NAME OF BANK/FINANCIAL INSTITUTION	CONTACT NAME/PHONE NUMBER AT BANK/FINANCIAL INSTITUTION	NAME OF ACCOUNTHOLDER	ACCOUNT NUMBER
United States	Wells Fargo	N/a	REDACTED	N/a

If the country from which the monies were transferred appears in the Approved Country List below, please skip to section 3. If the country does not appear, please go to section 2.

Approved Country List

Argentina	Australia	Austria	Bahamas	Bahrain
Barbados	Belgium	Bermuda	Brazil	British Virgin Islands
Canada	Curacao	Cyprus	Denmark	Finland
France	Germany	Gibraltar	Greece	Guernsey
Hong Kong	Iceland	India	Ireland	Isle of Man
Israel	Italy	Japan	Jersey	Liechtenstein
Luxembourg	Malta	Netherlands	New Zealand	Norway
People's Republic of China	Portugal	Singapore	Spain	Sweden
Switzerland	United Arab Emirates	United Kingdom	United States	

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2. If subscription monies were transferred to the Fund from any country other than on the "Approved Country List" (see above), please provide the following documentation to the Fund (all copies should be in English and certified as being "true and correct copies of the original" by a notary public of the jurisdiction of which you are resident).

(a) **For Individuals:**

(i) evidence of name, signature, date of birth and photographic identification;

(ii) evidence of permanent address; and

(iii) where possible, a reference from a bank with whom the individual maintains a current relationship and has maintained such relationship for at least two years.

(b) **For Companies:**

(i) a copy of its certificate of incorporation and any change of name certificate;

(ii) a certificate of good standing;

(iii) a register or other acceptable list of directors and officers;

(iv) a properly authorized mandate of the company to subscribe in the form, for example, of a certified resolution which includes naming authorized signatories;

(v) a description of the nature of the business of the company;

(vi) identification, as described above for individuals, for at least two directors and authorized signatories;

(vii) a register of members or list of shareholders holding a controlling interest; and

(viii) identification, as described above, for individuals who are beneficial owners of corporate shareholders which hold 10% or more of the capital share of the company.

(c) **For Partnerships and Unincorporated Businesses:**

(i) a copy of any certificate of registration and a certificate of good standing, if registered;

(ii) identification, as described above, for individuals and, where relevant, companies constituting a majority of the partners, owners or managers and authorized signatories;

(iii) a copy of the mandate from the partnership or business authorizing the subscription in the form, for example, of a certified resolution which includes naming authorized signatories; and

(iv) a copy of constitutional documents (formation and partnership agreements).

(d) **For Trustees:**

(i) identification, as described above, for individuals or companies (as the case may be) in respect of the trustees;

(ii) identification, as described above for individuals, of beneficiaries, any person on whose instructions or in accordance with those wishes the trustee/nominee is prepared or accustomed to act and the settlor of the trust; and

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(iii) evidence of the nature of the duties or capacity of the trustee.

3. The Fund is also required to verify the source of funds. To this end, summarize the underlying source of the funds remitted to us (for example, whether subscription monies were the profits of business (and, if so, please specify type of business), investment income, savings, etc.).

Source of Funds
Income

14. VERIFICATION OF ACCREDITED INVESTOR STATUS.

Purchaser agrees that Purchaser must provide any and all documentation and information (to the satisfaction of the Fund) to verify the Purchaser's status as an Accredited Investor. The Fund may conduct such verification through any reasonable means and steps deemed necessary or suitable by the Fund. A non-exhaustive list of verification steps that the Fund may use for, or require from, the Purchaser to complete such verification is noted directly below. The Purchaser is required to fully cooperate in the Fund's verification steps and methods (including but not limited to, the non-exhaustive list set forth below, before being permitted to invest in the Membership Interests). Further, the Purchaser expressly and irrevocably consents and authorizes the Fund to utilize any reasonable means of verifying the Purchaser's status as an Accredited Investor (including, but not limited to, one or more of the non-exclusive methods and steps set forth below).

Purchaser acknowledges and agrees that the following constitutes a non-exhaustive and non-exclusive list of verification methods that may be used by the Fund to verify the Purchaser's status as an Accredited Investor:

(a) Reviewing any Internal Revenue Service form that reports the Purchaser's income for the two most recent years (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and obtaining a written representation from the Purchaser that the Purchaser has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year;

(b) Reviewing one or more of the following types of documentation dated within the prior three months and obtaining a written representation from the Purchaser that all liabilities necessary to make a determination of net worth have been disclosed:

(1) with respect to assets: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties; and

(2) with respect to liabilities: a consumer report from at least one of the nationwide consumer reporting agencies;

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(c) Obtaining a written confirmation from one of the following persons or entities that such person or entity has taken reasonable steps to verify that the Purchaser is an Accredited Investor within the prior three months and has determined that the Purchaser is an Accredited Investor:

(1) A registered broker-dealer;

(2) An investment adviser registered with the Securities and Exchange Commission;

(3) A licensed attorney who is in good standing under the laws of the jurisdictions in which he or she is admitted to practice law;

(4) A certified public accountant who is duly registered and in good standing under the laws of the place of his or her residence or principal office;

(5) a certified financial planner; or

(6) another licensed professional.

With respect to the above as pertaining to a natural person who is married, the verification noted above would typically be required of both persons in the married couple (i.e. the Fund would review information and documents about both the natural person and his or her spouse, and both married persons would be required to provide any written representations or statements that are required by the Fund as part of its verification process).

[*Signature Page to Subscription Agreement on Following Page*]

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FOR GOOD AND VALID CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Purchaser, intending to be legally bound, has executed this Subscription Agreement this _____ day of Jun 2, 2025, 20_____.

BY PURCHASING MEMBERSHIP INTERESTS AND EXECUTING THIS SUBSCRIPTION AGREEMENT, EACH PURCHASER HEREBY AGREES, UPON ACCEPTANCE BY THE FUND, TO BE LEGALLY BOUND BY THE TERMS OF THE OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT, AND MEMORANDUM.

PURCHASER:

Signed by:
EF38F47398D4458...

Signature of Purchaser

REDACTED

Print Name and Title of Purchaser

Signature of Additional Individual Purchaser, if Applicable

Print Name and Title of Additional Individual Purchaser, if Applicable

Signature of Additional Individual Purchaser, if Applicable

Print Name and Title of Additional Individual Purchaser, if Applicable

ACCEPTANCE: (NOT VALID UNTIL ACCEPTED BY MANAGER)

The Fund has accepted this Subscription Agreement as of this ___day of Jun 4, 2025, 20___, by the signature of a duly authorized representative of the Manager of the Fund.

ARRIVAL FUND I, LLC,
a California limited liability company

By: Arrival Home Loans, LLC
Its: Manager

Signed by:
CF9B260EFA214B2...

By: Mark Hanf
Its: Manager

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PACIFIC SOUTHWEST NOTE FUND LLC

a Delaware limited liability company

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

THE MEMBERSHIP INTERESTS OF THE COMPANY SUBJECT TO THIS SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY ("SUBSCRIPTION AGREEMENT") ARE SECURITIES WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"). SUCH MEMBERSHIP INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED TO ANY PERSON AT ANY TIME IN: (A) THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT COVERING SUCH MEMBERSHIP INTERESTS UNDER THE ACT; OR (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED; OR (B) A MANNER INCONSISTENT WITH THE TERMS OF THE MEMBERSHIP INTERESTS OR THE COMPANY CERTIFICATE OF FORMATION OR OPERATING AGREEMENT, ALL OF WHICH ARE INCORPORATED HEREIN BY THIS REFERENCE.

1. SUBSCRIPTION.

AMOUNT OF INVESTMENT: $10,000

DISTRIBUTION ELECTION (*please select one*): ■ CASH ☐ REINVESTMENT

Please print in the space below the EXACT name the Purchaser desires on the account and the address for any correspondence and notices.

REDACTED

Exact Name(s)

REDACTED

Tax ID Number

REDACTED

Street Address

REDACTED

City, State, and Zip Code

REDACTED

E-mail address

REDACTED

Phone number

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PLEASE DELIVER PAYMENT TO **PACIFIC SOUTHWEST NOTE FUND LLC**, AND MAIL THIS COMPLETED AND SIGNED SUBSCRIPTION AGREEMENT TO:

PACIFIC SOUTHWEST NOTE FUND LLC
c/o Pacific Private Money Group
1555 Grant Ave., Novato CA 94945.

The undersigned ("Purchaser") hereby subscribes to become a holder ("Member") of membership interests in Pacific Southwest Note Fund LLC, a Delaware limited liability company ("Company"), and to purchase the membership interests ("Membership Interests") in the amount indicated above, all in accordance with the terms and conditions of this Subscription Agreement, the Certificate of Formation ("Certificate"), Operating Agreement ("Operating Agreement") of the Company, and the revised and restated Private Placement Memorandum dated **November 1, 2022** ("Memorandum").

(a) The Purchaser acknowledges and agrees that this subscription cannot be withdrawn, terminated, or revoked. The Purchaser agrees to become a Member and to be bound by all the terms and conditions of the Operating Agreement. This subscription shall be binding on the heirs, executors, administrators, successors and assigns of the Purchaser. This subscription is not transferable or assignable by the Purchaser, except as is provided in the Memorandum or Subscription Agreement.

(b) This subscription may be rejected as a whole or in part by the Company in its sole and absolute discretion. If this subscription is rejected, the Purchaser's funds shall be returned to the extent of such rejection. This subscription shall be binding on the Company only upon its acceptance of the same.

(c) By executing this Subscription Agreement, a Purchaser: (a) makes certain representations and warranties upon which Pacific Southwest Management Group LLC, a Delaware limited liability company ("Manager"), will rely on in accepting Purchaser's subscription funds; and (b) unconditionally and irrevocably agrees to purchase the Membership Interests in the amount shown above, and thereby makes a commitment to contribute capital in accordance with the terms set forth in this Subscription Agreement, the Memorandum, and the Operating Agreement.

(d) Neither the execution nor the acceptance of this Subscription Agreement constitutes the Purchaser as a Member, shareholder, owner or creditor of the Company. If accepted by the Manager, the Purchaser's capital contribution will be temporarily deposited into a call account ("Subscription Account"). This Subscription Agreement is only an agreement to purchase the Membership Interests on a when issued basis; and the Purchaser will become a Member only after the Purchaser's funds are duly transferred to the operating bank account of the Company ("Operating Account") and the Membership Interests are issued thereupon to the Purchaser in conjunction with the provisions of the Operating Agreement (which Purchaser would become a signatory to). Until such time, the Purchaser shall have only those rights as may be set forth in this Subscription Agreement.

(e) The Purchaser's rights and responsibilities will be governed by the terms and conditions of this Subscription Agreement, the Memorandum, the Certificate and the Operating Agreement. The Company will rely upon the information provided in this Subscription Agreement to confirm that the Purchaser is an "Accredited Investor" as defined in Regulation S promulgated under the Act.

(f) If a Purchaser has not been admitted as a Member within Sixty (60) days of signing this Subscription Agreement and depositing funds into the Subscription Account, the Purchaser may request in writing to the Manager to recover his, her or its investment funds. If, upon receipt of such request in writing, the Company has not yet admitted the Purchaser as a Member, then Company may, in its sole and absolute

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discretion, return the Purchaser's funds to the Purchaser and revoke the Subscription Agreement within Ten (10) business days of receipt of such request from the Purchaser.

(g) The Purchaser agrees that the subscription for Membership Interests, or portions thereof, will become effective (subject to acceptance of the same by the Company, in its sole and absolute discretion) following acceptance of the subscription and the transfer of the Purchaser's subscription funds into the Operating Account.

2. REPRESENTATIONS AND WARRANTIES BY THE PURCHASER. The Purchaser hereby represents, warrants, and agrees as follows:

(a) Purchaser has received and read the Memorandum and its Exhibits, including the Certificate and the terms and conditions of the Operating Agreement, and Purchaser is thoroughly familiar with the proposed business, operations, properties and financial condition of the Company. Purchaser has relied solely upon the Memorandum and independent investigations made by Purchaser or Purchaser's representative with respect to the investment in Membership Interests. No oral or written representations beyond the Memorandum have been made or relied upon.

(b) Purchaser has read and understands the Certificate and Operating Agreement and understands how the Company functions as a corporate entity. By purchasing the Membership Interests and executing this Subscription Agreement, Purchaser hereby agrees to the terms and provisions of the Certificate and the Operating Agreement.

(c) Purchaser understands that the Company has limited financial and operating history. Purchaser has been furnished with such financial and other information concerning the Company, its management, and its business, as Purchaser considers necessary in connection with the investment in Membership Interests. Purchaser has been given the opportunity to discuss any questions and concerns with the Company.

(d) Purchaser is purchasing Membership Interests for Purchaser's own account (or for a trust if Purchaser is a trustee), for investment purposes and not with a view or intention to resell or distribute the same. Purchaser has no present intention, agreement, or arrangement to divide Purchaser's participation with others or to resell, assign, transfer, or otherwise dispose of all or part of the Membership Interests.

(e) Purchaser or Purchaser's investment advisors have such knowledge and experience in financial and business matters that will enable Purchaser to utilize the information made available to evaluate the risks of the prospective investment and to make an informed investment decision. Purchaser has been advised to consult Purchaser's own attorney concerning this investment and to consult with independent tax counsel regarding the tax considerations of investing in the Membership Interests and becoming a Member of the Company.

(f) If a Purchaser has not been admitted as a Member within Sixty (60) days of signing this Subscription Agreement and depositing funds into the Subscription Account, the Purchaser may request in writing to the Manager to recover his, her or its investment funds. If, upon receipt of such request in writing, the Company has not yet admitted the Purchaser as a Member, then Company may, in its sole and absolute discretion, return the Purchaser's funds to the Purchaser and revoke the Subscription Agreement within Ten (10) business days of receipt of such request from the Purchaser.

(g) Purchaser has been advised that the Membership Interests have not been registered under the Securities Act of 1933, as amended ("Act"), or qualified under any State Securities Laws ("Law"), on the ground, among others, that no distribution or public offering of the Membership Interests is to be effected

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and the Membership Interests will be issued by the Company in connection with a transaction that does not involve any public offering within the meaning of section 4(2) of the Act or of the Law, under the respective rules and regulations of the Securities and Exchange Commission.

(h) Purchaser has previously furnished the Company a completed and signed Investor Questionnaire or has completed and signed the attached Investor Questionnaire. All information which Purchaser has furnished in this Subscription Agreement and the Investor Questionnaire, concerning his/her/itself, financial position, and knowledge of financial and business matters is correct, current, and complete.

(i) Purchaser agrees that Purchaser must provide any and all documentation and information (to the satisfaction of the Company) to verify the Purchaser's status as an Accredited Investor. The Company may conduct such verification through any reasonable means and steps deemed necessary or suitable by the Company. A non-exhaustive list of verification steps that the Company may use for, or require from, the Purchaser to complete such verification is noted in Section 11 below.

(j) All information which Purchaser has furnished in this Subscription Agreement concerning Purchaser, Purchaser's financial position, and Purchaser's knowledge of financial and business matters is correct, current, true and complete.

3. INVESTOR SUITABILITY STANDARDS. The Company intends to sell the Membership Interests to an unlimited number of "Accredited Investors" only. No Membership Interests will be sold to non-accredited investors. To qualify as an Accredited Investor, an investor must meet any of the following:

(a) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of Five Million Dollars ($5,000,000); any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered adviser, or if the employee benefit plan has total assets in excess of Five Million Dollars ($5,000,000) or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(b) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(c) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars ($5,000,000);

(d) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

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(e) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds One Million Dollars ($1,000,000) (excluding the value of such person's primary residence);

(f) Any natural person who had an individual income in excess of Two Hundred Thousand Dollars ($200,000) in each of the two most recent years or joint income with that person's spouse in excess of Three Hundred Thousand Dollars ($300,000) in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(g) Any trust, with total assets in excess of Five Million Dollars ($5,000,000), not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii); or

(h) Any entity in which all of the equity owners are accredited investors.

4. AGREEMENT TO REFRAIN FROM RESALE. The Purchaser agrees not to pledge, hypothecate, sell, transfer, assign or otherwise dispose of any Membership Interests, or receive any consideration for Membership Interests from any person, unless and until prior to any such action:

(a) A registration statement on a form appropriate for the purpose under the Act with respect to the Membership Interests proposed to be so disposed of shall be then effective and such disposition shall have been appropriately qualified in accordance with applicable securities laws; or

(b) All of the following shall have occurred: (i) the Purchaser shall have furnished the Company with a detailed explanation of the proposed disposition, (ii) the Purchaser shall have furnished the Company with an opinion of the Purchaser's counsel in form and substance satisfactory to the Company to the effect that such disposition will not require registration of such Membership Interests under the Act or qualification of such Membership Interests under any other securities law, and (iii) counsel for the Company shall have concurred in such opinion and the Company shall have advised the Purchaser in writing of such concurrence.

5. POWER OF ATTORNEY.

(a) The Purchaser irrevocably constitutes and appoints the Company with full power of substitution as his/her true and lawful attorney-in-fact and agent, to execute, acknowledge, verify, swear to, deliver, record, and file, in the Purchaser's name or his/her assignee's name, place, and stead, all instruments, documents, and certificates that may from time to time be required by the laws of the United States of America, the State of Delaware, and any other state in which the Company conducts or plans to conduct business, or any political subdivision or agency of the government, to effectuate, implement, and continue the valid existence of the Company, including, without limitation, the power of attorney and authority to execute, verify, swear to, acknowledge, deliver, record and file the following:

(i) the Membership Interests, the Operating Agreement, the Certificate and all other instruments (including amendments thereto) that the Company deems appropriate to form, qualify or continue the Company as a limited liability company in the State of Delaware and all other jurisdictions in which the Company conducts or plans to conduct business;

(ii) all instruments that the Company deems appropriate to reflect any amendment to the Certificate or Operating Agreement, or modification of the Company, made in accordance with the terms of the Certificate or Operating Agreement;

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(iii) a fictitious business name certificate and such other certificates and instruments as may be necessary under the fictitious or assumed name statute from time to time in effect in the State of Delaware and all other jurisdictions in which the Company conducts or plans to conduct business;

(iv) all instruments relating to the admission of any additional Members or other shareholders, owners or creditors, whether secured or unsecured; and

(v) all conveyances and other instruments that the Company deems appropriate to reflect the dissolution and termination of the Company pursuant to the terms of the Certificate and the Operating Agreement.

(b) The power of attorney granted is a special power of attorney and shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, dissolution, bankruptcy, or legal disability of the Purchaser, and shall extend to the Purchaser's heirs, successors, and assigns. The Purchaser agrees to be bound by any representations made by the Company acting in good faith under such power of attorney, and each Member waives any and all defenses that may be available to contest, negate, or disaffirm any action of the Company taken in good faith under such power of attorney.

6. MISCELLANEOUS.

(a) CHOICE OF LAWS: This Subscription Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its choice of laws rules.

(b) ENTIRE AGREEMENT: This Subscription Agreement constitutes the entire agreement between the parties and may be amended only by written agreement between all parties.

(c) BINDING ARBITRATION: Any dispute, claim or controversy arising out of, relating to, in connection with or under this Subscription Agreement, or the breach or threatened breach thereof, will be resolved through confidential binding arbitration under the then prevailing rules of the American Arbitration Association in the county of Lubbock, state of Texas, and any party making a claim hereunder in whatever form hereby submits to jurisdiction and venue in that forum for any and all purposes. The decision of the arbitrator shall be final and judgment on any award thereupon may be entered in any court having jurisdiction thereof. This paragraph 6(c) shall not preclude either party from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

(d) TERMINATION OF AGREEMENT: If this subscription is rejected by the Company, then this Subscription Agreement shall be null and void and of no further force and effect and no party shall have any rights against any other party hereunder and the Company shall promptly return the funds delivered with this Subscription Agreement.

(e) TAXES. The discussion of the federal income tax considerations arising from investment in the Company, as set forth in the Memorandum, is general in nature and the federal income tax considerations to the Purchaser of investment in the Membership Interests will depend on individual circumstances. The Memorandum does not discuss state income tax considerations, which may apply to all or substantially all Purchasers. There can be no assurance that the Internal Revenue Code or the Regulations under the Code will not be amended in a manner adverse to the interests of the Purchaser or the Company.

(f) DULY AUTHORIZED. If the Purchaser is a corporation, partnership, trust, or other entity, the individual(s) signing in its name is (are) duly authorized to execute and deliver this Subscription

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Agreement on behalf of such entity, and the purchase of the Membership Interests by such entity will not violate any law or agreement by which it is bound.

(g) MEMBERSHIP INTERESTS WILL BE RESTRICTED SECURITIES. The Purchaser understands that the Membership Interests will be "restricted securities" as that term is defined in Rule 144 under the Act and, accordingly, that the Membership Interests must be held indefinitely unless they are subsequently registered under the Act and any other applicable securities law or exemptions from such registration is available. The Purchaser understands that the Company is under no obligation to register Membership Interests under the Act, to qualify Membership Interests under any federal or state securities law, or to comply with Regulation A or any other exemption under the Act or any other law.

(h) MEMBERSHIP INTERESTS CONTAIN RESTRICTIVE LEGEND. Any documents or certificates issued to evidence ownership of the Membership Interests will bear restrictive legends notifying prospective purchasers of the transfer restrictions set forth above, and the Company will not permit transfer of any Membership Interests on the books of the Company in violation of such restrictions.

(i) SUCCESSORS. The representations, warranties and agreements contained in this Subscription Agreement shall be binding on the Purchaser's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the Company and its directors and officers. If the Purchaser is more than one person, the obligations of all of them shall be joint and several, and the representations and warranties contained herein shall be deemed to be made by, and to be binding upon, each such person and his heirs, executors, administrators, successors, and assigns.

(j) ELECTRONIC SIGNATURE. This Subscription Agreement may hereby executed and delivered in counterparts by electronic signature with the same effect as if the parties executing the counterparts had all executed one counterpart. Counterparts may be delivered via facsimile, electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., clicking "I agree" or use of www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Each party consents and agrees that its electronic signature meets the requirements of an original signature as if actually signed by such party in writing. Further, each party agrees that no certification authority or other third-party verification is necessary to the enforceability of its signature. No party hereto may raise the use of an electronic signature as a defense to the enforcement of this Agreement or any amendment or other document executed in compliance with this Section.

(k) INDEMNIFICATION. The Purchaser shall indemnify and defend the Company and its directors and officers from and against any and all liability, damage, cost, or expense (including attorneys' fees) arising out of or in connection with:

(i) Any inaccuracy in, or breach of, any of the Purchaser's declarations, representations, warranties or covenants set forth in this document or any other document or writing delivered to the Company;

(ii) Any disposition by the Purchaser of any Membership Interests in violation of this Agreement, the Certificate or the Operating Agreement, or any applicable law; or

(iii) Any action, suit, proceeding or arbitration, whether threatened, pending or actual, alleging any of the foregoing.

7. REPRESENTATIONS AND COVENANTS. Purchaser (whether an individual or entity) understands that the Company will be relying on the accuracy and completeness of the statements and responses

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contained in this Subscription Agreement. Purchaser represents, warrants, and covenants to the Company as follows:

(a) Purchaser's statements and responses contained in this Subscription Agreement are complete and correct and may be relied on by the Company for the purpose of complying with all applicable security laws and to determine whether the Purchaser is a suitable investor.

(b) Purchaser will notify the Company immediately of any material change in any statement or response made in this Subscription Agreement before acceptance by the Company of this subscription.

(c) Purchaser has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of the prospective investment, or the Purchaser has consulted with professional advisors who have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of prospective investment.

(d) Purchaser is able to bear the economic risk of an investment in the Membership Interests for an indefinite period of time and understand that an investment in the Membership Interests is illiquid and may result in a complete loss of such investment.

(e) Purchaser understands and agrees that the Company is relying upon the truthfulness of the certification being made by Purchaser as to Purchaser's status as an Accredited Investor for the reason checked in Section 9 or Section 10 below. Purchaser further understands and agrees that the Company may request to be shown, in confidence, documentation reasonably satisfactory to the Company supporting the certification by the Purchaser as to the Purchaser's status as an Accredited. The Company reserves the right to refuse to accept any subscription as to which the Company is not reasonably satisfied that the Purchaser is an Accredited Investor.

(f) Purchaser agrees and understands that in making this investment, Purchaser: (a) must have sufficient knowledge and experience in such financial and business matters to be capable of evaluating the merits and risks of a purchase of the Membership Interests; or (b) must retain the services of an "Investment Advisor" (who may be an attorney, accountant, or other financial adviser unaffiliated with, and who is not compensated by, the Company or any affiliate or selling agent of the Company, directly or indirectly) for the purpose of aiding in the evaluation of this particular transaction.

(g) Purchaser acknowledges and understands that the Purchaser must be an Accredited Investor in order to purchase Membership Interests. Purchaser represents and warrants that Purchaser has not heretofore directly or indirectly provided any information or documents to the Company that, in any manner, may suggest, imply, and demonstrate or otherwise evidence, that the Purchaser is not an Accredited Investor.

11. VERIFICATION OF ACCREDITED INVESTOR STATUS. Purchaser agrees that Purchaser must provide any and all documentation and information (to the satisfaction of the Company) to verify the Purchaser's status as an Accredited Investor. The Company may conduct such verification through any reasonable means and steps deemed necessary or suitable by the Company. A non-exhaustive list of verification steps that the Company may use for, or require from, the Purchaser to complete such verification is noted directly below. The Purchaser is required to fully cooperate in the Company's verification steps and methods (including but not limited to, the non-exhaustive list set forth below, before being permitted to invest in the Membership Interests). Further, the Purchaser expressly and irrevocably consents and authorizes the Company to utilize any reasonable means of verifying the Purchaser's status as an Accredited Investor (including, but not limited to, one or more of the non-exclusive methods and steps set forth below).

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Purchaser acknowledges and agrees that the following constitutes a non-exhaustive and non-exclusive list of verification methods that may be used by the Company to verify the Purchaser's status as an Accredited Investor:

(a) Reviewing any Internal Revenue Service form that reports the Purchaser's income for the two most recent years (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and obtaining a written representation from the Purchaser that the Purchaser has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year;

(b) Reviewing one or more of the following types of documentation dated within the prior three months and obtaining a written representation from the Purchaser that all liabilities necessary to make a determination of net worth have been disclosed:

(1) with respect to assets: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties; and

(2) with respect to liabilities: a consumer report from at least one of the nationwide consumer reporting agencies;

(3) Obtaining a written confirmation from one of the following persons or entities that such person or entity has taken reasonable steps to verify that the Purchaser is an Accredited Investor within the prior three months and has determined that the Purchaser is an Accredited Investor:

(4) Reviewing any Internal Revenue Service form that reports the Purchaser's income for the two most recent years (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and obtaining a written representation from the Purchaser that the Purchaser has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year;

With respect to the above as pertaining to a natural person who is married, the verification noted above would typically be required of both persons in the married couple (i.e. the Company would review information and documents about both the natural person and his or her spouse, and both married persons would be required to provide any written representations or statements that are required by the Company as part of its verification process).

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8. FORM OF OWNERSHIP. Please indicate the form in which Purchaser will hold title to the Membership Interests. Please consider this election carefully. Once the subscription is accepted, a change in the form of title constitutes a transfer of the Membership Interests and will therefore be restricted by the terms of the Operating Agreement and the Act. Purchaser should seek the advice of an attorney in deciding in which of the forms to take ownership of the Membership Interests as different forms of ownership can have substantially varying gift tax, estate tax, income tax and other consequences.

☐ INDIVIDUAL OWNERSHIP (one signature required).

☐ COMMUNITY PROPERTY (one signature required if Membership Interests held in one name, i.e., managing spouse; two signatures required if Membership Interests held in both names).

☐ JOINT TENANTS WITH RIGHT TO SURVIVORSHIP (not as tenants in common)(both or all parties must sign).

☐ TENANTS IN COMMON (both or all parties must sign).

☐ GENERAL PARTNERSHIP (fill out all documents in the name of the partnership by a partner authorized to sign)

☐ LIMITED PARTNERSHIP (fill out all documents in the name of the limited partnership by a general partner authorized to sign, and include a copy of the Articles of Limited Partnership – LP1).

☐ LIMITED LIABILITY COMPANY (fill out all documents in the name of the limited liability company by the manager authorized to sign, and include a copy of the Articles of Organization – LLC-1).

☐ CORPORATION (fill out all documents in the name of the corporation, by the President and Secretary, and include a certified corporate resolution authorizing the signature).

☑ TRUST (fill out all documents in the name of the trust, by the trustee, and include a copy of the instrument creating the trust and any other documents necessary to show that the investment by the trustee is authorized). The date of the trust must appear on the notarial where indicated.

☐ IRA or KEOGH plan (fill out all documents in the name of the IRA or Keogh plan, by the beneficiary). The documents must also be executed by the custodian of the plan.

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9. IDENTIFYING INFORMATION.

FOR INDIVIDUAL PURCHASERS

Complete this if there are any additional individual purchaser(s) other than listed on Page 1:

Name of Purchaser: _____

Social Security No.: _____

Name of Co-Purchaser: _____

Social Security No.: _____

Name of Co-Purchaser: _____

Social Security No.: _____

ACCREDITED INVESTOR STATUS OF INDIVIDUAL.

Please select a category for the individual:

☑ (1) Any natural person who had an individual income in excess of Two Hundred Thousand Dollars ($200,000) in each of the two most recent years or joint income with that person's spouse in excess of Three Hundred Thousand Dollars ($300,000) in each of those years and who has a reasonable expectation of reaching the same income level in the current year.

☐ (2) Any natural person whose individual net worth or joint net worth, with that person's spouse, at the time of their purchase exceeds One Million Dollars ($1,000,000) (excluding the value of such person's primary residence).

☐ (3) A director or executive officer of the Company.

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IF INVESTING THROUGH AN ENTITY PLEASE FILL OUT THE FOLLOWING:

Corporate Purchaser:

Name of Corporation: _____

State and date of incorporation: _____

Partnership or other business entity Purchaser: _____

Name of Partnership or other business entity: _____

_____

State and date of organization: _____

For corporation, business trust, investment company, partnership or other business entity:

Fiscal year end: _____

Principal place of business: _____

Phone number of business: _____

What is the entity's net worth, on a consolidated basis, according to its most recent audited financial statement? _____

Company Pension or Profit Sharing Plan Purchaser:

Exact Name of the Plan: _____

_____

Name(s) of the Trustee(s): _____

_____

Trustee's State Residency: _____

State and date of organization: _____

Describe and set forth the value of the assets of the Plan or Trust: _____

_____

Please identify the person(s) with investment control over the Plan or Trust assets and that person's state of residence.

_____

_____

Please identify the person(s) responsible for the ministerial duties of administering the Plan or Trust (the Trustee) and that person's state of residence.

_____

_____

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ACCREDITED INVESTOR STATUS OF THE ENTITY. Please select a category for the entity:

☐ (1) A bank as defined in section 3(a)(2) of the Act, or a savings and loan association or other institution as defined in section 3(a)(5)(a) of the Act, whether acting in its individual or fiduciary capacity;

☐ (2) A broker or dealer registered pursuant to section 15 of the Act;

☐ (3) An insurance company as defined in section 2(13) of the Act;

☐ (4) An investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act;

☐ (5) A Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;

☐ (6) Any plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of Five Million Dollars ($5,000,000);

☐ (7)* An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) thereof, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of Five Million Dollars ($5,000,000) or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ (8) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

☐ (9) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Five Million Dollars ($5,000,000);

☐ (10)** A trust, with total assets in excess of Five Million Dollars ($5,000,000), not formed for the specific purpose of acquiring the securities of the Company being offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment in the Company;

☐ (11)*** An entity in which all the equity owners are accredited investors.

***Note for Certain Employee Benefit Plans:** If you are a self-directed plan that believes it is an Accredited Investor because investment decisions are made solely by persons that are Accredited Investors, please complete the information for individuals pursuant to Section 11 with respect to you and each such person participating in making the investment decision.

****Note for Trusts:** If you are a trust that believes it is an Accredited Investor, please complete the information for individuals pursuant to Section 11 with respect to you and each person participating in making the investment decision.

*****Note for Certain Entities:** If you are an entity that believes it is an Accredited Investor" by virtue of the accredited investor status of each equity owner thereof, please complete the information for individuals pursuant to Section 11 with respect to you and each such equity owner.

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10. INVESTMENT EXPERIENCE OF PURCHASER.

ALL PURCHASERS SHOULD COMPLETE THIS SECTION

Purchaser must provide the following information on each officer, general partner, and/or other person who will participate in the decision to purchase the Membership Interests.

PURCHASER INFORMATION (INCLUDING IRA ACCOUNT HOLDER, AS APPLICABLE):

Educational background (name of college attended, major, degree obtained, if any, and year):

UC Berkeley, MBA

Investing courses attended (list the name of each, sponsor, and date of attendance):

NA

Any professional licenses or registrations, including bar admissions, accounting certifications, real estate brokerage licenses, and SEC or state broker/dealer registrations held:

NA

Has Purchaser had the following investment experience? Check all that apply:

- [x] Stock Market investing for at least Two (2) years in self-managed accounts.
- [ ] Real Estate investing for at least Two (2) years.
- [ ] Investing in trust deeds for at least Two (2) years.
- [ ] Bond investing in self-managed accounts.
- [x] Mutual Fund investing.

Do you have an "Investment Advisor" in order to meet the requirement under Section 7(f) above		
YES [ ] (If yes, the information below must be completed)		NO [x]
Name of Advisor(s) and Relationship:		
Advisor's Address:		
City:	State:	Zip:
Advisor's Phone Number:		
Qualifications of the Advisor(s):		

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FOR GOOD AND VALID CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Purchaser, intending to be legally bound, has executed this Subscription Agreement this 9 day of January, 20 24.

BY PURCHASING MEMBERSHIP INTERESTS AND EXECUTING THIS SUBSCRIPTION AGREEMENT, EACH PURCHASER HEREBY AGREES, UPON ACCEPTANCE BY THE COMPANY, TO BE LEGALLY BOUND BY THE TERMS OF THE OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT, AND MEMORANDUM.

PURCHASER:

Signature of Purchaser

Nikfar A. Khaleeli

Print Name and Title of Purchaser

Signature of Additional Individual Purchaser, if Applicable

Print Name and Title of Additional Individual Purchaser, if Applicable

Signature of Additional Individual Purchaser, if Applicable

Print Name and Title of Additional Individual Purchaser, if Applicable

ACCEPTANCE: (NOT VALID UNTIL ACCEPTED BY MANAGER)

The Company has accepted this Subscription Agreement as of this 9 day of JANUARY, 2023 by the signature of a duly authorized representative of the Manager of the Company.

PACIFIC SOUTHWEST NOTE FUND LLC, a Delaware limited liability company

By:

MARK HANF

Name

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Pacific Southwest Note Fund, LLC

March 31, 2024 Newsletter

Executive Summary

Pacific Southwest Note Fund, LLC (PSWNF) is designed to purchase and lend against discounted mortgages nationwide. The Fund's objective is to pay a monthly fixed distribution equating to an annualized return of 8.50%.

Market Overview

Inflation remains high, according to the Federal Reserve; thus, a reduction in the Prime Rate may still be months away. Activity in real estate looks has been increasing, possibly due to the marketplace getting used to higher mortgage rates and the perception that they will most likely not change in the short term. Housing prices in the areas the PSWNF has loans have increased slightly. Although interest rates had previously increased in general, the yields on mortgages that the Fund invests in have not materially changed. The Fund still enjoys protection in its investments due to a low Investment to Value (ITV) which compares how much is invested in each mortgage at the discounted principal.

Portfolio Performance

The PSWNF continues to have a conservative Loan to Value (LTV) and ITV metrics in its portfolio. As of March 31, 2024, the average LTV increased a small amount from last quarter and now stands at 56% and the average ITV ticked up to 36%, keeping the Fund in a very conservative position should there be a decline in real estate. The Fund should be able to maintain its current monthly distribution.

Considering the Fund is not currently leveraged, these percentages are conservative compared to the industry standard.

Outlook and Guidance

The average monthly mortgage payment in the Fund is currently at $524 and the average duration is less than 5 years remaining on the loans. The Fund still enjoys a very low default rate. Of the 100+ loans on the books, only six loans [with the average balance being under $60,000] need a reminder from our loan servicing department for the borrowers to pay their real estate taxes, and only a couple of loans are a month or so late in their mortgage payments. These slight delays have no effect on the ability of the Fund to make monthly distributions to investors.

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Conclusion

PSWNF has enjoyed steady growth and anticipates continuing in this fashion. The Pacific Southwest Note Fund is still in a position to accept new capital, should you want to contribute to your account or refer someone. Thank you.

Contact Information

For more information on all our investment options, be sure to visit PacificPrivateMoney.com/Invest or call at (415) 926-4444.

Thank you for your continued support.

Sincerely,

Mark D. Hanf	Edward Brown	Nam C. Phan
Chief Executive Officer	Chief Investment Officer	Chief Operating Officer

These materials do not constitute an offer to sell or a solicitation of an offer to buy interests in Pacific Southwest Note Fund, LLC (the "Fund"). No such offer or solicitation in the Fund will be made prior to the delivery of the Fund's Private Placement Memorandum and other corresponding materials relating to the matters herein. Before making an investment decision with respect to the Fund, potential investors are advised to carefully read the Funds' investment documents which includes the Private Placement Memorandum, Operating Agreement and Subscription Agreement and to consult with their tax, legal and financial advisors. Past performance is not necessarily indicative of future results. No representation is made that the Fund will or is likely to continue to achieve profits comparable to those shown.

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PURCHASE AGREEMENT

BY AND AMONG

PACIFIC PRIVATE MONEY GROUP LLC

MARK HANF

PACIFIC CAPITAL FUNDING GROUP, INC.

AND

SALUDA GRADE ALTERNATIVE LENDING & FINTECH GROWTH FUND I LP

DATED AS OF APRIL 30, 2020

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Exhibits

Exhibit A Amended and Restated Limited Liability Company Operating Agreement
Exhibit B Mark Hanf Employment Agreement

PURCHASE AGREEMENT

This Purchase Agreement (this "***Agreement***"), dated as of April 30, 2020, is entered into by and among Pacific Private Money Group LLC, a Delaware limited liability company (the "***Company***"), Pacific Capital Funding Group, Inc., a California corporation ("***Hanf Co***"), Mark Hanf, an individual resident in the State of California ("***Hanf***"), and Saluda Grade Alternative Lending & Fintech Growth Fund I LP, a Delaware limited partnership ("***SGALF***").

RECITALS

WHEREAS, Pacific Private Money Inc., a California corporation ("***PPMI***"), was formed on December 28, 2010 for the purpose of originating private consumer loans;

WHEREAS, Private Money Management Group, LLC, a Delaware limited liability company ("***PMMG***"), was organized on March 7, 2013 for the purpose of acting as the manager of Pacific Private Money Fund I LLC ("***PPMF***");

WHEREAS, prior to the Reorganization described herein, Hanf owned, beneficially and of record, one hundred percent (100%) of the issued and outstanding Equity Securities of PPMI;

WHEREAS, prior to the Reorganization described herein, PPMI owned, beneficially and of record, one hundred percent (100%) of the issued and outstanding Equity Securities of PMMG;

WHEREAS, prior to the Reorganization described herein, PPMI owned, beneficially and of record, thirty three percent (33%) of the issued and outstanding Equity Securities of North Star Capital Group LLC, a California limited liability company ("***NSCG***");

WHEREAS, prior to the Reorganization described herein, PPMI owned, beneficially and of record, sixty percent (60%) of the issued and outstanding Equity Securities of Pacific Mortgage Capital LLC, a California limited liability company ("***PMC***");

WHEREAS, Hanf formed Hanf Co as a new corporation under the laws of the State of California to effect the transactions contemplated hereby;

WHEREAS, Hanf owns, beneficially and of record, one hundred percent (100%) of the issued and outstanding capital stock of Hanf Co;

WHEREAS, to induce SGALF to enter into this Agreement, Hanf has caused the following steps to be taken (such steps being referred to herein collectively as the "***Reorganization***"):

(1) Hanf formed Hanf Co as a California corporation having a certificate of incorporation and bylaws that are substantially similar to the certificate of incorporation and bylaws of PPMI and officers and directors that are identical to the officers and directors of PPMI.

(2) Hanf contributed all of the issued and outstanding Equity Securities of PPMI to Hanf Co in exchange for all of the issued and outstanding shares of common stock of Hanf Co;

(3) Hanf and Hanf Co executed and duly filed with the IRS a protective election pursuant to which Hanf and Hanf Co elected to have Hanf Co be taxable as an S-Corporation within the meaning of Sections 1361 and 1362 of the Code, and corresponding or similar protective elections in each other jurisdiction where such elections are necessary for Hanf Co to be treated in such jurisdiction in a manner analogous to its federal treatment;

(3) Hanf Co executed and duly filed with the IRS or other applicable taxing authority a "qualified subchapter S subsidiary" election (and corresponding state elections) for PPMI; and

(4) PPMI distributed all of the issued and outstanding Equity Securities of PMMG, NSCG and PMC held by PPMI to Hanf Co;

WHEREAS, prior to the date of this Agreement, SGALF formed the Company and made a capital contribution to the Company in the amount of $2,000,000 in exchange for the issuance of 2,222 Company Units;

WHEREAS, pursuant to the terms hereof, Hanf Co shall sell to the Company (i) 100% of the issued and outstanding equity interests in PPMI, (ii) 100% of the issued and outstanding equity interests in PMMG, (iii) 33% of the issued and outstanding equity interests of NSCG and (iv) 60% of the issued and outstanding equity interests of PMC (collectively, the "***Equity Interests***") in exchange for the issuance of 7,778 Company Units and $1,000,000 (the "***Purchase***").

WHEREAS, following the Purchase, SGALF will own 2,222 Company Units, representing 22.22% of the outstanding Company Units, and Hanf Co will own 7,778 Company Units, representing 77.78% of the outstanding Company Units; and

WHEREAS, the Company, Hanf Co, PPMI, PMMG and SGALF (each of which is sometimes referred to herein as a "***Party***" or collectively as the "***Parties***") desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I
DEFINITIONS

The following terms have the meanings specified or referred to in this Article I:

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management

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and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" has the meaning set forth in the preamble.

"**Balance Sheet**" has the meaning set forth in **Section 4.03**.

"**Balance Sheet Date**" has the meaning set forth in **Section 4.03**.

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in Atlanta, Georgia are authorized or required by Law to be closed for business.

"**Closing**" has the meaning set forth in **Section 2.02**.

"**Closing Date**" has the meaning set forth in **Section 2.02**.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Commercial Non-Tax Agreement**" means customary commercial agreements not primarily related to Taxes that contain agreements or arrangements relating to the apportionment, sharing, indemnification, assignment or allocation of Taxes (such as financing agreements with Tax gross-up obligations or leases with Tax escalation provisions).

"**Company**" has the meaning set forth in the recitals.

"**Company Units**" means common membership interests in the Company.

"**Contracts**" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"**Direct Claim**" has the meaning set forth in **Section 8.04(a)**.

"**Disclosure Schedules**" means the Disclosure Schedules delivered by Hanf Co and SGALF concurrently with the execution and delivery of this Agreement

"**Environmental Laws**" shall mean all Laws relating to pollution or protection of the environment, exposure of any individual to Hazardous Materials, and Laws which prohibit, regulate or control any Hazardous Material, including Laws relating to emissions, discharges, releases or threatened releases of Hazardous Materials, or otherwise relating to the manufacture, processing, registration, distribution, labeling, sale or the exposure of others to, recycling, use, treatment, storage, disposal, transport, or handling of Hazardous Materials or any product containing any Hazardous Material, and including related electronic waster product content or product take-back requirements.

"**Equity Interests**" has the meaning set forth in the recitals.

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"**Equity Securities**" means, with respect to any Person, (a) any shares of capital or capital stock or other voting securities of, or other ownership interest in, such Person, (b) any securities of such Person convertible into or exchangeable for cash or shares of capital or capital stock or other voting securities of, or other ownership interests in, such Person or any of its subsidiaries, (c) any warrants, calls, options or other rights to acquire from such Person, or other obligations of such Person to issue, any shares of capital or capital stock or other voting securities of, or other ownership interests in, or securities convertible into or exchangeable for shares of capital or capital stock or other voting securities of, or other ownership interests in, such Person or any of its subsidiaries, or (d) any restricted shares, stock appreciation rights, restricted units, performance units, contingent value rights, "phantom" stock or similar securities or rights issued by or with the approval of such Person that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any shares of capital or capital stock or other voting securities of, other ownership interests in, or any business, products or assets of, such Person or any of its subsidiaries.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"**ERISA Affiliate**" means all employers (whether or not incorporated) that would be treated together with any Group Company or any of their Affiliates as a "single employer" within the meaning of Section 414 of the Code.

"**Financial Statements**" has the meaning set forth in **Section 4.03**.

"**GAAP**" means generally accepted accounting principles in effect from time to time.

"**Governmental Authority**" means any court, administrative agency or commissions or other federal, state, county, local or other foreign governmental or regulatory authority, instrumentality, agency or commission.

"**Governmental Order**" means any Judgment, stipulation, determination or award entered by or with any Governmental Authority.

"**Group Companies**" means PPMI, PMMG, NSCG and PMC.

"**Group Company Intellectual Property**" means all Intellectual Property that is owned or held for use by the Group Companies.

"**Group Company IP Agreements**" means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to Intellectual Property to which any Group Company is a party, beneficiary or otherwise bound.

"**Group Company IP Registrations**" means all Group Company Intellectual Property that is subject to any issuance registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trademarks,

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domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

"**Hanf**" has the meaning set forth in the preamble.

"**Hanf Co**" has the meaning set forth in the preamble.

"**Hazardous Materials**" means any material, emission or substance that has been designated by a Governmental Authority to be a pollutant, contaminant, hazardous, toxic, radioactive or biological waste, or otherwise a danger to health, reproduction or the environmental, including asbestos-containing materials (ACM), mold, and petroleum and petroleum products or any fraction thereof.

"**Indebtedness**" means without duplication, all obligations (including all obligations in respect of principal, accrued interest, penalties, breakage costs, fees and premiums) of the Group Companies (a) for borrowed money, (b) evidenced by notes, bonds, debentures, hedging or swap arrangements or similar Contracts, (c) for the deferred purchase price of assets, property, goods or services (other than trade payables, or accruals incurred in the ordinary course of business consistent with past practice), (d) under capital leases, (e) by which such Person assured a creditor against loss, including letters of credit and bankers' acceptances, in each case to the extent drawn upon or payable and not contingent and (f) in the nature of guarantees of the obligations described in clauses (a) through (e) above of any other Person.

"**Indemnified Party**" has the meaning set forth in **Section 8.04**.

"**Indemnifying Party**" has the meaning set forth in **Section 8.04**.

"**Insurance Policies**" has the meaning set forth in **Section 4.10**.

"**Intellectual Property**" means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility

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models); and (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation.

"**Interim Financial Statements**" has the meaning set forth in **Section 4.03**.

"**Judgment**" means any judgment, order, decree, award, ruling, decision, verdict, subpoena, injunction or settlement entered, issued, made or rendered by, or any consent agreement, binding memorandum of understanding or other Contract with, any Governmental Authority (in each case whether temporary, preliminary or permanent).

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, Judgment, or other requirement or rule of law of any Governmental Authority.

"**Liabilities**" has the meaning set forth in **Section 4.04**.

"**Lien**" means any lien, statutory or otherwise, security interest, mortgage, deed of trust, pledge, charge, encroachment, or other similar encumbrance or similar right of others, or any agreement to give any of the foregoing.

"**Loan**" means any debt obligation (or participation interest therein) that is: (a) secured by a Lien on a fee or leasehold interest in real estate or by a security interest in the direct or indirect Equity Securities in an entity that owns a fee or leasehold interest in real estate; and (b) as of the relevant date, is held by one of the Group Companies.

"**Loan Documents**" means document evidencing, securing and/or guaranteeing a Loan.

"**Loan File**" means the records and files maintained by the PPMF and the Group Companies or its designee with respect to a Loan, including the Loan Documents with respect to such Loan (or copies thereof).

"**Losses**" means losses, damages, liabilities, deficiencies, Actions, Judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

"**Mark Hanf Employment Agreement**" means the employment agreement between Mark Hanf and the Company attached to this Agreement as **Exhibit B**.

"**Material Adverse Effect**" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of the Group Companies, or (b) the ability of Hanf Co to consummate the transactions contemplated hereby on a timely basis; *provided, however,* that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the of the Group Companies operate; (iii) act of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (iv) any action required or permitted by this

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Agreement; or (v) any changes in applicable Laws or accounting rules, including GAAP; *provided further, however,* that any event, occurrence, fact, condition or change referred to in clauses (i) through (iii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on of the Group Companies compared to other participants in the industries in which of the Group Companies conduct their businesses.

"**Material Contracts**" has the meaning set forth in **Section 4.06(a)**.

"**NSCG**" has the meaning set forth in the Recitals.

"**Organizational Documents**" means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations or similar governing instruments required by the Laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the Laws of its jurisdiction of organization.

"**Party**" or "**Parties**" has the meaning set forth in the recitals.

"**Permits**" means any certificate, license, permit, authorization or approval obtained, or required to be obtained, from Governmental Authorities.

"**Permitted Lien**" shall mean any (a) Lien in respect of Taxes, if due, the validity of which is being contested in good faith by appropriate proceedings during which collection or enforcement is stayed, or Liens in respect of Taxes not yet due and payable, (b) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business, (c) with respect to leasehold interests, mortgages and other Liens incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased real property, or (d) other Liens that do not materially impair the value of the assets of the Group Companies.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**PMC**" has the meaning set forth in the Recitals.

"**PMMG**" has the meaning set forth in the recitals.

"**PPMF**" has the meaning set forth in the recitals.

"**PPMI**" has the meaning set forth in the recitals.

"**Pre-Closing Restructuring**" has the meaning set forth in the recitals.

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"**Pre-Closing Tax Period**" means any taxable period ending on or before the Closing Date and, with respect to any Straddle Period, the portion of such taxable period ending on and including the Closing Date.

"**Pre-Closing Taxes**" means (a) Taxes of Hanf or Hanf Co; (b) Taxes of any Group Company for a Pre-Closing Tax Period, including, for the avoidance of doubt, the portion of any Straddle Period ending on the Closing Date (as determined, in the case of a portion of a Straddle Period, based on the principles of **Section 7.02**); (c) any Taxes of any other Person (other than a Group Company) for which a Group Company is liable as a result of having been a member of an affiliated, consolidated, combined or unitary group prior to the Closing, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local, or non-U.S. Law; (d) any Taxes related to Pre-Closing Restructuring; and (e) Taxes of any Person (other than a Group Company) imposed on the Company as a transferee or successor where the transaction giving rise to the liability on the part of the Company occurred prior to the Closing, or by Contract (other than any Commercial Non-Tax Agreement) entered into prior to the Closing.

"**Purchase**" has the meaning set forth in the recitals.

"**Purchase Price**" has the meaning set forth in **Section 2.01**.

"**Real Property**" means the real property owned, leased or subleased by any Group Company, together with all buildings, structures and facilities located thereon.

"**Release**" means any spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching, dumping, pouring, emanation or migration of any Hazardous Material in, into, onto, or through the environment (including ambient air, surface water, ground water, soils, land surface or subsurface strata) or within any building, structure, facility or fixture.

"**Representative**" means, with respect to any Person, any and all managers, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"**Required Disclosure**" has the meaning set forth in **Section 6.01**.

"**Seller Indemnitees**" has the meaning set forth in **Section 8.03**.

"**Seller's Knowledge**" means the knowledge of Mark Hanf, Lisa Hanf, Nam Phan, Edward Brown, Rick Culp and Mirka Garrett, after due inquiry.

"**Seller Parties**" means Hanf Co and Hanf.

"**Servicing Contract**" means any servicing Contract (and any and all amendments thereto), pursuant to which any Loan is owned or serviced by PPMF or any of the Group Companies.

"**SGALF**" has the meaning set forth in the preamble.

"**SGALF Indemnitees**" has the meaning set forth in **Section 8.02**.

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"**Straddle Period**" means any period beginning on or before the Closing Date and ending after the Closing Date.

"**Tax**" or "**Taxes**" means any net or gross income, net or gross receipts, net or gross proceeds, capital gains, capital stock, sales, use, user, leasing, lease, transfer, natural resources, premium, ad valorem, value added, franchise, profits, gaming, license, capital, withholding, payroll or other employment, estimated, goods and services, severance, excise, stamp, fuel, interest equalization, registration, recording, occupation, premium, turnover, personal property (tangible and intangible), real property, unclaimed or abandoned property, alternative or add-on, windfall or excess profits, environmental (including Section 59A of the Code as in effect for Tax years beginning prior to January 1, 2018), social security, disability, unemployment or other tax or customs duties imposed by (or otherwise payable to) any Taxing Authority, or any interest, any penalties, additions to tax or additional amounts assessed, imposed, or otherwise due or payable under applicable Laws with respect to taxes, including any Liability arising under any tax sharing agreement or any Liability for Taxes of another Person by Contract (other than a Commercial Non-Tax Agreement), as a transferee or successor, under Treasury Regulation Section 1.1502-6 or analogous state, local or non-U.S. Law, in each case, whether disputed or not

"**Tax Return**" means any report, return, statement or other written information (including elections, declarations, disclosures, schedules, estimates and information returns) supplied or required to be supplied by any Group Company to a Taxing Authority in connection with any Taxes and any amendment thereto.

"**Taxing Authority**" shall mean any government or any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body, having jurisdiction over the assessment, determination, collection or other imposition of Taxes.

"**Third Party Claim**" has the meaning set forth in **Section 8.04(a)**.

"**Transaction Documents**" means this Agreement, the Mark Hanf Employment Agreement and the Operating Agreement.

ARTICLE II
PURCHASE

Section 2.01 Purchase and Sale of Equity Interests. Subject to the terms and conditions set forth herein, at the Closing, the Company shall purchase and acquire from Hanf Co, and Hanf Co shall sell and transfer to the Company, the Equity Interests in exchange for the issuance of 7,778 Company Units (the "***Issued Company Units***") and $1,000,000 (the "***Cash Purchase Price***").

Section 2.02 Closing. Subject to the terms and conditions of this Agreement, the Purchase contemplated hereby shall take place remotely via the exchange of documents and signatures, at 1:00 p.m., on the date of this Agreement (the "***Closing Date***"), or at such other time and place as the Company, SGALF and Hanf Co mutually agree upon, orally or in writing (which time and place are designated as the "***Closing***").

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Section 2.03 Closing Deliverables.

(a) The Company shall adopt before the Closing an amended and restated limited liability company Operating Agreement in the form of **Exhibit A** attached to this Agreement (as amended and restated, the "***Operating Agreement***")

(b) At the Closing SGALF shall cause deliver or cause to be delivered to Hanf Co:

(i) the Cash Purchase Price, by wire transfer of immediately available funds to an account designated in writing by Hanf Co prior to the Closing Date;

(ii) a certificate representing the Issued Company Units in the name of Hanf Co;

(iii) the Mark Hanf Employment Agreement, duly executed by the Company; and

(iv) the Operating Agreement, duly executed by the Company and SGALF.

(c) At the Closing Hanf Co shall deliver to the Company:

(i) a certificate from Hanf Co, duly executed by Hanf Co, that in each case satisfies the requirements of Section 1445 of the Code and Treasury Regulation Section 1.1445-2(b), establishing that payments to Hanf Co are not subject to withholding under Section 1445 of the Code as a result of Hanf Co not being a "foreign person", in a form reasonably satisfactory to the Company and SGALF;

(ii) One or more assignments of the Equity Interests, duly executed by Hanf Co, that carries out an assignment and transfer of the Equity Interests owned by Hanf Co, free of Liens, and certificates evidencing such Equity Securities, endorsed to the Company;

(iii) the Operating Agreement, duly executed by Hanf Co;

(iv) the Mark Hanf Employment Agreement, duly executed by Hanf Co and the Company; and

(v) all other consents, certificates, documents, instruments and other items required to be delivered by Hanf Co or Hanf or an affiliated Person pursuant to the Transaction Documents.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF HANF CO

Hanf Co Parties, jointly and severally, hereby represent and warrant to SGALF and the Company, as of the date hereof, that, except as set forth in the Disclosure Schedules:

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Section 3.01 Authority, Execution and Delivery; Enforceability. Each Seller Party has full power and authority to enter into all Transaction Documents to which it is or is contemplated to be a party, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each Seller Party of the Transaction Documents to which it is, or is contemplated to be, a party and the consummation by such Seller Party of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or limited liability company action, as applicable. Each Seller Party has duly executed and delivered each Transaction Document to which it is, or is contemplated to be, a party, and each such Transaction Document, upon its execution and delivery, constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

Section 3.02 No Violation; Consents and Approvals. The execution and delivery by each Seller Party of this Agreement does not, the execution and delivery by such Seller Party of the Transaction Documents do not and the consummation of the transactions contemplated hereby and thereby and compliance by such Seller Party with the terms hereof and thereof will not, (a) conflict with, or result in any violation of or default (or an event which, with notice or lapse of time or both, would constitute a default) under, (i) the Organizational Documents of such Seller Party or (ii) any Law, or (b) conflict with, or result in any violation of or default (or an event which, with notice or lapse of time or both, would constitute a default) under, or give rise to any right of termination, cancellation or acceleration under, or result in the creation of any Lien (other than a Permitted Lien) upon any of the Company Units, under any Contract to which such Seller Party is a party or by which such Seller Party or any of its assets are bound. No approval from any Governmental Authority or third party is required to be obtained or made by or with respect to such Seller Party prior to the execution and delivery by such Seller Party of this Agreement and the Transaction Documents or prior to the consummation by such Seller Party of the transactions contemplated hereby and thereby.

Section 3.03 Title to Equity Interests. Hanf Co is the sole record and beneficial owner of, and has good and valid title, free and clear of all Liens (except Permitted Liens) to, all of the Equity Interests. Upon consummation of the transactions contemplated hereby, Hanf Co will sell and transfer good and valid title to the Equity Interests to the Company, free and clear of all Liens, other than Permitted Liens. Each Seller Party is not a party to any option, warrant, purchase right or other Contract or that could require such Seller Party to sell, transfer, or otherwise dispose of any Equity Interests (other than this Agreement) or that would prevent, impede, delay or affect such Seller Party's ability or right to consummate the transactions contemplated hereby. Such Seller Party is not a party to any voting trust, proxy or other Contract with respect to the voting or transfer of any Equity Interests.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES CONCERNING THE GROUP COMPANIES

Hanf Co Parties, jointly and severally, hereby represent and warrant to SGALF, as of the date hereof, that, except as set forth in the Disclosure Schedules:

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Section 4.01 Organization of the Group Companies.

(a) Each Group Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, which jurisdiction is set forth in **Section 4.01(a)** of the Disclosure Schedules. Each Group Company has full power and authority to enable it to own, lease or otherwise hold its properties and assets and to carry on its business in all material respects as presently conducted. Each Group Company is duly qualified and in good standing to do business in each jurisdiction in which the conduct or nature of its business or the ownership, leasing or holding of its properties makes such qualification necessary, as applicable, except where the failure to be in good standing or so qualified would not reasonably be expected to be material to the Group Companies. A true and complete list of the jurisdictions in which each Group Company is so qualified is set forth in **Section 4.01(a)** of the Disclosure Schedules.

(b) Hanf Co has delivered to SGALF prior to the date hereof true and complete copies of the Organizational Documents of each Group Company as of the date hereof.

Section 4.02 Capitalization.

(a) The Equity Interests represent (i) 100% of the issued and outstanding Equity Securities in PPMI, (ii) 100% of the issued and outstanding Equity Securities in PMMG, (iii) 33% of the issued and outstanding Equity Securities of NSCG and (iv) 60% of the issued and outstanding Equity Securities of PMC 25.13%, all of which have been duly authorized, are validly issued, and fully paid. Hanf Co is the record owner of and has good and valid title to the Equity Interests, free and clear of all Liens. Upon consummation of the transactions contemplated by this Agreement, the Company will own all of the Equity Interests, free and clear of all Liens.

(b) The Equity Interests were issued in compliance with applicable Laws. The Equity Interests were not issued in violation of the Organizational Documents of the Group Companies or any other agreement, arrangement or commitment to which Hanf Co or any Group Company is a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(c) Except for the Equity Interests, the Seller Parties do not own any Equity Securities in any of the Group Companies or obligating the Group Companies to issue or sell any Equity Securities in the Group Companies. Other than the Organizational Documents, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any Equity Securities.

(d) All of the Equity Interests are duly authorized, validly issued, fully paid and non-assessable, as applicable, and have been issued without violation of any Law, preemptive right or other right to purchase.

Section 4.03 PPMI Financial Statements. Complete copies of the consolidated financial statements of PPMI, consisting of (a) the balance sheet of PPMI as of December 31, 2019 and the related statements of income and retained earnings, stockholders' equity and cash flow for the years then ended (the "**Year End Financial Statements**"), and (b) the balance sheet of PPMI as of January 31, 2020 and the related statements of income and retained earnings, members' equity and cash flow for the one-month period then ended (the "**Interim Financial Statements**" and

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together with the Year End Financial Statements, the "**Financial Statements**") have been delivered to SGALF. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and the absence of notes (that, if presented, would not differ materially from those presented in the Financial Statements). The Financial Statements are based on the books and records of PPMI, and fairly present in all material respects the financial condition of PPMI as of the respective dates they were prepared and the results of the operations of PPMI for the periods indicated. The balance sheet of PPMI as of December 31, 2019 is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date.**" PPMI maintains a standard system of accounting established and administered in accordance with GAAP.

Section 4.04 Undisclosed Liabilities. The Group Companies have no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount. Except as set forth on **Section 4.04** of the Disclosure Schedules, none of the Group Companies has any Indebtedness.

Section 4.05 Absence of Certain Changes, Events and Conditions. Since the Balance Sheet Date, except as set forth on **Section 4.05** of the Disclosure Schedules, there has not been, with respect to any Group Company, any:

(a) amendment to such Group Company's Organizational Documents;

(b) split, combination or reclassification of any Equity Securities in any Group Company;

(c) issuance, sale or other disposition of, or creation of any Lien on, any Equity Securities in any Group Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any Equity Securities in any Group Company;

(d) declaration or payment of any distributions on or in respect of any Equity Securities in any Group Company, or redemption, purchase or acquisition of any of any Group Company's outstanding Equity Securities;

(e) material change in any method of accounting or accounting practice of any Group Company, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(f) entry into any Contract that would constitute a Material Contract;

(g) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current Liabilities incurred in the ordinary course of business consistent with past practice;

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(h) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;

(i) transfer, assignment or grant of any license or sublicense of any material rights under or with respect to any Group Company Intellectual Property or Group Company IP Agreements;

(j) material damage, destruction or loss (whether or not covered by insurance) to its property;

(k) any capital investment in, or any loan to, any other Person;

(l) acceleration, termination, material modification to or cancellation of any Contract (including, but not limited to, any Material Contract) to which any Group Company is a party or by which it is bound;

(m) any material capital expenditures;

(n) imposition of any Lien upon any of any Group Company's properties or assets, tangible or intangible;

(o) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, managers, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, manager, independent contractor or consultant;

(p) adoption, modification or termination of any: (i) material employment, severance, retention or other agreement with any current or former employee, officer, manager, independent contractor or consultant, (ii) Employee Benefit Plan or (iii) collective bargaining or other agreement with a union, in each case whether written or oral;

(q) any material loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its current or former stockholders, members, directors, managers, officers or employees;

(r) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(s) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

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(t) purchase, lease or other acquisition of the right to own, use or lease any property or assets, except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(u) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock or other equity of, or by any other manner, any business or any Person or any division thereof;

(v) action by a Group Company to make, change or rescind any Tax election, amend any Tax Return; enter into any "closing agreement;" extend or waive the statute of limitations period for the assessment or collection of any Tax; or adopt or change any material method of accounting for Tax purposes or annual accounting period in respect of Taxes other than as required by Law.

(w) any agreement to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.06 Material Contracts.

(a) **Section 4.06(a)** of the Disclosure Schedules sets forth a list of all of the following Contracts to which any Group Company is a party as of the date hereof or by which any Group Company or its respective assets are bound (each, a "***Material Contract***"):

(i) any Contract involving aggregate consideration in excess of $10,000 which cannot be cancelled by the applicable Group Company without penalty or without more than 30 days' notice;

(ii) all Contracts that relate to the acquisition or disposition of any business, a material amount of Equity Securities or assets of any other Person or any real property (whether by merger, sale of stock or other Equity Securities, sale of assets or otherwise);

(iii) except for Contracts relating to trade receivables, all Contracts relating to Indebtedness;

(iv) all employment agreements and agreements with independent contractors or consultants (or similar arrangements);

(v) all Contracts pursuant to which any Group Company has sold or acquired any Loans, may be required to purchase or repurchase any Loan, to the extent any outstanding obligations (contingent or otherwise) remain under such Contracts;

(vi) all Servicing Contracts;

(vii) all Contracts entered into in connection with any securitization vehicles;

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(viii) all Contracts that constitute or govern or provide credit support for a swap, cap, floor, collar, option, futures or forward Contract, foreign exchange Contract, currency swap, principal only trade, treasury trade, or other similar arrangement;

(ix) all Contracts with any Governmental Authority;

(x) all Contracts, commitments or arrangements containing any terms that (A) require any Group Company or any Affiliate thereof to do business with any Person on an exclusive basis and (B) limit in any respect the ability of any Group Company or any Affiliate thereof to engage in any line of business or in any geographical location or to compete with any business or Person;

(xi) any Contracts that provide for any joint venture, partnership or similar arrangement;

(xii) all Contracts between or among any Group Company on the one hand and Hanf Co or any Affiliate of Hanf Co (other than the Company) on the other hand;

(xiii) all leases, subleases or similar Contracts pursuant to which (A) Real Property is leased to or from any Group Company or (B) personal property is leased to or from any Group Company providing for payments in excess of $10,000 per year during the term of the lease;

(xiv) all of the Group Company IP Agreements;

(xv) any other Contract that is material to any Group Company and not previously disclosed pursuant to this **Section 4.06(a)**.

(b) Each Material Contract is valid and binding on a Group Company in accordance with its terms and is in full force and effect. No Group Company or any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been provided to SGALF.

Section 4.07 Title to Assets; Real Property.

(a) The Group Companies have good and valid title to all items of tangible personal property owned by the Group Companies or used or held for use in the business of the Group Companies, and a valid and enforceable right to use all material items of tangible personal property, leased by them in connection with the business of the Group Companies, in each case, free and clear of all Liens. The assets of the Group Companies are sufficient for the conduct of the business of the Group Companies in substantially the same manner as conducted by the Group Companies before the date hereof, consistent with past practice.

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(b) One of the Group Companies has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business. All such properties and assets (including leasehold interests) are free and clear of Liens.

(c) **Section 4.07(c)** of the Disclosure Schedules lists the street address of each parcel of Real Property leased by any Group Company. Hanf Co has delivered or made available to SGALF true, complete and correct copies of any leases affecting the Real Property. No Group Company is a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. There are no material Actions pending nor, to Seller's Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

Section 4.08 Intellectual Property.

(a) **Section 4.08(a)** of the Disclosure Schedules lists all (i) Group Company IP Registrations and (ii) Group Company Intellectual Property, including software, that are not registered but that are material to the business or operations of the Group Companies. All required filings and fees related to the Group Company IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Group Company IP Registrations are otherwise in good standing. Hanf Co has provided SGALF with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Group Company IP Registrations. The Group Companies rights in the Group Company Intellectual Property are valid, subsisting and enforceable. The Group Companies have taken all reasonable steps to maintain the Group Company Intellectual Property and to protect and preserve the confidentiality of all trade secrets included in the Group Company Intellectual Property, including requiring all Persons having access thereto to execute written non-disclosure agreements. The Group Companies are the sole and exclusive legal and beneficial, and with respect to the Group Company IP Registrations, record, owner of all right, title and interest in and to the Group Company Intellectual Property, and have the valid right to use all other Intellectual Property used in the current business or operations of the Group Companies, in each case, free and clear of Liens.

(b) **Section 4.08(b)** of the Disclosure Schedules lists all Group Company IP Agreements. Hanf Co has provided SGALF with true and complete copies of all such Group Company IP Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Group Company IP Agreement is valid and binding on one of the Group Companies in accordance with its terms and is in full force and effect. None of the Group Companies nor any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of or any intention to terminate, any Group Company IP Agreement.

(c) The consummation of the transactions contemplated hereunder will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Group Companies' right to own, use or hold for

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use any Intellectual Property as owned, used or held for use in the conduct of the business or operations of the Group Companies as currently conducted.

(d) The conduct of the business or operations of the Group Companies, and the products, processes and services of the Company, do not infringe, misappropriate, dilute or otherwise violate the Intellectual Property or other rights of any Person. No Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Group Company Intellectual Property.

(e) There are no Actions (including any oppositions, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by any Group Company; (ii) challenging the validity, enforceability, registrability or ownership of any Group Company Intellectual Property or any Group Company's rights with respect to any Group Company Intellectual Property; or (iii) by the Company or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of the Group Company Intellectual Property. No Group Company is subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or would restrict or impair the use of any Group Company Intellectual Property.

Section 4.09 Accounts Receivable. The accounts receivable reflected on the Balance Sheet and the accounts receivable arising after the Balance Sheet Date (a) have arisen from bona fide transactions entered into by the Company involving the rendering of services in the ordinary course of business consistent with past practice; and (b) constitute only valid, undisputed claims of the Company not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice.

Section 4.10 Insurance. The Group Companies maintain customary fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, directors' and officers' liability, fiduciary liability and other casualty and property insurance (collectively, the "**Insurance Policies**") and true and complete copies of such Insurance Policies have been made available to SGALF. Such Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. None of Hanf Co or the Group Companies have received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. All premiums due on such Insurance Policies have been paid in accordance with the payment terms of each Insurance Policy.

Section 4.11 Legal Proceedings; Governmental Orders. There are no Actions pending or, to Seller's Knowledge, threatened against or by any Group Company (or by or against Hanf Co or any Affiliate thereof and relating to any Group Company). There are no outstanding Governmental Orders and no unsatisfied Judgments, penalties or awards against or affecting any Group Company or Hanf Co or any of their properties or assets. There is no past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms or could reasonably be expected to form the basis for any Action against any Group Company.

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Section 4.12 Compliance With Laws; Permits.

(a) Each Group Company has complied in all material respects, and is now complying in all material respects, with all Laws applicable to it or its business, properties or assets. All Permits required for each Group Company to conduct its business have been obtained by the applicable Group Company and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full.

(b) **Section 4.12(b)** of the Disclosure Schedules lists all current Permits issued or granted to each Group Company, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any such Permit. The Group Companies have all Permits required under applicable Laws, or otherwise necessary to conduct their businesses as presently conducted, including the purchase, holding, origination, sale and securitization of the Loans and any state licenses in connection therewith in all material respects. Each Group Company has fulfilled and performed in all material respects its obligations under each of the Permits that it holds, and each of such Permits is valid, subsisting and in full force and effect. None of the Group Companies and Hanf Co has received any notice that a Group Company is in violation in any material respect of any of the terms or conditions of such Permits. No Action is pending or, to Seller's Knowledge, threatened, that would reasonably be expected to result in any revocation, suspension or limitation pertaining to any such Permit.

(c) None of the Group Companies, Hanf Co, or any of the Group Companies' Company's directors, managers, stockholders, members, officers, employees or agents have, directly or indirectly, made, offered, promised or authorized any payment or gift of any money or anything of value to or for the benefit of any "foreign official" (as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended), foreign political party or official thereof or candidate for foreign political office for the purpose of (i) influencing any official act or decision of such official, party or candidate, (ii) inducing such official, party or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority or (iii) securing any improper advantage, in the case of (i), (ii) and (iii) above in order to assist the any Group Company or any of its Affiliates in obtaining or retaining business for or with, or directing business to, any person. None of the Group Companies, Hanf Co, or any of the Group Companies' Company's directors, managers, stockholders, members, officers, employees or agents have made or authorized any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any Law.

(d) No Group Company is required to be registered as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended.

Section 4.13 Environmental Matters. No Group Company or Hanf Co has received any written notice or written communication from (a) a Governmental Authority, (b) the current or prior owner or operator of any properties or facilities leased by the Group Companies, or (c) any other Person that alleges that any Group Company is not in compliance with any Environmental Law. The Group Companies hold, and are in compliance with, all material Permits required for any Group Company to conduct its respective businesses under Environmental Laws, and are in

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compliance with all Environmental Laws. The Group Companies have not entered into or agreed to any Judgment and are not subject to any Judgment relating to compliance with any Environmental Law or to the investigation or cleanup of Hazardous Material. There have been not Releases of Hazardous Materials on, at or under any Real Property leased by any Group Company or any other property or facility formerly owned, leased or operated by any Group Company or any of their respective predecessors in violation of Environmental Laws.

Section 4.14 Employee Matters.

(a) To Seller's Knowledge, none of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any Judgment, decree or order of any court or administrative agency, that would materially interfere with such employee's ability to promote the interest of the Group Companies or that would conflict with the business or operations of the Group Companies. Neither the execution or delivery of the Transaction Documents, nor the carrying on of the Group Companies' business by the employees of the Group Companies, nor the conduct of the Group Companies' business as now conducted and as presently proposed to be conducted, will, to Seller's Knowledge, conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated.

(b) No Group Company is delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it to the date hereof or amounts required to be reimbursed to such employees, consultants, or independent contractors. Each Group Company has complied in all material respects with all applicable state and federal equal employment opportunity Laws and with other Laws related to employment, including those related to wages, hours, worker classification, and collective bargaining. Each Group Company has withheld and paid to the appropriate Governmental Authority or is holding for payment not yet due to such Governmental Authority all amounts required to be withheld from employees of such Group Company and is not liable for any arrears of Taxes, wages, penalties, or other sums for failure to comply with any of the foregoing.

(c) No employee of any Group Company intends to terminate employment with the Group Companies or is otherwise likely to become unavailable to continue as an employee, nor does any Group Company have a present intention to terminate the employment of any of the foregoing. Except as set forth in **Section 4.14(c)** of the Disclosure Schedules, the employment of each employee of the Group Companies is terminable at the will of the Company. Except as set forth in **Section 4.14(c)** of the Disclosure Schedules or as required by Law, upon termination of the employment of any such employees, no severance or other payments will become due. The Group Companies have no policy, practice, plan, or program of paying severance pay or any form of severance compensation in connection with the termination of employment services.

(d) **Section 4.14(d)** of the Disclosure Schedules sets forth each "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to ERISA) which is maintained, established or sponsored by any Group Company or an ERISA Affiliate, or which any Group Company or an ERISA Affiliate participates in or contributes to, or has an obligation to maintain or contribute to, or with respect to which any potential liability is borne by any Group

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Company or any of its ERISA Affiliates (collectively, the "***Employee Benefit Plans***"). The Group Companies have made all required contributions and have no liability to any Employee Benefit Plans, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and has complied in all material respects with all applicable Laws for (and the terms of) any Employee Benefit Plans.

(e) There are no Actions pending against or involving any Employee Benefit Plan (other than routine claims for benefits) or, to Seller's Knowledge or any ERISA Affiliate, threatened, which would reasonably be expected to be asserted successfully against any Employee Benefit Plan.

(f) No Group Company nor any ERISA Affiliate currently maintains or contributes to, or has at any time maintained or contributed to or been obligated to contribute to, any plan, program or arrangement covered by Title IV of ERISA or subject to Section 412 of the Code or Section 302 of ERISA.

(g) No Group Company is bound by or subject to (and none of their assets or properties is bound by or subject to) any written or oral, express or implied, Contract, commitment or arrangement with any labor union, and no labor union has requested or, to Seller's Knowledge, has sought to represent any of the employees, representatives or agents of any Group Company. There is no strike or other labor dispute involving any Group Company pending, or to Seller's Knowledge, threatened, nor is any Group Company aware of any labor organization activity involving its employees.

Section 4.15 Taxes.

(a) (i) all income Tax Returns and other material Tax Returns required to be filed by, or with respect to, any Group Company have been timely filed (taking into account extensions) and all such Tax Returns are true, correct and complete in all respects, (ii) all Taxes required to be paid by any Group Company (whether or not shown on any Tax Return) have been duly and timely paid, (iii) none of the Group Companies has been a "distributing corporation" or a "controlled corporation" in a distribution intended to qualify under Section 355(a) of the Code, and (iv) none of the Group Companies has participated in any "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4(b).

(b) There is no written Tax deficiency outstanding or assessed against any Group Company, nor has any Group Company either executed any waiver or extended any statute of limitations for the assessment or collection of any material Tax, which waiver or consent is still in effect and no such waiver or extension has been requested in writing from any Taxing Authority.

(c) No audit or other examination of any Tax Return of any Group Company by any Taxing Authority has occurred, and no such audit or examination is presently in progress, or, to Seller's Knowledge, has been threatened in writing.

(d) Each Group Company has complied in all respects with the Laws relating to the payment, collection and withholding of Taxes.

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(e) There are no Tax sharing, allocation or indemnification Contracts (other than Commercial Non-Tax Agreements) in effect as between any Group Company and any other party (other than a Group Company) under which such Group Company could be liable for any material Taxes. No Group Company has any material liability for the Taxes of any Person (other than a Group Company) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or non-U.S. Law), or as a transferee or successor. No Group Company is or has been a member of an affiliated group of corporations filing a consolidated U.S. federal income Tax Return.

(f) There are no Liens for Taxes (other than for Taxes not yet due or payable) upon any of the assets of a Group Company.

(g) No written claim has been made by any Taxing Authority in a jurisdiction where any Group Company does not file Tax Returns that such entity (as applicable) is or may be subject to taxation by that jurisdiction.

(h) No Group Company will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) "closing agreement" as described in Section 7121 of the Code (or any corresponding provision of state, local or non-U.S. Law) executed by any Company on or prior to the Closing Date; (ii) change in method of Tax accounting made by any Company on or prior to the Closing Date or use of an improper method of accounting for a taxable period (or portion thereof) ending on or before the Closing Date; (iii) installment sale made on or prior to the Closing Date outside the ordinary course of business; or (iv) prepaid amount received on or prior to the Closing Date outside the ordinary course of business.

(i) PPMI qualified as an S corporation within the meaning of Section 1361 and Section 1362 of the Code ("***S-Corporation***") at all times since its organization until it qualified as a qualified subchapter S subsidiary, within the meaning of Section 1361(b)(3) of the Code, of Hanf Co for U.S. federal and applicable state and local income Tax purposes. At all times since the date of its formation, Hanf Co has been a validly electing S-Corporation within the meaning of Section 1361 and Section 1362 of the Code and within the meaning of applicable state and local income Tax provisions. No event has occurred that would terminate Hanf Co's S-Corporation status. No Taxing Authority has challenged the effectiveness of these elections. Hanf Co has no potential liability for Taxes under Section 1374 of the Code (or any similar provision of non-U.S., state, or local Law).

(j) At all times since its formation, PMMG is and has been properly classified as an entity disregarded as separate from its owner for U.S. federal, state and local income Tax purposes. At all times since the date of its formation, NSCG is and has been properly classified as a partnership for U.S. federal, state and local income Tax purposes. At all times since the date of its formation, PMC is and has been classified as a domestic C corporation for U.S. federal, state and local income Tax purposes.

(k) Each Group Company is in material compliance with all transfer pricing Laws and regulations.

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(l) No item will be required to be included in the gross income of a Group Company pursuant to Section 451(b)(1)(A) of the Code earlier than the time such item would otherwise be required to be included for U.S. federal income tax purposes in the absence of Section 451(b)(1)(A) of the Code.

Section 4.16 Books and Records. The minute books of each Group Company have been made available to the Company and SGALF, are complete and correct and have been maintained in accordance with sound business practices. The minute books of each Group Company contain accurate and complete records of all meetings, and actions taken by written consent of, the members and the managers, and no meeting, or action taken by written consent, of any such members or managers has been held for which minutes have not been prepared and are not contained in such minute books.

Section 4.17 Affiliate Transactions. Except as set forth on **Section 4.17** of the Disclosure Schedules, (a) there are no Contracts or other transactions between any Group Company, on one hand, and Hanf Co, or any Affiliate of Hanf Co, any officer, director or employee of any Group Company or Persons in a similar capacity of such specified Persons, or any immediate family member of a Person described above (each, a "***Related Party***"), on the other hand, and (b) no Related Party owns any material tangible or intangible property that any Group Company is using in its business.

Section 4.18 Information Technology; Security and Privacy.

(a) All information technology and computer systems, including software, hardware, networks, interfaces, and related systems, relating to the transmission, storage, maintenance, processing or analysis of data and information, whether or not in electronic format, material to the conduct of the business of the Group Companies, taken as a whole, (collectively, "***Group Company IT Systems***") have been maintained in all material respects in accordance with prudent industry standards. All Group Companies have in place a disaster recovery program designed to provide for the regular back-up and recovery of the data and information material to the conduct of the business of the Group Companies without material adverse impact to the conduct of the business of the Group Companies, taken as a whole.

(b) All right, title and interest in and to the data included in any Group Company Intellectual Property and other information (including personal information regarding any Person) that is material to the business of the Group Companies, taken as a whole, and contained in any database used or otherwise maintained by an Group Company in any form or medium (collectively, the "***Group Company Data***") is owned, leased or licensed by such Group Company.

(c) There has not been any (i) material disruption, interruption, outage or continued substandard performance affecting any Group Company IT System in any material respect or (ii) any material incidents of physical or data security breaches or other material unauthorized use, access, interruption, modification or corruption of any Group Company IT System or any Group Company Data, or any material written complaints, notices to, or audits, proceedings or investigations conducted or claims asserted by any Person against any Group Company regarding any actual or alleged material security breach or other material unauthorized use, access, interruption, modification or corruption of any Group Company IT System.

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Section 4.19 Loans.

(a) Set forth in **Section 4.19(a)** of the Disclosure Schedules is a true and complete list of all Loans and securities owned by the Group Companies and PPMF as of the Business Day immediately preceding the date hereof. One of PPMF or the Group Companies is the only owner of, and has valid title to, each Loan in set forth in **Section 4.19(a)** of the Disclosure Schedules, free and clear of all Liens, except Permitted Liens. Except as set forth in **Section 4.19(a)**, no payment of principal or interest is more than sixty (60) days past due on any Loan owned by PPMF or any Group Company.

(b) With respect to each Loan originated or acquired by PPMF or the Group Companies: (i) the Loan File includes originals or true, correct and complete copies of all material documents (either in physical or electronic form) that are required in order for PPMF or the Group Companies to have such Loan serviced in accordance with prudent servicing standards, (ii) the Loan File has been kept by the custodian of PPMF or the Group Companies in the ordinary course of business by PPMF or the Group Companies, and (iii) the Loan File is accurate in all material respects.

(c) Each Loan is a first-priority or second-priority Lien mortgage loan, subject only to (i) the Lien of current real property Taxes, water charges, sewer rents, assessments and homeowner association dues and fees not yet due and payable, (ii) covenants, conditions and restrictions, rights of way, easements and other matters of public record, (iii) the exceptions (general and specific) and exclusions set forth in any loan title insurance policy or a comparable form of loan title insurance policy approved for use in the applicable jurisdiction (or, if such policy is yet to be issued, by a pro forma policy, a preliminary title policy with escrow instructions or a "marked up" commitment, in each case binding on the title insurer), (iv) other matters to which like properties are commonly subject, and (v) the rights of tenants (as tenants only) under leases (including subleases) pertaining to the related mortgaged property and condominium declarations; provided that none of which items (i) through (v) individually or in the aggregate, materially and adversely interferes with the security intended to be provided by such mortgage or the mortgagor's ability to pay its obligations when they become due.

(d) Except (i) as such enforcement may be limited by Laws affecting the enforcement of creditors' rights generally and general principles of equity and (ii) those certain provisions in such Loan Documents (including, without limitation, provisions requiring the payment of default interest, late fees or prepayment/yield maintenance fees, charges and/or premiums) that are, or may be, further limited or rendered unenforceable by or under applicable law, so long as (subject to the limitations set forth in clause (i) above) such limitations or unenforceability will not render such Loan Documents invalid as a whole or materially interfere with the mortgagee's realization of the principal benefits and/or security provided thereby, and (A) the Loan Documents pertaining to each Loan are enforceable in accordance with their terms, and (B) there is no valid offset, right of rescission, setoff, counterclaim or defense, including the defense of usury applicable to any, Loan or Loan Documents including, without limitation, any such valid offset, defense, counterclaim or right based on fraud by any Group Company in connection with the origination of the Loan, that would reasonably be expected to impair the mortgagee's ability to realize on the principal benefits intended to be provided by the Loan Documents.

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(e) None of PPMF or any Group Company has received any written notice from any Person that alleges a breach of any representation, warranty or covenant made by such Group Company with respect to any Loan for which a repurchase of, or any indemnity obligation relating to, such Loan could be required nor does there exist any such breach for which a repurchase of, or any indemnity obligation relating to, any Loan by PPMF or any Group Company may be required. None of PPMF or any of the Group Companies has repurchased any Loan originated or sold by it due to a breach of any representation, warranty or covenant by PPMF or any of the Group Companies.

(f) No offering memorandum, prospectus, registration statement or other offering document prepared or provided in connection with the offering of any securities of PPMF included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) Each Loan has been originated, underwritten and serviced in accordance with applicable Law in all material respects.

(h) No fraud with respect to any Loan has taken place on the part of PPMF or any Group Company, and, to Seller's Knowledge, on the part of the mortgagor or any third party involved in the solicitation, origination, underwriting or servicing of such Loan.

Section 4.20 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Hanf Co or any Group Company.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF SGALF

The SGALF hereby represents and warrants to the Company, as of the date hereof, that:

Section 5.01 Organization and Authority of SGALF. The SGALF is a limited partnership duly organized, validly existing and in good standing under the Laws of the state of Delaware. The SGALF has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which SGALF is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by SGALF of this Agreement and any other Transaction Document to which SGALF is a party, the performance by SGALF of its obligations hereunder and thereunder and the consummation by SGALF of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of SGALF. This Agreement has been duly executed and delivered by SGALF, and (assuming due authorization, execution and delivery by Hanf Co) this Agreement constitutes a legal, valid and binding obligation of SGALF enforceable against SGALF in accordance with its terms. When each other Transaction Document to which SGALF is or will be a party has been duly executed and delivered by SGALF (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document

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will constitute a legal and binding obligation of SGALF enforceable against it in accordance with its terms.

Section 5.02 No Conflicts; Consents. The execution, delivery and performance by SGALF of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of SGALF; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to SGALF; or (c) require the consent, notice or other action by any Person under any Contract to which SGALF is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to SGALF in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, except for such consents, approvals, Permits, Governmental Orders, declarations, filings or notices which, in the aggregate, would not have a Material Adverse Effect.

Section 5.03 Investment Purpose. The SGALF is acquiring the Equity Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. The SGALF acknowledges that the Equity Interests are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Equity Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

Section 5.04 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of SGALF.

Section 5.05 Sufficiency of Funds. The SGALF has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

Section 5.06 Legal Proceedings. There are no Actions pending or, to SGALF's knowledge, threatened against or by SGALF or any Affiliate of SGALF that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Section 5.07 The Company. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited liability company power and authority to (i) carry on its business as presently conducted and (ii) execute, deliver and perform its obligations under the Transaction Documents. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on the Company. Following the Purchase, SGALF will own 2,222 Company Units, representing 22.22% of the outstanding Company Units, and Hanf Co will own 7,778 Company Units, representing 77.78% of the outstanding Company Units.

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ARTICLE VI
COVENANTS

Section 6.01 Public Announcements. Neither Party nor any of its Affiliates or Representatives shall (orally or in writing) publicly disclose, issue any press release or make any other public statement, or otherwise communicate with the media, concerning the existence of this Agreement or the subject matter hereof, without the prior written approval of the other Party (which shall not be unreasonably withheld, conditioned or delayed), except if and to the extent that such Party (based upon the reasonable advice of counsel) is required to make any public disclosure or filing ("***Required Disclosure***") with respect to the subject matter of this Agreement (i) by applicable Law, (ii) pursuant to any rules or regulations of any securities exchange of which the securities of such Party or any of its Affiliates are listed or traded or (iii) in connection with enforcing its rights under this Agreement. In each case pursuant to clauses (i) or (ii) of this **Section 6.01**, the Party making any Required Disclosure shall consult with the other Party regarding the substance of the Required Disclosure and provide the other Party a reasonable opportunity (taking into account any legally mandated time constraints) to review and comment on the content of the Required Disclosure prior to its publication or filing. Each Party shall be liable for any failure of its Affiliates or Representatives to comply with the restrictions set forth under this **Section 6.01**.

Section 6.02 Further Assurances. Following the Closing, each of the Parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE VII
TAX MATTERS

Section 7.01 Tax Returns . The Company shall, at its expense, prepare or cause to be prepared and file or cause to be filed on a timely basis all Tax Returns of the Group Companies due after the Closing Date (other than with respect to PPMI, with respect to a taxable year ending on or prior the Closing Date). Any such Tax Returns that relate to Tax periods commencing on or before the Closing Date shall be prepared in a manner consistent with past practices employed with respect to the applicable Group Company unless otherwise required by applicable Law.

Section 7.02 Straddle Periods. For purposes of this Agreement, in the case of (i) Taxes such as real and personal ad valorem Taxes and other similar Taxes that are imposed on a periodic basis, the amount of such Taxes allocated to the portion of the Straddle Period ending on and including the Closing Date shall be the amount of such Taxes for the entire Straddle Period multiplied by the fraction the numerator of which is the number of days in the portion of the Straddle Period ending on the Closing Date, and the denominator of which is the number of days in the entire Straddle Period and (ii) Taxes (other than the Taxes described in clause (i)), the amount of such Taxes allocated to the portion of the Straddle Period ending on the Closing Date shall be deemed to be the amount of such Taxes which would be payable if the relevant Straddle Period ended on and included the Closing Date using a "closing of the books" methodology.

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Section 7.03 Certain Taxes and Fees. All transfer, documentary, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement shall be borne and paid by Hanf Co when due. Hanf Co will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable law, the Company will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

Section 7.04 Tax Indemnification. The Seller Parties shall, jointly and severally, indemnify each SGALF Indemnitee and hold them harmless from and against (a) any Loss attributable to any breach of or inaccuracy in any representation or warranty made in **Section 4.15**; (b) any Loss attributable to any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in **Article VII**; and (c) all Pre-Closing Taxes. In each of the above cases, together with any out-of-pocket fees and expenses (including attorneys' and accountants' fees) incurred in connection therewith.

Section 7.05 Overlap. To the extent that any obligation or responsibility pursuant to **Article VIII** may overlap with an obligation or responsibility pursuant to this **Article VII**, the provisions of this **Article VII** shall govern.

ARTICLE VIII
INDEMNIFICATION

Section 8.01 Survival. The representations and warranties contained herein shall survive the Closing and shall remain in full force and effect. All covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein.

Section 8.02 Indemnification By Hanf Co and Group Companies. Subject to the other terms and conditions of this **Article VIII**, the Seller Parties shall, jointly and severally, indemnify and defend the SGALF and its Affiliates and its respective Representatives (collectively, the "***SGALF Indemnitees***") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, any of the SGALF Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Seller Parties or the Group Companies contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Seller Parties pursuant to this Agreement; and

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Seller Parties or the Group Companies pursuant to this Agreement.

Section 8.03 Indemnification By SGALF. Subject to the other terms and conditions of this **Article VIII**, SGALF shall indemnify and defend the Seller Parties and the Group Companies and their respective Representatives (collectively, the "***Seller Indemnitees***") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

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(a) any inaccuracy in or breach of any of the representations or warranties of SGALF contained in this Agreement or in any certificate or instrument delivered by or on behalf of SGALF pursuant to this Agreement; and

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by SGALF pursuant to this Agreement.

Section 8.04 Indemnification Procedures. The Party making a claim under this **Article VIII** is referred to as the "***Indemnified Party***", and the Party against whom such claims are asserted under this **Article VIII** is referred to as the "***Indemnifying Party***".

(a) Direct Claims. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "***Direct Claim***") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure.

(b) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a Party or an Affiliate of a Party or a Representative of the foregoing (a "**Third Party Claim**") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure.

(c) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed).

ARTICLE IX
MISCELLANEOUS

Section 9.01 Expenses. All costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, whether or not the Closing shall have occurred; provided that upon the Closing, the Seller Parties shall reimburse SGALF for its reasonable attorney's fees and other expenses in connection with such Closing in an amount not to exceed $12,500.

Section 9.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee

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if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this **Section 9.02**):

if to SGALF, to:

Saluda Grade Alternative Lending & Fintech Growth Fund I LP
One Rockefeller Plaza Suite 1280
New York, NY 10020
Attn: Timothy Carr
Email: alfupdates@saludagrade.com

with a copy (which shall not constitute notice) to:

Dentons US LLP
1221 Avenue of the Americas
New York, NY 10020
Attention: Ilan Katz, Esq.
E- mail: ilan.katz@dentons.com

if to Hanf Co or Hanf, to:

Pacific Private Money Group LLC
1555 Grant Avenue
Novato, CA 94945
Attn: Mark Hanf
Email: mark@pacificprivatemoney.com

with a copy (which shall not constitute notice) to:

Nam Phan
1555 Grant Avenue
Novato CA 94945
E-mail: Nam@pacificprivatemoney.com

Section 9.03 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Schedules and Exhibits mean the Articles and Sections of, and Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto

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and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 9.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 9.05 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 9.06 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire agreement of the Parties with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

Section 9.07 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 9.08 No Third-Party Beneficiaries. Except as provided in **Section 7.04** and **Article VIII**, this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

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Section 9.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal Laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF DELAWARE IN EACH CASE LOCATED IN THE COUNTY OF TRAVIS AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 9.10(C)**.

Section 9.11 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 9.12 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PACIFIC PRIVATE MONEY GROUP LLC

By: _____
Name: Timothy Carr
Title: Authorized Representative

_____
Mark Hanf

PACIFIC CAPITAL FUNDING GROUP, INC.

By: _____
Name: Mark Hanf
Title: President

SALUDA GRADE ALTERNATIVE LENDING & FINTECH GROWTH FUND I LP

By: _____
Name: Timothy Carr
Title: CIO

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Mark Hanf

PACIFIC CAPITAL FUNDING GROUP, INC.

By: _____
Name: Mark Hanf
Title: President

SALUDA GRADE ALTERNATIVE LENDING & FINTECH GROWTH FUND I LP

By: _____
Name:
Title:

DISCLOSURE SCHEDULES

to

PURCHASE AGREEMENT

BY AND AMONG

PACIFIC PRIVATE MONEY GROUP LLC

MARK HANF

PACIFIC CAPITAL FUNDING GROUP, INC.

AND

SALUDA GRADE ALTERNATIVE LENDING & FINTECH GROWTH FUND I LP

DATED AS OF APRIL 30, 2020

Section 4.01 Organization of the Group Companies.

(a) Each Group Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, which jurisdiction is set forth in Section 4.01(a) of the Disclosure Schedules:

PPMI is a California corporation

PMMG is a Delaware limited liability company

NSCG is a California limited liability company

PMC is a California limited liability company

Each and all of the Group Companies are qualified to do business in California.

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Section 4.04 Undisclosed Liabilities

Pacific Private Money Inc. has unpaid invoices to Pacific Private Money Fund LLC representing the Fund's share of origination fees from funded and closed loans. As of April 30, 2020 this liability amounts to $268,854.

Section 4.05 Absence of Certain Changes, Events and Conditions

(r) – Entry into a new line of business:

Creation of the Pacific Freedom Fund LLC (Pacific Private Money Inc., manager) in March 2020 for the purpose of raising funds from high net worth investors and utilize as a warehouse line of credit for funding and closing loans that will be sold within 30 days. This was formed as a Regulation 506D(b) registration.

Section 4.06 Material Contracts.

[LIST]

(a) Section 4.06(a) of the Disclosure Schedules sets forth a list of all of the following Contracts to which any Group Company is a party as of the date hereof or by which any Group Company or its respective assets are bound (each, a "Material Contract"):

(i) any Contract involving aggregate consideration in excess of $10,000 which cannot be cancelled by the applicable Group Company without penalty or without more than 30 days' notice;

- Alfred Software Contract for creating a new Loan Origination Software system intended to replace The Mortgage Office

- The Mortgage Office Software License – existing loan origination software system used by PPM to originate and service loans

- Encompass Loan Origination Software (for Pacific Mortgage Capital to originate Non-QM loan files)

(ii) all Contracts that relate to the acquisition or disposition of any business, a material amount of Equity Securities or assets of any other Person or any real property (whether by merger, sale of stock or other Equity Securities, sale of assets or otherwise);

- **None**

(iii) except for Contracts relating to trade receivables, all Contracts relating to Indebtedness;

- **None**

(iv) all employment agreements and agreements with independent contractors or consultants (or similar arrangements);

- Real Estate Agent Agreements (6) attached

(v) all Contracts pursuant to which any Group Company has sold or acquired any Loans, may be required to purchase or repurchase any Loan, to the extent any outstanding obligations (contingent or otherwise) remain under such Contracts;

- Titan Funding

(vi) all Servicing Contracts;

- **415IT Service Contract (IT Admin)**
- **Aztech Leasing (copier)**

(vii) all Contracts entered into in connection with any securitization vehicles;

- **None**

(viii) all Contracts that constitute or govern or provide credit support for a swap, cap, floor, collar, option, futures or forward Contract, foreign exchange Contract, currency swap, principal only trade, treasury trade, or other similar arrangement;

- **None**

(ix) all Contracts with any Governmental Authority;

- **None**

(x) all Contracts, commitments or arrangements containing any terms that (A) require any Group Company or any Affiliate thereof to do business with any Person on an exclusive basis and (B) limit in any respect the ability of any Group Company or any Affiliate thereof to engage in any line of business or in any geographical location or to compete with any business or Person;

- **None**

(xi) any Contracts that provide for any joint venture, partnership or similar arrangement;

- **None**

(xii) all Contracts between or among any Group Company on the one hand and Hanf Co or any Affiliate of Hanf Co (other than the Company) on the other hand;

- **None**

(xiii) all leases, subleases or similar Contracts pursuant to which (A) Real Property is leased to or from any Group Company or (B) personal property is leased to or from any Group Company providing for payments in excess of $10,000 per year during the term of the lease;

- **1555 Grant Ave., Novato CA 94945 - Office Lease**
- **1680 Tiburon Blvd. – Office lease**

(xiv) all of the Group Company IP Agreements;

- **None**

(xv) any other Contract that is material to any Group Company and not previously disclosed pursuant to this Section 4.06(a).

- **None**

Section 4.07 Title to Assets; Real Property.

(c) Section 4.07(c) of the Disclosure Schedules lists the street address of each parcel of Real Property leased by any Group Company.

1555 Grant Ave., Novato CA 94945 (Main Office of Pacific Private Money)

1680 Tiburon Blvd. Tiburon, CA 94920 (Branch office of Pacific Private Money)

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Section 4.08 Intellectual Property.

(a) None.

(b) None.

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Section 4.12 Compliance With Laws; Permits.

(b) Section 4.12(b) of the Disclosure Schedules lists all current Permits issued or granted to each Group Company, including the names of the Permits and their respective dates of issuance and expiration.

For Pacific Private Money Inc.:

- California Dept of Real Estate Corporate Broker License number 01897444 issued April 13, 2019 expires April 12, 2023
- California Dept. of Business Oversight, California Finance Lender's license number 6054605 issued July 3, 2012; no expiration
- Mortgage Loan Originator Endorsement, license number 945582, issued January 2016, expires 12/31/2020

For Pacific Mortgage Capital LLC:

- California Dept. of Business Oversight, California Finance Lender's license – Applied for; not yet received
- Mortgage Loan Originator Endorsement– Applied for; not yet received

For Pacific Private Money Fund LLC:

- California Dept. of Business Oversight, California Finance Lender's license – Applied for; not yet received (this application is to streamline loan origination process and is not required for its current loan funding, purchasing and sales activities)

For North Star Capital Fund, LLC:

- California Dept. of Business Oversight, California Finance Lender's license – Applied for; not yet received (this is to enable the NSC Fund to originate certain construction loans for greater efficiencies)

Section 4.14 Employee Matters.

(c) Except as set forth in Section 4.14(c) of the Disclosure Schedules, the employment of each employee of the Group Companies is terminable at the will of the Company.

None

Except as set forth in Section 4.14(c) of the Disclosure Schedules or as required by Law, upon termination of the employment of any such employees, no severance or other payments will become due.

None

(d) Section 4.14(d) of the Disclosure Schedules sets forth each "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to ERISA) which is maintained, established or sponsored by any Group Company or an ERISA Affiliate, or which any Group Company or an ERISA Affiliate participates in or contributes to, or has an obligation to maintain or contribute to, or with respect to which any potential liability is borne by any Group Company or any of its ERISA Affiliates (collectively, the "Employee Benefit Plans"). The Group Companies have made all required contributions and have no liability to any Employee Benefit Plans, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and has complied in all material respects with all applicable Laws for (and the terms of) any Employee Benefit Plans.

None

Section 4.17 Affiliate Transactions

None.

Section 4.19 Loans.

(a) Set forth in Section 4.19(a) of the Disclosure Schedules is a true and complete list of all Loans and securities owned by the Group Companies and PPMF as of the Business Day immediately preceding the date hereof. One of PPMF or the Group Companies is the only owner of, and has valid title to, each Loan in set forth in Section 4.19(a) of the Disclosure Schedules, free and clear of all Liens, except Permitted Liens. Except as set forth in Section 4.19(a), no payment of principal or interest is more than sixty (60) days past due on any Loan owned by PPMF or any Group Company.

See Attached.

Pacific Private Money Inc.

Loan Portfolio Aging at 04/16/2020

Loan number	Borrower	Fund	Principal Balance	Fund Share	Note Rate	Maturity Date	Payment	LTV	Property Street	Current	30 Days	60 Days	90 Days	120 + Days
2019-0705	REDACTED	PPMF	$1,227,000.00	$85,292.28	11.00%	9/1/2020	$16,747.50	75.2%	REDACTED	$16,747.50				
2020-0330		PPMF	$125,000.00	$125,000.00	12.00%	11/1/2020	$1,250.00	79.8%		$1,250.00				
2018-1220		PPMF	$3,323,000.00	$3,323,000.00	10.00%	2/1/2020	$25,886.12	53.8%		$25,886.12				
2018-1128		PPMF	$2,162,501.27	$496,555.97	9.75%	2/1/2049	$22,618.48	65.0%		$22,618.48				
2018-0123		PPMF	$124,200.00	$124,200.00	9.00%	3/1/2021	$931.50	72.0%		$931.50				
2019-0717		PPMF	$160,000.00	$160,000.00	9.00%	9/1/2021	$1,200.00	32.0%		$1,200.00				
2019-0716		PPMF	$600,000.00	$600,000.00	11.00%	2/1/2020	$5,500.00	52.8%		$5,500.00				
2015-0709X		PPMF	$953,201.15	$953,201.15	9.25%	11/1/2018	$7,347.59	80.0%		$7,347.59				
2017-0216		PPMF	$297,500.00	$297,500.00	9.90%	4/1/2019	$2,454.38	68.4%		$2,454.38				
2015-1202		PPMF	$47,866.63	$47,866.63	9.99%	4/1/2021	$749.25	66.7%		$749.25				
2015-0919X		PPMF	$225,000.00	$225,000.00	10.90%	3/1/2018	$2,043.75	61.0%		$2,043.75				
2017-0622		PPMF	$100,000.00	$100,000.00	10.25%	8/1/2019	$854.17	66.1%		$854.17				
2014-1020		PPMF	$340,000.00	$340,000.00	12.00%	11/1/2017	$3,400.00	65.0%		$3,400.00				
2018-0703		PPMF	$630,000.00	$630,000.00	8.99%	2/1/2020	$4,719.75	81.3%		$4,719.75				
2017-1014		PPMF	$759,008.26	$299,608.52	11.00%	12/1/2019	$6,966.67	70.9%		$6,966.67				
2017-1003		PPMF	$180,000.00	$180,000.00	12.00%	11/1/2019	$1,800.00	60.0%		$1,800.00				
2017-0531		PPMF	$304,196.77	$304,196.77	9.88%	7/1/2020	$2,542.37	65.0%		$2,542.37				
2018-0616		PPMF	$90,000.00	$90,000.00	9.00%	2/1/2020	$675.00	18.6%		$675.00				
2018-0608		PPMF	$500,000.00	$250,000.00	8.50%	8/1/2020	$3,541.67	12.9%		$3,541.67				
2017-0725		PPMF	$425,000.00	$25,000.00	8.50%	4/1/2020	$3,102.43	53.2%		$3,102.43				
2020-0314		PPMF	$1,100,000.00	$1,100,000.00	10.00%	4/1/2021	$9,166.67	55.0%		$9,166.67				
2020-0108		PPMF	$365,000.00	$365,000.00	9.00%	2/1/2021	$2,737.50	12.1%		$2,737.50				
2019-0902		PPMF	$538,000.00	$100,000.00	9.99%	10/1/2021	$4,478.85	65.1%		$4,478.85				
2020-0219		PPMF	$2,682,000.00	$2,682,000.00	9.50%	3/1/2021	$21,232.50	71.5%			$21,232.50			
2020-0126		PPMF	$335,000.00	$335,000.00	10.00%	9/1/2021	$2,791.67	55.8%			$2,791.67			
2019-0711		PPMF	$445,000.00	$195,000.00	9.00%	9/1/2022	$3,337.50	53.3%			$3,337.50			
2019-0912		PPMF	$325,000.00	$325,000.00	9.88%	11/1/2021	$2,674.48	22.1%			$2,674.48			
2017-1113		PPMF	$700,000.00	$700,000.00	10.50%	3/1/2020	$5,381.25	56.0%			$5,381.25			
2020-0111		PPMF	$500,000.00	$500,000.00	10.00%	8/1/2020	$4,166.67	84.0%			$4,166.67	$4,166.67		
2019-1108		PPMF	$1,087,850.00	$1,087,850.00	10.50%	11/1/2021	$2,081.19				$2,081.19	$2,081.19		
2018-0719		PPMF	$624,805.50	$312,402.75	9.90%	9/1/2019	$5,156.25	78.1%			$5,156.25	$5,156.25		
2018-0910		PPMF	$715,000.00	$250,000.00	9.50%	11/1/2020	$5,660.42	55.0%			$5,660.42	$5,660.42		
2019-0602		PPMF	$600,000.00	$600,000.00	10.00%	8/1/2021	$5,000.00	42.9%			$5,000.00	$5,000.00	$5,000.00	
2019-1020		PPMF	$850,000.00	$50,000.00	10.75%	1/1/2022	$7,614.58	60.7%			$7,614.58	$7,614.58	$7,614.58	
2019-0405		PPMF	$380,000.00	$380,000.00	10.00%	5/1/2020	$3,166.67	75.8%			$3,166.67	$3,166.67	$3,166.67	
2019-1017		PPMF	$2,805,000.00	$2,805,000.00	10.00%	12/1/2020	$23,375.00	43.2%			$23,375.00	$23,375.00	$23,375.00	
2014-1018		PPMF	$305,000.00	$305,000.00	11.00%	1/1/2020	$2,795.83	71.8%			$2,795.83	$2,795.83	$2,795.83	$2,795.83
2017-0425X		PPMF	$868,905.25	$868,905.25	9.25%	11/1/2018	$6,697.81	49.7%			$6,697.81	$6,697.81	$6,697.81	$6,697.81
2019-0614		PPMF	$500,000.00	$500,000.00	10.00%	7/1/2021	$4,166.67	71.4%			$4,166.67	$4,166.67	$4,166.67	$4,166.67
2015-0807X		PPMF	$1,166,789.20	$1,166,789.20	9.25%	11/1/2018	$8,994.00	80.0%			$8,994.00	$8,994.00	$8,994.00	$8,994.00
2018-1024		PPMF	$480,000.00	$480,000.00	10.00%	11/1/2019	$4,000.00	80.0%			$4,000.00	$4,000.00	$4,000.00	$4,000.00
2019-0809		PPMF	$90,000.00	$90,000.00	9.00%	9/1/2020	$675.00	14.8%			$675.00	$675.00	$675.00	$675.00
2018-0627		PPMF	$99,403.92	$99,403.92	10.00%	8/1/2020	$916.67	54.0%			$916.67	$916.67	$916.67	$1,833.34
2018-0912		PPMF	$975,000.00	$975,000.00	10.00%	10/1/2020	$2,916.67	74.1%			$2,916.67	$2,916.67	$2,916.67	$8,750.01
2017-0727X		PPMF	$900,000.00	$900,000.00	9.90%	9/1/2018	$7,425.00	46.7%			$7,425.00	$7,425.00	$7,425.00	$22,275.00
2019-0228		PPMF	$1,000,000.00	$1,000,000.00	10.00%	4/1/2020	$7,083.33	70.8%			$7,083.33	$7,083.33	$7,083.33	$28,333.32
2018-1211		PPMF	$460,000.00	$460,000.00	10.00%	1/1/2020	$3,833.33	84.0%			$3,833.33	$3,833.33	$3,833.33	$15,333.32
2019-0117		PPMF	$700,000.00	$700,000.00	9.90%	3/1/2021	$5,775.00	52.6%			$5,775.00	$5,775.00	$5,775.00	$34,650.00
2018-0110X		PPMF	$250,000.00	$250,000.00	9.90%	2/1/2019	$2,062.50	58.9%			$2,062.50	$2,062.50	$2,062.50	$14,437.50
2018-1111		PPMF	$622,000.00	$622,000.00	10.00%	12/1/2019	$3,750.00	69.2%			$3,750.00	$3,750.00	$3,750.00	$26,250.00
2017-0920X		PPMF	$480,000.00	$480,000.00	10.00%	10/1/2018	$4,000.00	37.1%			$4,000.00	$4,000.00	$4,000.00	$32,000.00
2018-0210		PPMF	$407,000.00	$407,000.00	10.50%	4/1/2020	$3,561.25	10.2%			$3,561.25	$3,561.25	$3,561.25	$32,051.25

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Pacific Private Money Inc.

Loan Portfolio Aging at 04/16/2020

Loan number	Borrower	Fund	Principal Balance	Fund Share	Note Rate	Maturity Date	Payment	LTV	Property Street	Current	30 Days	60 Days	90 Days	120 + Days
2015-0523	REDACTED	PPMF	$123,658.87	$123,658.87	12.00%	7/1/2020	$1,285.77	53.2%	REDACTED		$1,285.77	$1,285.77	$1,285.77	$12,857.70
2013-0729		PPMF	$179,899.72	$179,899.72	11.00%	6/1/2017	$1,649.08	29.8%			$1,649.08	$1,649.08	$1,649.08	$16,490.80
2017-1115X		PPMF	$1,260,000.00	$1,260,000.00	9.00%	11/1/2018	$9,450.00	62.0%			$9,450.00	$9,450.00	$9,450.00	$113,400.00
2017-0811		PPMF	$300,000.00	$300,000.00	8.50%	10/1/2020	$1,239.58	42.7%			$1,239.58	$1,239.58	$1,239.58	$17,354.12
2016-0216		PPMF	$682,907.89	$682,907.89	10.50%	3/1/2018	$875.00	54.0%			$875.00	$875.00	$875.00	$24,500.00

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

PACIFIC PRIVATE MONEY GROUP LLC

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (the "**Agreement**") of PACIFIC PRIVATE MONEY GROUP LLC, a Delaware limited liability company (the "**Company**"), is entered into as of the 30th day of April, 2020, by and between Saluda Grade Alternative Lending & Fintech Growth Fund I LP, A Delaware Limited Partnership ("**SGALF**") and Pacific Capital Funding Group, Inc., a California corporation ("**Hanf Co**") and each other Person who is or becomes a party to this Agreement, as the Members.

WHEREAS, the Company was formed on April 14, 2020 pursuant to and in accordance with the LLC Law pursuant to the Certificate of Formation;

WHEREAS, SGALF previously entered into a Limited Liability Company Agreement with respect to the Company on April 14, 2020 (the "**Original Agreement**") and which it desires to amend and replace in its entirety as described herein; and

WHEREAS, each of the Members has contributed to the capital of the Company the money required to be contributed under SECTION 4.01 and listed on Schedule B and issued the Units in the Company described on Schedule B to this Agreement or will provide to the Company the services set forth on Schedule C to this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereafter set forth and for all good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, each Member agrees as follows:

ARTICLE I
CERTAIN DEFINITIONS

SECTION 1.01 Definitions. Capitalized terms used and not otherwise defined in this Agreement have the meanings ascribed to them in Exhibit A hereto.

ARTICLE II
GENERAL PROVISIONS

SECTION 2.01 Formation. The Company was formed on April 14, 2020, pursuant to and in accordance with the LLC Law.

SECTION 2.02 Name. The name of the Company is Pacific Private Money Group LLC.

SECTION 2.03 Term. The term of the Company commenced on the date the Certificate of Formation was filed in the office of the Secretary of State of Delaware, and shall continue until terminated as provided in Article XII.

SECTION 2.04 Registered Agent and Registered Office. The registered office of the Company required by the LLC Law to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Company's Certificate of Formation or such other office (which need not be a place of business of the Company) as the Board of Managers may designate in the manner provided by applicable law. The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Company's Certificate of Formation or such other Person or Persons as the Board of Managers may designate in the manner provided by applicable law. The Company may have such offices or places of business as the Board of Managers may designate.

SECTION 2.05 Purposes. The purpose of the Company is to engage in any lawful act or activity for which limited liability companies may be organized under the LLC Law.

SECTION 2.06 Fiscal Year. The fiscal year of the Company shall end on December 31 of each year except as otherwise required by the Code or the Regulations (each, a "**Fiscal Year**").

SECTION 2.07 Nature of Relationship. The relationship between the Members shall be limited to the carrying on of the business of the Company in accordance with the terms of this Agreement. Such relationship shall be construed and deemed to be a limited liability company for the sole and limited purpose of carrying on such business. Except as otherwise provided for, or contemplated in, this Agreement, nothing herein shall be construed to create a partnership or any other relationship between the Members or to authorize any Member to act as an agent for any other Member.

ARTICLE III
UNITS

SECTION 3.01 Authorization of Units. The membership interests in the Company shall be represented by the Units. The Units shall have the rights, powers, preferences and restrictions and be subject to terms and conditions as provided herein. Except as otherwise determined by the Board of Managers, Units shall not be certificated. The Members agree that the Units shall be deemed "securities" for purposes of the Uniform Commercial Code of the State of Delaware. The Members agree that the Units issued to SGALF and Hanf Co shall be deemed "Class A Units."

SECTION 3.02 Additional Issuances of Units. The Board of Managers shall be authorized to issue additional Units and additional classes of Units hereunder and admit additional Members to the Company, subject to the other provisions of this Agreement, including SECTION 5.07. In connection with the addition of any new Member, the Board of Managers will give due regard to any amendment or restatement that needs to be made to this Agreement in connection with the admission of such new Member.

ARTICLE IV

MEMBERS

SECTION 4.01 Capital Contributions. Each of the Members has made (or is deemed to have made) contributions to the capital of the Company in the form of cash or other property, including intangible property, as is set forth in the records of the Company.

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SECTION 4.02 Members. The Members' membership interest in the Company shall be represented by the Units held by such Member. The name and the address of each Member and their respective Sharing Percentages and Units held are set forth in Exhibit B, as the same may be amended from time to time.

SECTION 4.03 Liability of Members. No Member or any member, officer, agent, representative, partner, trustee, shareholder, director, employee, incorporator or organizer of any Member, will be liable for the debts, obligations and liabilities of the Company, any Affiliate or Subsidiary of the Company, or any other Member, whether arising in contract, tort or otherwise, which debts, obligations and liabilities shall be solely the debts, obligations and liabilities of the Company, any Affiliate or Subsidiary of the Company or such other Member, as applicable. Except as otherwise expressly provided in the LLC Law, the liability of each Member shall be limited to the amount of capital contributions, if any, made (or deemed made) by such Member in accordance with the provisions of this Agreement.

SECTION 4.04 Additional Contributions. No Member shall be required to make additional capital contributions to the Company.

SECTION 4.05 Return of Capital Contributions. The Members shall not receive their respective capital contributions, and no distribution shall constitute a return or repayment of a capital contribution, except pursuant to SECTION 10.08, or with the consent of the Board of Managers.

SECTION 4.06 Loans. No Member may, at any time, make or cause a loan to be made to the Company without the prior written consent of the Board of Managers.

SECTION 4.07 Services Provided. Members or their officers, directors, shareholders, members or employees may provide certain services to the Company upon the agreement of by a Supermajority Vote of the Managers.

SECTION 4.08 Issuance of Additional Units. If the Company issues any Units to any Person (other than pursuant to a Permitted Issuance) during the twelve (12) month period commencing on the date of this Agreement at a price per Unit below $935.14, the Company will simultaneously issue additional Units to SGALF (without any additional capital contribution) to cause SGALF to own the number of Units that it would have owned on the date of this Agreement if SGALF had paid such lower price for each of its Units and based on its total actual capital contribution of $2,000,000.

MANAGEMENT OF THE COMPANY

SECTION 5.01 Authority of the Board of Managers. The overall management and control of the Company shall be vested in the Board of Managers (the "**Board of Managers**"), which shall make all decisions and is authorized to take any action of any kind and to do anything and everything it reasonable deems necessary in connection with the business of the Company. The Board of Managers may delegate authority to officers appointed by it in accordance with the provisions set forth below. No Member is an agent of the Company solely by virtue of being a Member and no Member has authority to act for, represent or bind the Company without the Board

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of Managers expressly granting such authority. This SECTION 5.01 supersedes any authority granted to the Members pursuant to Section 18-401 of the LLC Law. Except as otherwise provided herein, any Member who purports to act for, represent or bind the Company in violation of this SECTION 5.01 shall be solely and personally responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company and the other Members harmless with respect to the loss or expense.

SECTION 5.02 Board of Managers; Classes and Term of Office.

(a) From and after the date of this Agreement and until the provisions of this SECTION 5.02 shall cease to be effective, as provided herein, each Member shall vote or cause to be voted, all Units and any other voting securities of the Company over which such Member has beneficial ownership or voting control and shall take all other necessary or desirable actions within its control (whether in its capacity as a unitholder, manager, officer, member of the Board of Managers or otherwise and including, without limitation, attendance at meetings in person or by proxy for purposes of obtaining a quorum and execution of written consents in lieu of meetings), and the Company shall take all necessary and desirable actions within its control (including, without limitation, calling special board and member meetings), so that the number of managers which shall constitute the entire Board of Managers of the Company (such Persons, the "**Managers**") shall be five (5) Managers.

(b) The following Persons shall at all times constitute the members of the Board of Managers (and any committee thereof, if any) and shall be elected as the Board of Managers at each annual meeting of the Members of the Company:

(i) Two (2) Persons shall be designated by SGALF as Managers (the "**SGALF Designees**"), who shall initially be Timothy Carr and Ryan Craft; *provided, however*, that in the event less than two (2) Persons have been designated pursuant to this SECTION 5.02(b)(i), then any Persons who have been designated shall have two (2) votes allocated among them.

(ii) Two (2) Persons shall be designated by **Hanf Co** as Managers (the "**Hanf Co Designees**"), who shall initially be Mark Hanf and Hoainam Chu Phan; *provided, however*, that in the event less than two (2) Persons have been designated pursuant to this SECTION 5.02(b)(ii), then any Persons who have been designated shall have two (2) votes allocated among them.

(iii) One (1) Person, who shall be mutually designated by SGALF and Hanf Co as a Manager. Until such Person is be mutually designated by SGALF and Hanf Co, this Manager position shall remain vacant.

(c) The removal from the Board of Managers or any committee thereof (with or without cause) of any representative designated hereunder by any Person or group of Persons at any time while such Person or group shall be entitled to serve on, or designate a representative to serve on, the Board of Managers or any committee thereof, under SECTION 5.02(b)(i), SECTION 5.02(b)(ii) or SECTION 5.02(b)(iii) shall only be at such Person's or group's written request.

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(d) If any representative designated hereunder by any Person or group for any reason ceases to serve as a member of the Board of Managers during his or her term of office at any time while such Person or group shall be entitled to serve on, or designate a representative to serve on, the Board of Managers or any committee thereof, under clause SECTION 5.02(b)(i), SECTION 5.02(b)(ii) or SECTION 5.02(b)(iii), the resulting vacancy shall be filled by a representative designated by such Person or group, as provided hereunder.

(e) Each Manager shall devote such time to the business and affairs of the Company as is necessary to carry out his or her duties set forth in this Agreement. Except as otherwise expressly provided in SECTION 8.02, nothing in this Agreement shall be deemed to restrict in any way the rights of the Members, as members of the Board of Managers or as Members, to conduct any other business or activity whatsoever, and no Member shall be accountable to the Company or to any other Member with respect to that business or activity.

(f) The Company will maintain at all times directors' and officers' liability insurance coverage for each of the members of the Board of Managers in amounts satisfactory to the Board of Managers; *provided, however*, that the Company shall not be obligated to purchase or maintain such insurance in the event the Board of Managers agrees that reasonable terms and pricing are not commercially available.

SECTION 5.03 Meetings.

(a) Regular Meetings. Regular meetings of the Board of Managers shall be held at such times and places as the Board of Managers shall from time to time determine.

(b) Special Meetings. Special meetings of the Board of Managers shall be held whenever called by any Manager at such times and places as the Board of Managers shall from time to time determine. Any and all business may be transacted at a special meeting that may be transacted at a regular meeting of the Board of Managers.

(c) Location of Meetings. The Board of Managers may hold its meetings at such place or places as the Board of Managers may from time to time by resolution determine or as shall be designated in the respective notices or waivers of notice thereof.

(d) Notices of Meetings. Notices of regular meetings of the Board of Managers or of any adjourned meeting shall be given at least one week prior to such meeting, unless otherwise agreed by each Manager at the prior meeting; provided that shorter notice may be provided, but in no event less than twenty four (24) hours in advance of the meeting, under exigent circumstances. Notices of special meetings of the Board of Managers, or of any meeting of any committee of the Board of Managers that has not been fixed in advance as to time and place by such committee, shall be mailed by the Secretary or an assistant Secretary, if any, or the President if there is no Secretary or Assistant Secretary, to each Manager, addressed such Manager's residence or usual place of business, so as to be received at least two (2) business days before the day on which such meeting is to be held, or shall be sent to a Manager by e-mail or other form of recorded communication so as to be received not later than two (2) business days before the day on which such meeting is to be held. Such notice shall include the purpose, the time and place of such meeting; provided that under exigent circumstances, such notice must be received at least

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twenty four (24) hours before the meeting. However, notice of any such meeting need not be given to any Manager if such notice is waived by such Manager in writing or by e-mail or other form of recorded communication, whether before or after such meeting shall be held, or if such Manager shall be present at such meeting.

(e) Action by Communication Equipment. The Board of Managers may participate in a meeting of the Board of Managers by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting and such notice provide instructions for participating in such meeting by conference telephone or similar communications equipment.

(f) Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Managers, or of any committee thereof, may be taken without a meeting if all of the members of the Board of Managers required to effect any such action consent thereto in writing, and such writing is filed with the minutes of the proceedings of the Board of Managers or such committee.

(g) Organization. Mark Hanf, or another nominee of Hanf Co shall act as Chairman at each meeting of the Board of Managers for so long as he is a Member.

(h) Compensation. Managers shall not receive any stated salary for their services as Managers, but Managers who are not also employees of the Company shall be reimbursed by the Company for all reasonable documented out-of-pocket expenses incurred for or on behalf of the Company or in attending meetings of the Board of Manager.

SECTION 5.04 Quorum. At all meetings of the Board of Managers, a majority of the Managers shall be required to constitute a quorum for the transaction of business, which majority must include at least one (1) SGALF Designee and at least one (1) Hanf Co Designee. In the absence of a quorum at any such meeting or any adjournment or adjournments thereof, a majority of the Managers present in person or by proxy and entitled to vote thereat, may reschedule such meeting from time to time until the Managers requisite for a quorum, as aforesaid, be present in person or by proxy. At any such rescheduled meeting at which a quorum may be present, any business may be transacted that might have been transacted at the meeting as originally called.

SECTION 5.05 Order of Business. The order of business at each meeting of the Board of Managers shall be determined by the members of the Board of Managers.

SECTION 5.06 Voting. Any vote of the Board of Managers may be given at any meeting of the Board of Managers by the Managers entitled to vote thereat, either in person or by proxy, appointed by an instrument in writing, delivered to the Secretary or an Assistant Secretary of the Company or the secretary of the meeting, or by execution of a written consent signed in accordance with SECTION 5.03(f) above. The attendance at any meeting of a Manager who had theretofore given a proxy shall not have the effect of revoking same unless he or she shall, in writing, so notify the secretary of the meeting prior to the voting of the proxy. At all meetings of the Board of Managers, all matters shall be decided by a vote of at least a majority of the Managers who are present, either in person or by proxy, and entitled to vote thereat, a quorum being present, unless

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the vote or consent of a greater number of Members is required by law or this Agreement, *provided, however*, that the actions to be taken by the Board of Managers of the type referred to or in respect of the matters described in SECTION 5.07 must be approved by a Supermajority Vote of the Managers.

SECTION 5.07 Actions Requiring Supermajority Vote of the Managers. The Company and each Member hereby covenants and agrees that, notwithstanding any other provision of this Agreement to the contrary, the Board of Managers shall not consent to, authorize or vote for, any of the following events or actions, unless such has been approved by a Supermajority Vote of the Managers:

(a) The incurrence by the Company after the date hereof of indebtedness for borrowed money or the imposition of any liens securing indebtedness for borrowed money in excess of $1,000,000;

(b) The application of any assets of the Company to redemption, retirement, purchase or other acquisition, directly or indirectly, of any units of capital equity of the Company;

(c) The authorization of a new class or series of capital equity of the Company which ranks senior to the Units, either as to the right to receive proceeds of the sale, liquidation, dissolution or winding up of the Company, the payment of distributions, or both;

(d) Hiring, terminating, or changing the compensation of the executive officers of the Company or any Subsidiary of the Company, other than any annual salary increases or annual bonus payments that are implemented in the ordinary course of business consistent with past practice;

(e) Any change the principal business of the Company or any Subsidiary of the Company, enter new lines of business, or exit the current line of business;

(f) Any issuance of additional Units or equity interests in the Company;

(g) Making, or permitting any Subsidiary of the Company, to make, any investment inconsistent with any investment policy approved by the Board of Managers;

(h) Any Transfer of Units or admission of any new Member (except in connection with Transfers to Immediate Family Members or Permitted Transferees):

(i) Any amendment to the Certificate of Formation;

(j) Any Liquidity Event;

(k) Any decision not to pursue a business opportunity pursuant to SECTION 7.02;

(l) Any appointment of a liquidator pursuant to SECTION 13.01.

(m) The dissolution of the Company;

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(n) The conversion of the Company into a corporation or other form of entity or any initial public offering of the securities of the Company; or

(o) The entry into any contract, agreement or arrangement (including any employment relationship) with any Affiliate of a Member or a Manager.

SECTION 5.08 Books and Records. The Board of Managers shall keep or cause to be kept complete and accurate books of account and records with respect to the Company's business and the businesses of any Subsidiaries of the Company. The Board of Managers shall at all times maintain the books of the Company. The Members and their duly authorized representatives shall have the right to examine the books, records and documents of the Company and any Subsidiaries of the Company during normal business hours and to inspect the property of the Company at reasonable times. The Company's and any Subsidiaries of the Company's independent auditors shall be an independent public accounting firm selected by the Board of Managers.

SECTION 5.09 Officers.

(a) The Board of Managers may appoint one or more officers of the Company (the "**Officers**") who shall have the rights and obligations hereinafter set forth in this Section subject, in each case, to the supervision and authority of the Board of Managers and the other terms and conditions of this Agreement. Each Officer shall serve at the pleasure of the Board of Managers and may be removed by the Board of Managers with or without cause at any time. Each Officer shall serve until his or her successor is duly appointed and qualified or his or her earlier death, incompetence, resignation or removal. Any number of offices may be held by the same individual.

(i) *President*: Unless the Board of Managers shall otherwise determine, the President shall serve as the chief operating officer of the Company and shall be responsible for the day-to-day operations of the Company reporting to and under the supervision of the Board of Managers and shall have such other duties as may from time to time be designated by the Board of Managers. The initial President shall be Hanf Co.

(ii) *Vice President*: The Vice Presidents, including any Executive Vice President, shall perform such duties and have such powers as may from time to time be assigned to them by the President or the Board of Managers. In the absence of the President, any Vice President may perform the duties of the President.

(iii) *Secretary*: The Secretary shall attend to the giving of notice of each meeting, and shall act as secretary at each such meeting. The Secretary shall keep and account for all books, documents, papers and records of the Company except those for which some other officer or agent is properly accountable. In addition, the Secretary shall have such other duties as may from time to time be designated by the President or the Board of Managers. The initial Secretary shall be Hanf.

(iv) *Treasurer*: The Treasurer shall have the care and custody of all the funds of the Company and shall deposit such funds in such banks or other depositories as the Board of Managers or any officer hereunto duly authorized by the Board of Managers shall from time to time direct or approve. In addition, the Treasurer shall have such other duties as may from time

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to time be designated by the President or the Board of Managers. The initial Treasurer shall be Hanf.

(b) The Board of Managers may also employ, on behalf of and at the expense of the Company, such individuals, firms or corporations as they shall deem advisable in the operation and management of the business of the Company.

ARTICLE VI
MEETING OF MEMBERS

SECTION 6.01 Annual Meetings. The Members may, by unanimous vote, hold an annual meeting for the transaction of such business as may properly come before the meeting. Such annual meeting shall be held on the first day in May if not a Saturday, Sunday or legal holiday (and if a Saturday, Sunday or legal holiday, then on the first day following that is not a Saturday, Sunday or legal holiday) or at such other date and hour as shall be designated in the notice thereof, except that, to the extent permitted by applicable law, no annual meeting need be held if all actions to be taken at an annual meeting of Members are taken by written consent in lieu of a meeting pursuant to SECTION 6.07.

SECTION 6.02 Special Meetings. Special meetings of the Members for any purpose or purposes may be called by the Board of Managers or the holders of a majority in interest of the Units, and such meeting shall be held at such place, date and hour as shall be designated in the notice thereof.

SECTION 6.03 Notice of Meetings. Notice of each meeting of the Members or of any adjourned meeting shall be given at least ten (10) but not more than sixty (60) days prior to such meeting, unless otherwise agreed by each Member at the prior meeting; provided that shorter notice may be provided, but in no event less than twenty-four (24) hours in advance of the meeting, under exigent circumstances. Notices of meetings of the Members shall be sent to each Member by e-mail or other form of recorded communication or be delivered personally, by overnight courier or by telephone. Such notice shall include the purpose, the time and place of such meeting. However, notice of any such meeting need not be given to any Member if such notice is waived by such Member in writing or by e-mail or other form of recorded communication, whether before or after such meeting shall be held, or if he shall be present at such meeting.

SECTION 6.04 Quorum. At each meeting of the Members, except as otherwise expressly required by law, all Members shall be present in order to constitute a quorum for the transaction of business.

SECTION 6.05 Order of Business. The order of business at each meeting of the Members shall be determined by the Members attending such meeting.

SECTION 6.06 Voting.

(a) Each Member shall be entitled to attend all special and annual meetings of the Members of the Company.

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(b) Members shall have the voting rights provided by applicable law and this Agreement, which shall exclude all of the actions set forth in SECTION 5.07.

(c) Any vote of the Members may be made at any meeting of the Members by the Members entitled to vote thereon either in person or by proxy appointed by an instrument in writing delivered to the Secretary or an Assistant Secretary of the Company or the secretary of the meeting. The attendance at any meeting of a Member who may theretofore have given a proxy shall not have the effect of revoking the same unless he shall in writing so notify the secretary of the meeting prior to the voting of the proxy.

(d) All matters to be decided by the Members at a meeting, except as otherwise provided by applicable law, this Agreement, or non-waivable provisions of the LLC Law, shall be decided by Members having an aggregate of at least 51% of the Voting Rights of the Company, voting together as a single class. Except as otherwise expressly required by law, the vote at any meeting of the Members on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot, each ballot shall be signed by the Member voting, or by his proxy, if there be such proxy, and shall state the number of votes cast.

SECTION 6.07 Action by Written Consent. Except as otherwise provided by law or by this Agreement, any action required or permitted to be taken at any annual or special meeting of the Members may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed by the Members otherwise required to consent to such action.

ARTICLE VII
COVENANTS

SECTION 7.01 Confidential Information; Trade Secrets.

(a) Each Member acknowledges and agrees that all Confidential Information (as defined in SECTION 7.01(b)), Trade Secrets and other property delivered to or compiled by such Member by or on behalf of the Company or its representatives, vendors or customers that pertain to the Business of the Company shall be and remain the exclusive property of the Company, be subject at all times to the discretion and control of the Company, and be used only for the benefit of and as otherwise directed by the Company. Each Member agrees that he shall maintain strictly the confidentiality of, and shall not, during, or for a period of two (2) years after such Member ceases to be a Member of the Company, disclose, any such Confidential Information or Trade Secrets without the express written permission of the Company.

(b) For purposes hereof, the parties agree that "**Confidential Information**" means and includes:

(i) All business or financial information, plans, processes and strategies, market research and analyses, projections, financing arrangements, consulting and sales methods and techniques, expansion plans, forecasts and forecast assumptions, business practices, operations and procedures, marketing and merchandising information, distribution techniques, customer information and other business information, including records, designs, patents, business

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plans, financial statements, manuals, memoranda, lists and other documentation relating to the Business and the Company;

(ii) All information and materials that are known by the recipient to be proprietary and confidential to a third party and that have been provided to the Company by such third party for the Company's use; and

(iii) All information derived from such Confidential Information. Confidential Information shall not include information and materials that is or becomes generally available to the public without restriction on disclosure, other than as a result of an act or omission by a Member in breach of the provisions of this Agreement or any other applicable agreement between the Members and the Company.

(c) Notwithstanding the foregoing, each Member may divulge or communicate Confidential Information to officers, directors, shareholders, members or employees of such Member, and to auditors, counsel and other professional advisors to such Persons and such Member; provided, however, that such Person has a need to know and have been informed of the confidential nature of the information.

(d) In the event that the disclosure of Confidential Information is compelled by judicial or administrative process, or by other requirements of applicable law, each receiving Member shall give advance notification to the Company to the extent legally permitted, or otherwise as soon as practical, and shall consult with the Company on the advisability of taking legally available steps to resist or to narrow such disclosure request, cooperating with the Company (at the Company's expense), and using his/her commercially reasonable efforts to protect Confidential Information from disclosure.

(e) For purposes hereof, the term "**Trade Secret**" shall have the meaning given in the Delaware enactment of the Uniform Trade Secrets Act, and shall include, without limitation, the whole or any portion or phase of any scientific or technical information, design, process, formula, concept, data organization, manual, other system documentation, or any improvement of any thereof, in any case that is valuable and secret (in the sense that it is not generally known to the Company's competitors).

SECTION 7.02 Business Opportunities. Hanf Co agrees that so long as Hanf Co is a Member, Hanf Co shall not, and shall cause its Affiliates not to, pursue or refer to another Person any business opportunity directly competitive with the Business without first offering such opportunity to the Company. In the event the Company (through the Board of Managers) determines not to pursue any such business opportunity, then Hanf Co shall be permitted to pursue the opportunity either individually or as part of another entity or group or offer such opportunity to another Person.

SECTION 7.03 Information Rights.

(a) Delivery of Financial Statements and Compliance Report. The Company shall deliver to each Member:

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(i) as soon as practicable, but in any event within one hundred and eighty (180) days after the end of each fiscal year of the Company (i) a consolidated balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of members' equity as of the end of such year;

(ii) as soon as practicable, but in any event within thirty (30) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited consolidated balance sheet and statement of members' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(iii) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year, approved by the Board of Managers and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company; and

(iv) as soon as practicable, but in any event within twenty (20) days after the end of each fiscal year of the Company, a report setting forth in detail all equity and debt holders of the Company.

(b) The Company shall use commercially reasonable efforts to provide such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Member may from time to time reasonably request; provided that the Company shall provide such reasonably requested information in a manner and in a timeframe that the Company determines to be appropriate to prevent any management distraction from the Company's ordinary course of operations.

(c) If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

SECTION 7.04 Inspection. The Company shall permit each Member, at such Member's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by such Member.

SECTION 7.01 Right to Conduct Activities. The Company hereby agrees and acknowledges that SGALF is an entity (together with its affiliates) may have numerous investments, some of which may be deemed competitive with the Company's business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that SGALF shall not be liable to the Company for any claim arising out of, or based upon, (a) the investment by SGALF in any entity competitive with the Company, or (b) actions taken by any partner, officer or other representative of SGALF to assist any such competitive company, whether

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or not such action was taken as a member of the Board of Managers of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve SGALF from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement.

SECTION 7.01 FCPA. The Company shall not (and shall not permit any of its Subsidiaries or any of its or their respective managers, directors, officers or employees to) promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, to any third party, including any Non-U.S. Official (as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**")), in each case, in violation of the FCPA or any other applicable anti-bribery or anti-corruption law. The Company shall (and shall cause each of its Subsidiaries to) cease all of its or their respective activities, as well as remediate any actions taken by the Company, its subsidiaries, or any of their respective directors, officers or employees in violation of the FCPA or any other applicable anti-bribery or anti-corruption law.

ARTICLE VIII
TRANSFER OF UNITS

SECTION 8.01 Limitations on Transfer of Units.

(a) With the exception of Transfers to Immediate Family Members or Permitted Transferees or Transfers made in compliance with SECTION 9.01, no Transfer of Units shall be effective without the approval of the Board of Managers; provided that in the event of a Transfer of Units to a member of a Member's Immediate Family, such Member shall retain his or her Voting Rights with respect to the transferred Units. Each Member hereby acknowledges the reasonableness of this view for the purposes of the Company and the relationship of the Members. The purported voluntary Transfer of any Units, including the right to receive the economic benefits of the Units, in violation of the prohibition contained in this SECTION 8.01 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Units are attempted to be transferred in violation of this SECTION 8.01 shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Units. Any withdrawal or purported Transfer in violation of this Agreement shall entitle the Company to damages for breach, which may be offset against the amounts otherwise distributable to such Member.

(b) Notwithstanding anything to the contrary in this Agreement, no Transfer will be deemed effective unless and until (1) the relevant transferee (other than the Company or an existing Member) executes and delivers to the Company, in the capacity of a Member, an agreement to be bound by all of the terms and conditions of this Agreement in a form acceptable to the Company, (2) such Transfer is in compliance with the federal securities laws, all applicable state, local and foreign securities laws and, upon its request, the Company shall have received satisfactory evidence of such compliance (including an opinion of counsel to the Transferor) and (3) upon its request, the Company is indemnified for any reasonable costs and expenses actually incurred by the Company in connection with such Transfer.

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(c) Pursuant to Section 1446(f) of the Code, the Managers may be required to withhold taxes from, and subsequent distributions to, any transferee that acquires its Units from a Member that is a "foreign partner" for purposes of Section 1446(e) of the Code and fails to withhold or pay such required taxes attributable to the acquisition of such transferee's Units.

SECTION 8.02 Certain Transfers Prohibited. Notwithstanding anything to the contrary in this Agreement, no Member shall be permitted to Transfer all or any portion of that Member's Units if the Board of Managers reasonably determines that such Transfer could cause the Company to be treated as a "publicly traded partnership" taxable as a corporation for U.S. Federal tax purposes.

ARTICLE IX
TAG ALONG RIGHTS; PREEMPTIVE RIGHTS

SECTION 9.01 Tag Along Rights.

(a) In the event that Hanf Co or his permitted assigns (each, an "**Transferor**") proposes to Transfer all, or any portion, of its Units other than to an Immediate Family Members (a "**Proposed Transfer**") pursuant to a bona fide written offer from a third party (a "**Purchase Offer**"), Hanf Co shall first notify the other Members (each, an "**Optionee**") of such Proposed Transfer (the "**Transfer Notice**"). The Transfer Notice shall, in reasonable detail, set forth the percentage of the Transferor's Units proposed to be Transferred (the "**Subject Interests**"), the identity of the proposed transferee of the Subject Interests (the "**Offeror**") and the other proposed terms and conditions of the Proposed Transfer (the "**Proposed Terms**"), and shall have a true copy of the Purchase Offer attached thereto. Receipt by the Optionees of a Transfer Notice shall be deemed the irrevocable grant by the Transferor to the Optionee of the option, exercisable irrevocably by notice to the Transferor (an "**Exercise Notice**") within fifteen (15) days of the Optionee's receipt of the Transfer Notice (such 15-day period, the "**Exercise Period**"), to participate in the Proposed Transfer by selling to the Offeror, upon the Proposed Terms, the same percentage of the Optionee's Units as the percentage of the Transferor's Units proposed to be sold by the Transferor (the "**Tag-Along Option**"). If upon the expiration of the Exercise Period, the Optionee has failed to exercise the Tag-Along Option, the Optionee shall be deemed to have elected not to exercise the Tag-Along Option and the Transferor and Offeror shall be free to consummate the Proposed Transfer upon the Proposed Terms; *provided, however*, that if the Proposed Transfer is not consummated within forty-five (45) days of the expiration of the Exercise Period, the Tag-Along Option shall be reinstated and the Proposed Transfer shall not thereafter be consummated until the Transferor has once again delivered an Exercise Notice to the Optionee and otherwise complied with the terms of this Section.

(b) If the Optionee duly exercises the Tag-Along Option, the closing of the Transfer of the Optionee's Units shall be held, unless the Transferor and Optionee otherwise agree, contemporaneously with the closing of the Transfer of the Subject Interests to the Offeror. Such closing shall be upon the same terms as those of the Transfer of the Subject Interests by the Transferor, which terms shall be no less favorable to the Transferor than the Proposed Terms. The Transferor shall notify the Optionee at least ten (10) days in advance of the time and place of the closing of the Proposed Transfer with the Offeror. In no event, however, shall the Transferor be liable to the Optionee hereunder in the event that the Transferor or Offeror terminates the Proposed

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Transfer prior to closing.

SECTION 9.02 Preemptive Rights.

(a) If at any time the Board of Managers proposes to cause the Company to issue equity securities of any kind (the term "equity securities" shall include for these purposes any warrants, options or other rights to acquire equity securities and debt securities convertible into, or issued with options or warrants to acquire, equity securities) of the Company (other than the issuance of equity securities (i) through a Permitted Issuance or (ii) pursuant to the acquisition of another Person by the Company by merger, purchase of substantially all of the assets or outstanding capital stock or other form of transaction which has been approved by the Members), then, as to each Member, the Company shall: (A) give written notice setting forth in reasonable detail (1) the designation and all of the terms and provisions of the securities proposed to be issued (the "**Proposed Securities**"), (2) the price and other terms of the proposed sale of such securities, (3) the amount of such securities proposed to be issued and (4) such other information as any Member may reasonably request in order to evaluate the proposed issuance; (B) offer to issue to each such Member that is an "accredited investor" (as defined in the regulations promulgated by the Securities Exchange Commission under the Securities Act of 1933, as amended), a portion of the Proposed Securities equal to a percentage determined by dividing (x) the number of Units owned by such Member by (y) the total number of Units then outstanding. Each Member must exercise its applicable purchase right hereunder within fifteen (15) Business Days after receipt of such notice from the Company (the "**Preemption Period**").

(b) Upon expiration of the Preemption Period, the Company will be free to sell such Proposed Securities that have not been sold pursuant to this SECTION 9.02 during the 120 days following such expiration on terms and conditions materially not more favorable and at a purchase price not less than offered to the Members. Any Proposed Securities offered or sold by the Company to Persons after such 120 day period must be reoffered to the Members pursuant to this SECTION 9.02.

ARTICLE X
TAXES, CAPITAL ACCOUNTS AND ALLOCATIONS

SECTION 10.01 Certain Tax Matters.

(a) The Members intend for the Company to be treated as a partnership for U.S. federal and applicable state and local income tax purposes and, except as otherwise expressly contemplated in this Agreement, agree not to take any action or position, or to make any election, for U.S. federal, state or local income tax purposes, in a tax return or otherwise, inconsistent with the classification of the Company as a partnership for such purposes unless approved by the Board of Managers.

(b) Subject to SECTION 10.01(a), the Board of Managers shall have the authority to make any and all tax elections for U.S. federal, state and local tax purposes and shall determine in good faith whether or not to make any available election.

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SECTION 10.02 Partnership Representative.

(a) Hanf Co shall be the initial "partnership representative" under Section 6223 of the Code, as amended by the Revised Partnership Audit Procedures ("**Partnership Representative**") and shall act in a similar capacity under state or local law. Hanf Co's appointment as the Partnership Representative shall continue until such time as the Managers appoint a successor Partnership Representative. The Partnership Representative shall appoint a natural person to serve as the "designated individual" within the meaning of the Revised Partnership Audit Procedures (the "**Designated Individual**") to act on behalf of the Partnership Representative. The Partnership Representative will apply the Revised Partnership Audit Procedures with respect to any audit, imputed underpayment, other adjustment, or any such decision or action by the Internal Revenue Service (the "**IRS**") with respect to the Company or the Members for such Fiscal Years, in the manner determined by the Partnership Representative in consultation with the Managers and in accordance with the terms of this Agreement. At the Company's expense, the Partnership Representative shall exercise in good faith any and all authority of the partnership representative under the Code, including making any elections under Sections 6221(b) and 6226(a), and in all cases, in accordance with this Agreement.

(b) The financial burden of any imputed underpayment (as determined under Section 6225 of the Code) or other Tax assessment imposed on the Company and associated interest, adjustments to tax and penalties arising from an adjustment that are imposed on the Company shall be borne by the Members and former Members of the Company based on their proportionate interest in the Company during the applicable tax year under review.

(c) The Partnership Representative shall give Hanf Co and SGALF prompt written notice of any inquiry, examination, audit, investigation, proceeding or other communication received from the IRS or other applicable tax authority regarding the tax treatment of the Company or the Members, and shall provide Hanf Co and SGALF with timely and reasonably detailed accounts of developments. The Partnership Representative shall give Hanf Co and SGALF prior notice of and a reasonable opportunity to review and comment upon any significant communication the Partnership Representative intends to make to any such taxing authority in connection with any examination, audit, investigation, proceeding or other inquiry of the Company. Each of Hanf Co and SGALF shall have the right, at its election and cost and expense, to participate in any such examination, audit, investigation, proceeding or other inquiry, to the extent permitted by applicable law (provided that the Partnership Representative shall use reasonable best efforts to take steps required under applicable law to enable Hanf Co or SGALF (as applicable) to participate in any such examination, audit, investigation, proceeding or other inquiry, including: (i) by using reasonable best efforts to obtain any consent required of a taxing authority under Treasury Regulation Section 301.6223-2(d) or other rule or regulation, or otherwise, and (ii) by executing, or causing the Company to execute, a power of attorney that would permit Hanf Co and/or SGALF (as applicable) to participate in such examination along with (but not in lieu of) the Partnership Representative, in which event the Partnership Representative shall control the conduct of such proceeding on behalf of the Company) and the Partnership Representative shall consult with and keep Hanf Co and/or SGALF (as applicable) reasonably informed of any such examination).

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(d) Notwithstanding anything to the contrary in this Agreement, where such action would be reasonably likely to have a material economic impact on Hanf Co or SGALF, the Partnership Representative will not, without the consent of Hanf Co and SGALF:

(i) agree to extend any statute of limitations with respect to the Company under Section 6229 of the Code (or any similar or analogous provision under state or local tax law);

(ii) file a request for administrative adjustment (including a request for substituted return treatment) under Section 6227 of the Code (or any similar or analogous provision under state or local tax law);

(iii) file a petition for judicial review, or any appeal with respect to any judicial determination, under Section 6234 of the Code (or any similar or analogous provision under state or local tax law);

(iv) take any action to consent to, or to refuse to consent to, a settlement reflected in a decision of a court; or

(v) enter into any tax settlement agreement or settle or compromise any tax proceeding affecting the Company or the Members.

(e) Subject to the other terms of this Agreement, the Members agree to take all actions and provide any information reasonably requested by the Company or the Partnership Representative to comply with the Revised Partnership Audit Procedures; provided, however, that the Partnership Representative shall not take any action that would require Hanf Co or SGALF to file any amended returns as provided in Sections 6225 or 6226 of the Code (or any other provision of the Code or any similar or analogous provision under state or local tax law) without the prior written consent of Hanf Co or SGALF, as applicable.

(f) Notwithstanding the foregoing, and, to the extent permitted by applicable law and Treasury Regulations, the Company will annually elect out of the Revised Partnership Audit Procedures pursuant to Section 6221(b) of the Code. For any year in which applicable law and Treasury Regulations do not permit the Company to elect out of the Revised Partnership Audit Procedures, within forty-five (45) days of any notice of final partnership adjustment, the Company will elect the alternative procedure under Section 6226 of the Code, and furnish to the IRS and each Member during the year or years to which the notice of final partnership adjustment relates a statement of the Member's share of any adjustment set forth in the notice of final partnership adjustment; provided, that no election under Section 6226 of the Code shall be made without the prior written consent of Hanf Co and SGALF, which consent shall not be unreasonably withheld, conditioned or delayed. The imputed underpayment subject to such election under Section 6226 of the Code shall be allocated among the current or former Members of the Company for the "reviewed year" to which the assessment relates in a manner that reflects the current or former Members' respective interests in the Company for the reviewed year based on such Members' shares of such assessment as would have occurred if the Company and, to the extent applicable, the Members had amended the tax returns for such reviewed year and such Members incurred the assessment directly (using the tax rates applicable to the Company under Section 6225 of the

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Code), including for this purpose any part of the assessment that is solely a liability of a Member that would have been reported on its tax returns rather than the Company's information return.

(g) Any deficiency for Taxes imposed on any Member (including penalties, additions to tax or interest imposed with respect to such Taxes and Taxes imposed pursuant to Section 6226 of the Code will be paid by such Member and if required to be paid (and actually paid) by the Company, will be recoverable from such Member as provided in SECTION 10.07.

(h) Neither the Partnership Representative nor the Designated Individual shall be liable to the Company or the Members for any action that it takes or fails to take in its capacity as partnership representative, in connection with any judicial or administrative proceeding, including the agreement to or failure to agree to a settlement or the extension of or failure to extend the relevant statutes of limitations, unless such action or failure constitutes willful misconduct, fraud or gross negligence. The Partnership Representative may hire counsel, at the expense of the Company, to assist the Partnership Representative in its responsibilities as Partnership Representative hereunder.

(i) The Managers shall cooperate with the Members in good faith to amend this Agreement if the Members determine that an amendment is required to maintain the intent of the parties with respect to the obligations and limitations of the Partnership Representative.

(j) For the avoidance of doubt, all references to "Code" in this SECTION 10.02 are to Sections of the Code as amended by the Revised Partnership Audit Procedures.

(k) The provisions contained in this SECTION 10.02 shall survive the termination of the Company and the withdrawal of any Member

SECTION 10.03 Capital Accounts.

(a) There shall be established for each Member on the books of the Company a separate capital account (a "**Capital Account**"), which shall be maintained and adjusted as provided in this Article X. The Capital Account of a Member shall be credited with (i) the amount of all cash capital contributions by such Member to the Company, (ii) the Fair Market Value of the assets contributed by such Member to the Company (net of any liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code), (iii) the amount of any Company liabilities assumed by the Member (other than liabilities that are secured by any Company property distributed to such Member), and (iv) the amount of any Net Income (or items thereof) allocated to such Member pursuant to this Article X. The Capital Account of a Member shall be debited by (A) the amount of any Net Loss (or items of loss or deduction) allocated to such Member pursuant to this Article X, (B) the amount of any cash distributed to such Member pursuant to this Agreement, (C) the Fair Market Value of any asset distributed in kind to such Member (net of any liabilities secured by such asset that such Member is considered to assume or take subject to under Section 752 of the Code), and (D) the amount of any liabilities of the Member assumed by the Company (other than liabilities that are secured by property contributed by such Member). The Capital Account of the Member also shall be adjusted appropriately to reflect any other adjustment required pursuant to Treasury Regulation Section 1.704-1 or 1.704-2.

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(b) Upon the occurrence of any event specified in Treasury Regulation Section 1.704-1(b) (2) (iv) (f), the Board of Managers may cause the Capital Accounts of the Members to be adjusted to reflect the Fair Market Value of the Company's assets at such time (as determined by the Board of Managers in its sole discretion) in accordance with such Regulation.

(c) In the event that any interest in the Company is transferred by a Member, the transferee of such interest shall succeed to the portion of the transferor's Capital Account attributable to such interest and the portion of the transferor's minimum gain attributable thereto.

(d) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Sections 1.704-1 and 1.704-2 and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Board of Managers upon the advice of the Company's tax advisors, shall determine that it is prudent to modify the manner in which the Capital Accounts are computed in order to comply with Treasury Regulation Section 1.704-1(b)(2)(iv), the Board of Managers may make such modification; provided, however, that the Members shall not have any liability to any other Member for any exercise of or failure to exercise any such discretion to make any modifications permitted under this SECTION 10.03.

SECTION 10.04 General Allocations.

(a) After giving effect to the allocations set forth in SECTION 10.05, Net Income (and items thereof) or Net Loss (and items thereof) of the Company for any Fiscal Year (or other applicable period) shall be allocated to the Members in a manner such that the Capital Account of each Member, immediately after making such allocation is, as nearly as possible, equal (proportionately) to the distributions that would be made to a Member during such Fiscal Year (or other applicable period) pursuant to SECTION 10.08, based on the assumptions that (i) the Company is dissolved and terminated, (ii) its affairs are wound-up and each asset of the Company is sold for cash equal to its Book Value, (iii) all Company liabilities are satisfied (limited with respect to each nonrecourse liability to the Book Value of the asset(s) securing such liability) and (iv) the net assets of the Company are distributed to the Members in accordance with SECTION 10.08(c) minus such Member's share of Company Minimum Gain and Member Minimum Gain, computed immediately prior to the hypothetical sale of assets.

(b) In the event of a Liquidity Event, Net Income (and items thereof) and Net Losses (and items thereof) shall be allocated among the Members in the manner that causes the balance of the Capital Account of each Member to be equal to the amount which will be distributed to such Member pursuant to SECTION 13.01 after all the assets of the Company are sold immediately prior to such Liquidity Event.

SECTION 10.05 Special Allocations.

(a) Notwithstanding SECTION 10.04, special allocations of Net Income, Net Loss or specific items of income, gain, loss or deduction may be required for any Fiscal Year (or other period) as follows:

(i) Company Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(f), if there is a net decrease in Company

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Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(f)(6) and 1.704-2(j)(2). This SECTION 10.05(a)(i) is intended to comply with the partnership minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted and applied consistently therewith.

(ii) Member Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year, any Member with a share of that Member Minimum Gain attributable to such a Member Nonrecourse Debt (as determined under Treasury Regulation Section 1.704-2(i)(5)) as of the beginning of the year shall be allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(f)(6) and 1.704-2(j)(2). This SECTION 10.05(a)(ii) is intended to comply with the partner minimum gain chargeback requirements in the Treasury Regulations and shall be interpreted and applied consistently therewith.

(iii) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit as quickly as possible; provided, however, that an allocation pursuant to this SECTION 10.05(a)(iii) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided in this Article X have been tentatively made as if this SECTION 10.05(a)(iii) were not in this Agreement. This SECTION 10.05(a)(iii) is intended to comply with the qualified income offset provision in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted and applied consistently therewith.

(iv) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Fiscal Year that is in excess of the amount that such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in an amount and manner sufficient to eliminate such deficit as quickly as possible; provided, however, that an allocation pursuant to this SECTION 10.05(a)(iv) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided in this Article X have been tentatively made as if SECTION 10.05(a)(iii) and this SECTION 10.05(a)(iv) were not in this Agreement.

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(v) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Members in the manner determined by the Board of Managers and each Member's share of excess Nonrecourse Debt shall be in the same manner.

(vi) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.752-3. If more than one Member bears the economic risk of loss for a Member Nonrecourse Debt, any Member Nonrecourse Deductions attributable to that Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss.

(vii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Sections 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Sections of the Treasury Regulations.

(b) The allocations set forth in SECTION 10.05(a) (the "**Regulatory Allocations**") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset in the current year or, if necessary in the following years with special allocations of Company income, gain, loss or deduction pursuant to this SECTION 10.05(b). Therefore, notwithstanding any other provision of this Article X (other than Regulatory Allocations and the following sentence), such offsetting special allocations of Company income, gain, loss or deduction shall be made in whatever manner the Board of Managers determines appropriate so that, after such special allocations are made, each Members' Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to SECTION 10.04. Notwithstanding the preceding sentence, the Board of Managers shall not make special allocations of income or gain under this SECTION 10.05(b) to offset Regulatory Allocations previously made under SECTION 10.05(a)(ii) or SECTION 10.05(a)(iv).

SECTION 10.06 Allocations of Net Income and Net Loss for Federal Income Tax Purposes. Items of Company income, gain, loss and deduction shall be allocated, for U.S. federal, state and local income tax purposes, among the Members in the same manner as the items of income, gain, loss and deduction were allocated pursuant to SECTION 10.04 and SECTION 10.05; provided, however, that notwithstanding any other provision of this Agreement, the Members shall cause income, gain, loss and deductions (including any depreciation or cost recovery deductions) attributable to property contributed by a Member or revalued by the Company to be allocated among the Members for income tax purposes in accordance with Section 704(c) of the Code and the Treasury Regulations promulgated thereunder. Such allocations shall be made in such manner and utilizing such permissible tax elections as determined by the Board of Managers. Allocations pursuant to this SECTION 10.06 are solely for purposes of U.S. federal, state and local tax

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purposes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of items of income, gain, loss and deduction. The Members are aware of the tax consequences of the allocations made by this SECTION 10.06 and agree to be bound by the provisions of this SECTION 10.06 in reporting their shares of items of Company income, gain, loss and deduction.

SECTION 10.07 Withholding Requirements. Notwithstanding any provision herein to the contrary, the Board of Managers is authorized to take and shall take any and all actions that it determines to be necessary or appropriate to insure that the Company satisfies any and all withholding and tax payment obligations under Section 1441, 1445, 1446 or any other provision of the Code or other applicable law. Without limiting the generality of the foregoing, the Board of Managers may cause the Company to withhold any amount that it determines is required to be withheld from any amounts otherwise distributable to any Member pursuant to SECTION 10.08; *provided, however,* that such amount shall be deemed to have been distributed to such Member for purposes of applying this Article X. In the event that the Board of Managers causes the Company to withhold or pay tax in respect of any Member for any period in excess of the amount otherwise distributable to such Member for such period (or there is a determination by any taxing authority that the Company should have withheld or paid any tax for any period in excess of the tax, if any, that it actually withheld or paid for such period), such excess amount (or such additional amount) shall be treated as a recourse loan to such Member that shall bear interest at a rate equal to five percent (5%) per annum and be payable on demand.

SECTION 10.08 Distributions.

(a) General. Distributions shall be made to the Members of the Company out of Available Cash at the times and in the amounts determined by the Board of Managers subject to the applicable provisions of Section 18-607 of the LLC Law.

(b) Tax Distributions. The Company shall, subject only to the Minimum Cash Requirements, unless otherwise determined by the Board of Managers, be required to distribute Available Cash to enable each Member to pay income taxes, including estimated taxes ("**Tax Distribution**"), in an amount equal to the product of (A) the Assumed Tax Rate and (B) the net amount (or estimated net amount) of taxable income allocated or allocable to such Member in respect of such Member's interest in respect of such Tax Period (excluding taxable income related to Issuance Items, taxable income related to payments made under an employment agreement or otherwise made pursuant to Section 707(a) or 707(c) of the Code, and taxable income allocated pursuant to Section 704(c) of the Code, but taking into account such Member's allocable share of taxable losses from all prior periods to the extent such prior losses are of a character that would permit such losses to be deducted against the income of the taxable period and have not previously been taken into account pursuant to this SECTION 10.08(b)), then subtracting all previous distributions (if any) made to such Member pursuant to this SECTION 10.08 in respect of such applicable Fiscal Year (as determined by the Board of Managers); provided that if there are not sufficient funds available to make such Tax Distribution, then the amount so available shall be distributed to the Members pro rata based on the respective Tax Distribution amounts, which shall not be deemed an advance against distributions. Amounts distributed to a Member pursuant to this SECTION 10.08(b) shall be deemed to be advances against other amounts otherwise distributable to such Member, first under SECTION 10.08(c) and then under SECTION 10.08(d).

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(c) Pre-Liquidation Event Distributions. Except for the for amounts distributed as Tax Distributions under SECTION 10.08(b), and amounts distributed pursuant to SECTION 10.08(d), the Company shall make all distributions to the Members pro rata in proportion to the number of Units held by the Members.

(d) Liquidation Event Distributions. Subject to applicable law and any limitations contained elsewhere in this Agreement, immediately following a Liquidity Event, all of the Company property legally available for distribution shall be distributed to the members in the following manner and priority:

(i) *First*, SGALF and its Permitted Transferees shall be entitled to be paid out of the assets of the Company available for distribution to its Members, and before any payment shall be made to the other Members, an aggregate amount equal to $2,000,000. If the assets of the Company available for distribution to its Members shall be insufficient to pay SGALF and its Permitted Transferees the full amount to which they shall be entitled under this SECTION 10.08(d)(i), SGALF and its Permitted Transferees shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the Units held by SGALF and its Permitted Transferees upon such distribution if all amounts payable on or with respect to such Units were paid in full.

(ii) *Second*, Hanf Co and its Permitted Transferees shall be entitled to be paid out of the assets of the Company available for distribution to its Members, and before any payment shall be made to the other Members, an amount equal to $7,000,000. If the assets of the Company available for distribution to its Members shall be insufficient to pay Hanf Co and its Permitted Transferees the full amount to which they shall be entitled under this SECTION 10.08(d)(ii), Hanf Co and its Permitted Transferees shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the Units held by Hanf Co and its Permitted Transferees upon such distribution if all amounts payable on or with respect to such Units were paid in full.

(iii) *Third*, the balance shall be distributed to the Members pro rata in proportion to the number of Units held by each Member.

(iv) *Allocation of Escrow*. If any portion of the consideration payable to the holders of Units of the Company pursuant to any Liquidity Event is placed into escrow and/or is payable subject to contingencies or is otherwise paid on a deferred basis, the relevant agreement governing such escrow, contingency or deferral shall provide that (1) the portion of such consideration that is not placed in escrow and not subject to any contingencies (the "**Initial Consideration**") shall be allocated among the holders of Units in accordance with this SECTION 10.08(d) as if the Initial Consideration were the only consideration payable in connection with such Liquidity Event and (2) any additional consideration which becomes payable to the holders of Units of the Company upon release from escrow or satisfaction of contingencies shall be allocated among the holders of Units of the Company in accordance with this SECTION 10.08(d) after taking into account the previous payment of the Initial Consideration as part of the same transaction.

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SECTION 10.09 Allocations Relating to Taxable Issuance of Units. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest in the Company to a Member (the "**Issuance Items**") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

ARTICLE XI
EXCULPATION AND INDEMNIFICATION

SECTION 11.01 Exculpation and Indemnification.

(a) Neither the Members nor any officer, employee or agent of the Company nor any employee, representative, agent or Affiliate of any Member (collectively, the "**Covered Persons**") shall, to the fullest extent permitted by law, be liable to the Company or any other Person that is a party to or is otherwise bound by this Agreement, for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence or willful misconduct.

(b) To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of such Covered Person's gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Article XI by the Company shall be provided out of and to the extent of Company assets only, and the Members shall not have personal liability on account thereof.

(c) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in this Article XI.

(d) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, or any other facts pertinent to the existence and amount of assets from which distributions to the Member might properly be paid.

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(e) Managers of the Company shall have the same fiduciary duties to the Company that would apply if the Company were a Delaware corporation and such Managers were a member of its board of directors.

(f) The provisions of this Article XI shall survive any termination of this Agreement or the dissolution of the Company.

ARTICLE XII
DISSOLUTION AND TERMINATION

SECTION 12.01 Dissolution and Termination. The Company shall be dissolved and its affairs shall be wound up upon the first to occur of the following:

(a) the bankruptcy or dissolution of any Member, unless within ninety (90) days after such event, the remaining Members elects in writing to continue the business of the Company;

(b) the affirmative vote or written consent of all of the Members; or

(c) the sale of all or substantially all of the assets of the Company.

SECTION 12.02 Resignation of Members. A Member may not resign or withdraw from the Company prior to the dissolution and winding up of the Company except upon the Transfer of its Units in accordance with Article IX.

SECTION 12.03 Distribution Upon Resignation. Except as provided under Article IX, upon withdrawal or resignation, any resigning or withdrawing Member shall not be entitled to receive any liquidating distribution in accordance with SECTION 10.08(d), and shall not otherwise be entitled to receive any amounts from the Company in connection therewith.

ARTICLE XIII
LIQUIDATION

SECTION 13.01 Liquidation. Upon a dissolution pursuant to SECTION 12.01, the Company's Business and assets shall be liquidated in an orderly manner. The liquidator shall be appointed by the Board of Managers. In performing its duties, the liquidator is authorized to sell, convert into cash, distribute, exchange or otherwise dispose of Company assets and distribute the cash proceeds thereof in accordance with the law and in accordance with SECTION 10.08(d).

ARTICLE XIV
MISCELLANEOUS

SECTION 14.01 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested,

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postage prepaid. Such communications must be sent to the Company and the Members at the following addresses (or at such other address for a Member as shall be specified in a notice given in accordance with this SECTION 14.01):

To the Company:

Pacific Private Money Group LLC
1555 Grant Avenue
Novato, CA 94945
Attn: Mark Hanf
Email: mark@pacificprivatemoney.com

To Hanf Co:

Pacific Private Money Group LLC
1555 Grant Avenue
Novato, CA 94945
Attn: Mark Hanf
Email: mark@pacificprivatemoney.com

With a copy to:

Nam Phan
1555 Grant Avenue
Novato CA 94945
Email: Nam@pacificprivatemoney.com

To SGALF:

Saluda Grade Alternative Lending & Fintech Growth Fund LP
One Rockefeller Plaza Suite 1280
New York, NY 94123
Attn: Timothy Carr
Email: alfupdates@saludagrade.com

With a copy to:

Dentons US LLP
1221 Avenue of the Americas
New York, NY 10020
Attention: Ilan Katz, Esq.
E- mail: ilan.katz@dentons.com

SECTION 14.02 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is found to be invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision shall be substituted therefor in order to carry

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out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

SECTION 14.03 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

SECTION 14.04 Entire Agreement; No Third Party Beneficiaries. This Agreement and the other agreements and instruments referred to herein (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof, including the Original Agreement and (b) are not intended to confer upon any Person other than the parties hereto (and any Covered Person) any rights or remedies hereunder.

SECTION 14.05 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF DELAWARE IN EACH CASE LOCATED IN THE COUNTY OF TRAVIS AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY

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OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 14.05(C).

SECTION 14.06 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expense.

SECTION 14.07 Assignment. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective heirs, executors and legal representatives.

SECTION 14.08 Waivers. The failure of any party hereto to give notice of the breach or non-fulfillment of any term or condition of this Agreement shall not constitute a waiver thereof, nor shall the waiver of any breach or non-fulfillment of any term or condition of this Agreement constitute a waiver of any other breach or non-fulfillment of that or any other term or condition of this Agreement.

SECTION 14.09 Section Headings. The section headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation hereof.

SECTION 14.10 Amendments. This Agreement may be modified or amended only by a written instrument signed by all of the Members.

SECTION 14.11 Representations and Warranties of Members. Each Member (as to itself only) upon its execution of this Agreement and upon becoming a Member, represents and warrants to the Company and each other Member, severally and not jointly, as follows:

(a) Such Member has full power and authority to execute and deliver this Agreement, to become a Member of the Company as provided in this Agreement and to perform its obligations hereunder as a Member, and the execution, delivery and performance by such Member of this Agreement has been duly authorized by all necessary action (including all necessary notices, consents, approvals and filings).

(b) This Agreement has been duly and validly executed and delivered by such Member and constitutes the binding obligation of such Member, enforceable against such Member in accordance with its terms.

(c) The execution, delivery and performance by such Member of this Agreement will not, with or without the giving of notice or the lapse of time, or both, (i) violate any provision of law to which such Member is subject, (ii) violate any order, judgment, or decree applicable to such Member or (iii) conflict with, or result in a breach or default under any agreement or other instrument to which such Member is a party, which conflict, breach or default

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would have a material adverse change in, or effect upon, the financial condition or results of operation on the Member or the Company.

(d) Such Member: (i) has acquired its Units solely for such Member's own account for investment and not with a view to resale in connection with any distribution thereof; (ii) agrees not to, directly or indirectly, Transfer any of the Units (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of any of the Units) or any interest therein or any rights relating thereto or offer to Transfer, except in compliance with the Securities Act of 1933, as amended (the "**Securities Act**"), all applicable state securities or "blue sky" laws and this Agreement; and (iii) acknowledges that any attempt, directly or indirectly, to Transfer, or offer to Transfer, any Units or any interest therein or any rights relating thereto without complying with the provisions of this Agreement, shall be void and of no effect.

(e) Such Member acknowledges that (i) the Units have not been registered under the Securities Act or qualified under any state securities or "blue sky" laws; (ii) it is not anticipated that there will be any public market for the Units; (iii) the Units must be held indefinitely and such Member must continue to bear the economic risk of the investment in the Units unless the Units are subsequently registered under the Securities Act and such state laws or an exemption from registration is available; (iv) Rule 144 promulgated under the Securities Act ("**Rule 144**") is not presently available with respect to sales of any securities of the Company and the Company has made no covenant to make Rule 144 available and Rule 144 is not anticipated to be available in the foreseeable future; (v) when and if the Units may be disposed of without registration in reliance upon Rule 144, such disposition can be made, if at all, only in limited amounts and in accordance with the terms and conditions of Rule 144 and the provisions of this Agreement; (vi) if the exemption afforded by Rule 144 is not available, public sale of the Units without registration will require the availability of an exemption under the Securities Act; (vii) restrictive legends shall be placed on any certificate representing the Units; and (viii) a notation shall be made in the appropriate records of the Company indicating that the Units are subject to restrictions on transfer and, if the Company should in the future engage the services of a transfer agent, appropriate stop-transfer instructions will be issued to such transfer agent with respect to the Units.

(f) Such Member's financial situation is such that such Member can afford to (i) bear the economic risk of holding the Units for an indefinite period and (ii) suffer the complete loss of such Member's investment in the Units.

(g) Such Member (i) is familiar with the Business and financial condition, properties, operations and prospects of the Company and has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Company and the terms and conditions of the purchase of the Units and to obtain any additional information that such Member deems necessary to evaluate whether or not to make an investment in the Company; (ii) has the knowledge and experience in financial and business matters to be in able to evaluate the merits and risk of the investment in the Units; and (iii) has carefully reviewed the terms and provisions of this Agreement and has evaluated the restrictions and obligations contained herein and therein.

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(h) Such Member (i) has relied upon such Member's own independent appraisal and investigation, and the advice of such Member's own counsel, tax advisors and other advisors, regarding the risks of an investment in the Company and (ii) will continue to bear sole responsibility for making its own independent evaluation and monitoring of the risks of its investment in the Company.

SECTION 14.12 Waiver of Partition and Certain Other Rights. Except as otherwise expressly provided in this Agreement, each Member irrevocably waives any right or power that such Member might have to: (a) cause the Company or any of the assets of the Company to be partitioned; (b) cause the appointment of a receiver for all or any portion of the assets of the Company; (c) compel any sale of all or any portion of the assets of the Company; or (d) file a complaint, or to institute a proceeding at law or in equity, to cause the dissolution or liquidation of the Company.

SECTION 14.13 Author; Conflict of Interest. Each Member acknowledges that Dentons US, LLP ("**Dentons**") has an existing attorney-client relationship with SGALF, and prepared this Agreement on behalf of and in the course of its representation of SGALF. Each Member acknowledges that (a) it has been advised that a conflict of interest may exist between its/his interests and those of such Persons and the other Members, (b) it consents to the representation by Dentons of SGALF, (c) it has been advised by Dentons to seek the advice of independent counsel or tax counsel, and (d) it has had the opportunity to seek the advice of independent counsel or tax counsel.

SECTION 14.14 Construction. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Schedules and Exhibits mean the Articles and Sections of, and Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The schedules and exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed, all as of the date first written above.

PACIFIC PRIVATE MONEY GROUP LLC

By:_____
Name: Timothy Carr
Title: Authorized Representative

SALUDA GRADE ALTERNATIVE LENDING & FINTECH GROWTH FUND I LP

By:_____
Name: Timothy Carr
Title: CIO

PACIFIC CAPITAL FUNDING GROUP, INC.

By:_____
Name: Mark Hanf
Title: President

APPENDIX A

CERTIFICATE OF FORMATION

EXHIBIT A

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings. All financial references in this Agreement and all accounting definitions herein shall be determined from the Company's financial statements prepared in accordance with GAAP, consistently applied and the audited financial statements for any period shall be final and binding upon the parties for all purposes.

"**Adjusted Capital Account Deficit**" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant taxable year or other relevant period, after (i) crediting to such Capital Account any amounts that such Member is obligated to restore pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Section 1.704-2(g)(1) and 1.704-2(i)(5)) and (ii) debiting to such Capital Account the items described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6). This definition is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and be interpreted consistently with such intent.

"**Affiliate**" means, with respect to any Person, (i) any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, or any of the Persons referred to in clauses (ii) or (iii) below, (ii) such Person's spouse, siblings of such Person or such Person's spouse, such Person's adoptive or natural descendants or their spouses, or parents or a trust established for the benefit thereof, and (iii) such Person's estate or legal representative, in the case of death or incompetence, respectively. Without limitation, in the case of any Member that is an entity, any Person who is an Affiliate of any managing member, general partner or executive officer of such entity shall be an Affiliate of such Member. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), means the possession, directly or indirectly, of the power, alone or together with others, to direct or cause the direction of the management and policies of such party, whether through the ownership of voting securities, by contract or otherwise.

"**Assumed Tax Rate**" means forty-seven percent (47%) or such other rate as the Board of Managers in good faith determines from time to time to be the maximum combined U.S. federal, state and local income tax rate applicable to any Member (including any self-employment tax under Section 1402 of the Code), taking into account the deductibility of state and local income tax for federal income tax purposes, if applicable. For the avoidance of doubt, the Assumed Tax Rate that is applied to Company taxable income for purposes of determining Tax Distributions owed to the Members shall be the same for each Member and the income tax rate of a Member that is a partnership or other flow-through entity for U.S. federal income tax purposes shall be determined as if the Member were an individual member of Company with the same Units as the Member.

"**Available Cash**" means the gross income of the Company on hand from time to time after (without duplication) provision for: (i) payment of all outstanding and unpaid current obligations

of the Company as of such time; (ii) reserves for working capital expenditures, contingent obligations and other future requirements in excess of reasonably anticipated revenues, such reserves to equal such amount as shall be approved by the Board of Managers; and (iii) the Minimum Cash Requirements.

"**Book Value**" means, with respect to any Company asset, the adjusted tax basis of the asset for U.S. federal income tax purposes, except that the book value of all Company assets shall be adjusted to equal their respective Fair Market Values, in accordance with the rules set forth in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), except as otherwise provided herein, immediately prior to the following: (a) the date of the acquisition of any additional Units by any new or existing Member in exchange for more than a de minimis capital contribution; (b) the date of the distribution of more than a de minimis amount of Company property (other than a pro rata distribution) to a Member; (c) the date of the actual liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); (d) the date of the acquisition of any additional Units (other than a de minimis interest) by any new or existing Member as consideration for the performance of services to or for the benefit of the Company; or (e) any other time at which revaluations of property are permitted to be made under Treasury Regulation Section 1.704-1(b)(2)(iv); provided that adjustments pursuant to the foregoing clauses (a) and (b) shall be made only if the Board of Managers determines in good faith that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members.

"**Business**" means acting as an alternative real estate finance provider specializing in loans to consumers and real estate investors in California and any related activities.

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in California are authorized or required by applicable law to be closed for business.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, as interpreted by all applicable regulations thereunder.

"**Company Minimum Gain**" means "partnership minimum gain" as set forth in Treasury Regulation Section 1.704-2(b)(2).

"**Fair Market Value**" means the amount determined, in good faith, by the Board of Managers to be the fair market value of the Company or the property or assets contributed to the Company, as applicable.

"**GAAP**" means United States generally accepted accounting principles then in effect, consistently applied.

"**Immediate Family**" means an individual's spouse, children (including adopted children), grandchildren, or other descendants, the parents and siblings of such individual or such individual's spouse, and the spouse of an individual's children, grandchildren, or other descendants (collectively, "**Immediate Family Members**"), any trust solely for the benefit of such individual or such individual's Immediate Family Members, and any entity in which all beneficial interests are owned beneficially by such individual, such individual's Immediate Family Members, such trust or other entity.

"**Liquidity Event**" shall mean (i) any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or (ii) any transaction or series of transactions resulting in any of the following: (1) a sale, lease, license, transfer, exchange or other disposition of all or substantially all the assets of the Company, or the sale or disposition (whether by merger or otherwise) of one or more Subsidiaries of the Company, or of substantially all of the assets of one or more Subsidiaries, if substantially all of the assets of the Company and its Subsidiaries taken as a whole are held by such Subsidiary or Subsidiaries, (2) a merger, consolidation, or reorganization as a result of which Members of the Company immediately prior to such merger, consolidation, or reorganization either possess (on account of the securities received or retained in such transaction on account of the equity securities of the Company owned by them prior to the consummation of such transaction or transactions) less than 50% of the voting power of the acquiring, surviving or successor entity immediately following such merger, consolidation, or reorganization, or (3) the Transfer to any Person by one or more Members of the Company of securities of the Company representing 50% or more of the combined voting power of the then-outstanding securities of the Company.

"**LLC Law**" means the Delaware Limited Liability Company Act, as amended from time to time.

"**Member Minimum Gain**" has the meaning ascribed to "partner nonrecourse debt minimum gain" under Treasury Regulation Section 1.704-2(i)(2) and 1.704-2(i)(3).

"**Member Nonrecourse Debt**" has the meaning ascribed to "partner nonrecourse debt" under Treasury Regulation Section 1.704-2(b)(4).

"**Member Nonrecourse Deductions**" has the meaning ascribed to "partner nonrecourse deductions" in Treasury Regulation Section 1.704-2(i)(2). The amount of Member Nonrecourse Deductions shall be determined as set forth in Treasury Regulation Section 1.704-2(i).

"**Members**" means those members of the Company that own Units, as the same shall be set forth on Exhibit B hereto, as such Exhibit may be amended from time to time in accordance with the terms hereof.

"**Minimum Cash Requirements**" means an aggregate amount of cash on hand that is sufficient to fund the operating costs of the Company for a period of ninety (90) days.

"**Net Income**" or "**Net Loss**," means the net taxable income or net taxable loss of the Company for federal income tax purposes, in accordance with Section 703(a) of the Code, for each Fiscal Year of the Company, including each item of Company income, gain, loss or deduction, taking into account the following adjustments, and any other adjustments necessary in order to comply with Treasury Regulation Section 1.704-1(b)(2)(iv): (a) any income that is exempt from federal income tax and not otherwise taken into account shall be added to such taxable income or loss; (b) any expenditure that is not deductible in computing federal taxable income and not properly chargeable to capital accounts and not otherwise taken into account shall be subtracted from such taxable income or loss; (c) any adjustments to the Book Value of Company property pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv) shall be treated as an item of gain or loss; (d) all items of income, gain, loss and deduction specially allocated pursuant to SECTION

10.05 shall not be taken into account in computing such taxable income and loss; and (e) other than for federal income tax purposes, depreciation with respect to, and gain or loss from the disposition of, Company property shall be computed by reference to the adjusted Book Value of the Company's property, rather than their adjusted tax bases.

"**Nonrecourse Debt**" has the meaning ascribed to "nonrecourse liability" in Treasury Regulation Section 1.704-2(b)(3).

"**Nonrecourse Deductions**" has the meaning ascribed to "nonrecourse deductions" in Treasury Regulation Section 1.704-2(b) and 1.704-2(c). The amount of Nonrecourse Deductions shall be determined as set forth in Treasury Regulation Section 1.704-2(b) and 1.704-2(c).

"**Permitted Issuances**" means any of the following: (i) the issuance of Units pursuant to the Company's employee equity incentive program, provided such program has been approved by the Members; or (ii) options or warrants which are issued after the date hereof in respect of (1) debt, the incurrence of which has been approved by the Board of Managers or (2) in conjunction with acquisitions approved by the Members or (3) joint ventures or strategic partnerships which have been approved by the Members, so long as any such transactions do not involve a cash investment for Units in the Company.

"**Permitted Transferee**" means (a) a corporation, partnership or limited liability company, the stockholders, partners or members of which are only such Member or an Affiliate of such Member, or (b) with respect to up to 10 of the Units held by Hanf Co in the aggregate, an employee of the Company or any Subsidiary of the Company who is reasonably acceptable to SGALF.

"**Person**" means any corporation, limited liability company, partnership, trust, organization, association, other entity or individual.

"**Revised Partnership Audit Procedures**" means the provisions of Subchapter C of Subtitle A, Chapter 63 of the Code, as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 (together with any subsequent amendments thereto, Treasury Regulations promulgated thereunder, and published administrative interpretations thereof).

"**Sharing Percentage**" means, as to any Member and as of any date of determination thereof, a fraction (expressed as a percentage), the numerator of which is the number of Units held by such Member and the denominator of which is the number of Units held by all Members. The Sharing Percentage for each Member shall be set forth on Exhibit B, as such Exhibit may be amended from time to time in accordance with the terms hereof.

"**Subsidiary**" means, with respect to any Person, (i) a corporation, a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by one or more subsidiaries of such party or by such Person and one or more subsidiaries of such Person or (ii) any other Person (other than a corporation) in which such Person, a subsidiary of such Person or such Person and one or more subsidiaries of such Person, directly or indirectly, individually or with another party, at the date of determination thereof, has (a) at least a majority ownership interest or (b) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"**Supermajority Vote of the Managers**" means the vote of a majority of the Managers which must include at least one (1) of the SGALF Designees and at least one (1) of the Hanf Co Designees.

"**Tax Period**" means any Fiscal Year or any other period for which Members are required to pay income taxes (including any period for which estimated taxes are required to be paid).

"**Transfer**" means, when used as a noun, any sale, participation, hypothecation, pledge, assignment, attachment or other transfer or encumbrances (whether by operation of law or otherwise) and, when used as a verb, means to sell, participate, hypothecate, pledge, assign or otherwise transfer or encumber (whether by operation of law or otherwise).

"**Treasury Regulations**" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"**Unit**" means a membership interest in the Company issued to a Member as provided in this Agreement. The Company may from time to time issue fractional Units and all references in this Agreement to "Units" shall be deemed to include Units and fractions thereof.

"**Voting Rights**" means, as to any Member and as of any date of determination thereof, a fraction (expressed as a percentage), the numerator of which is the number of Units held by such Member and the denominator of which is the number of Units held by all Members. The Voting Rights for each Member shall be set forth on Exhibit A, as such Exhibit may be amended from time to time in accordance with the terms hereof.

EXHIBIT B

Membership Interests

Member	Class A Units	Voting Rights/ Sharing Percentage
Saluda Grade Alternative Lending & Fintech Growth Fund I LP	2,222	22.22%
Pacific Capital Funding Group, Inc.	7,778	77.78%
TOTALS	**10,000**	**100%**

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement"), dated as of April 30, 2020 (the "Commencement Date") is entered into by and between PACIFIC PRIVATE MONEY GROUP LLC, a Delaware limited liability company (the "Employer"), and Mark Hanf (the "Employee", together with the Employer, the "Parties").

WHEREAS, the Employer desires to employ the Employee, on the terms and conditions set forth in this Agreement; and

WHEREAS, the Employee is willing to accept such employment on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, the Employer and the Employee hereby agree as follows:

ARTICLE I
EMPLOYMENT, POSITION, DUTIES, RESPONSIBILITIES AND TERM

1.01 Employment. The Employer agrees to, and does hereby, employ the Employee, and the Employee agrees to, and does hereby accept such employment, upon the terms and subject to the conditions set forth in this Agreement.

1.02 Position, Duties and Authority. During the Term (as defined below), the Employee shall serve as the Chief Executive Officer of the Employer. In such capacity, the Employee shall have the duties of his position and such other responsibilities, duties and authority as may, from time to time, be reasonably assigned by the Employer's Board of Managers ("Board").

1.03 Permitted Activities. During the Term, the Employee shall serve the Employer, faithfully and to the best of the Employee's ability, and shall devote substantially all of the Employee's business time, attention, skill and efforts to the business and affairs of the Employer and its Affiliates. Notwithstanding the foregoing, during the Term, the Employee may engage in charitable, educational, religious, civic and other types of activities (such activities the "Permitted Activities") to the extent that such Permitted Activities do not unreasonably interfere with the performance of the Employee's duties hereunder or materially conflict with the business of the Employer.

1.04 Principal Base of Operation. The Employee shall work from the Company's principal office in Novato, California. Employee shall travel in the course of performing such duties and responsibilities as shall from time to time be reasonably requested by, or on behalf of, the Employer, or as shall be reasonably necessary, to fulfill the Employee's obligations under this Agreement.

1.05 Term of Employment. Employee's continued employment under this Agreement shall commence on the date hereof and shall continue until such employment is terminated pursuant to ARTICLE IV below (the "Term"). The effective date of the termination of the

Employee's employment with the Employer and all of its Affiliates regardless of the reason therefore, is referred to in this Agreement as the "Date of Termination."

ARTICLE II
COMPENSATION, BENEFITS AND EXPENSES

2.01 Compensation and Benefits. For all services rendered by the Employee in any capacity during the Term, including, without limitation, services as an officer, director or member of any board of managers or directors of the Employer or any Affiliate of the Employer, the Employee shall be compensated as follows (subject, in each case, to the provisions of ARTICLE IV below):

(a) Base Salary and Bonus. During the Term, the Employer shall pay to the Employee a base salary at the rate of $250,000 on an annualized basis ("Base Salary"). The Employee's Base Salary shall be subject to periodic review and such periodic increases as the Board shall deem appropriate in accordance with the Employer's procedures and practices in effect from time to time regarding the salaries of the Employees. The term "Base Salary" as used in this Agreement shall refer to Base Salary as may be increased from time to time in accordance with the terms hereof. Base Salary shall be payable in accordance with the customary payroll practices of the Employer.

(b) Benefits. During the Term, the Employee shall be entitled to participate in all of the Employer's the Employee benefit plans and programs, including medical coverage, as the Employer generally maintains from time to time during the Term for the benefit of any of its the Employees, in each case subject to the eligibility requirements and other terms and provisions of such plans or programs.

2.02 Vacations. During the Term, the Employee shall be entitled to a number of paid vacation days per year as may be earned under the Employer's standard vacation policy.

2.03 Expenses. The Employee shall be entitled to receive reimbursement from the Employer for all reasonable out-of-pocket expenses incurred by the Employee during the Term in connection with the performance of the Employee's duties and obligations under this Agreement, according to the Employer's expense account and reimbursement policies in effect from time to time and provided that the Employee shall submit documentation which the Employer deems reasonable with respect to such expenses.

2.04 Withholding and Deduction. All payments to the Employee pursuant to this Agreement are subject to applicable withholding and deduction requirements.

ARTICLE III
NON-SOLICITATION; CONFIDENTIALITY

3.01 Non-Solicitation. The Employee agrees that during the Term and until the second anniversary of the Date of Termination, the Employee shall not, and shall cause its Affiliates and representatives to not, directly or indirectly (except on behalf of and for the benefit of the Employer or its Affiliates) (a) solicit or offer employment to, or hire, any employee of the Employer or any of its Affiliates or request, induce or advise any employee thereof to leave the

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employ of the Employer or any of its Affiliates, (b) solicit any customer or prospective customer of the Business for the purpose of selling or providing any products or services to such customer which are competitive with the Business or (c) solicit any customer, prospective customer or supplier of the Business for the purpose of persuading such customer, prospective customer or supplier to refrain from or cease doing business with the Employer or any of its Affiliates.

3.02 Assignment of Rights to Intellectual Property. The Employee shall promptly and fully disclose all Intellectual Property to the Employer. The Employee hereby assigns and agrees to assign to the Employer (or as otherwise directed by the Employer) his full right, title and interest in and to all Intellectual Property. The Employee agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Employer to assign the Intellectual Property to the Employer (or as otherwise directed by the Employer) and to permit the Employer to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. All copyrightable works that the Employee creates during his employment shall be considered "work made for hire" and shall, upon creation, be owned exclusively by the Employer. For purposes of this Agreement "Intellectual Property" means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting Trade Secrets) conceived, made, created, developed or reduced to practice by the Employee (whether alone or with others, whether or not during normal business hours or on or off Employer premises) during the Employee's employment that relate either to the business of the Employer or any of its Affiliates or to any prospective activity of the Employer or any of its Affiliates or that result from any work performed by the Employee for the Employer or any of its Affiliates or that make use of Confidential Business Information or any of the equipment or facilities of the Employer or any of its Affiliates.

3.03 Protection of Confidential Business Information; Documents.

(a) Confidentiality. Following the Commencement Date the Employee will (i) maintain the confidentiality of, (ii) not use and (iii) not divulge to any person any of the Confidential Business Information (as defined below) other than for the benefit of the Employer and its Affiliates. In the event that the Employee is requested or required pursuant to written or oral question or request for information or documents from any governmental authority to disclose any Confidential Business Information, the Employee will notify the Employer promptly of the request or requirement so that the Employer may seek an appropriate protective order or waive compliance with the provisions of this Section 3.03. If, in the absence of a protective order or the receipt of a waiver hereunder, the Employee is, on the advice of counsel, compelled to disclose any Confidential Business Information to any governmental authority or else stand liable for contempt, the Employee may disclose the Confidential Business Information to the governmental authority; provided, however, that the Employee shall first use its reasonable best efforts to obtain, at the reasonable request of the Employer or any Affiliate, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Business Information required to be disclosed as the Employer or its Affiliate shall designate. The foregoing provisions shall not apply to any Confidential Business Information that is generally available to the public immediately prior to the time of disclosure unless such Confidential Business Information is so available due to the actions of the Employee.

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(b) Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Employer or any of its Affiliates, and any copies, in whole or in part, thereof (the "Documents"), whether or not prepared by the Employee, shall be the sole and exclusive property of the Employer. The Employee agrees to reasonably safeguard all Documents and to surrender to the Employer, at the time his employment terminates or at such earlier time or times as the Board or its designee may specify, all Documents then in his possession or control. The Employee also agrees to disclose to the Employer, at the time his employment terminates or at such earlier time or times as the Board or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information which the Employee has password-protected on any computer equipment, network or system of the Employer or any of its Affiliates.

(c) For purposes of this Agreement "Confidential Business Information" means (i) any and all Trade Secrets of the Employer or its Affiliates, (ii) any and all information concerning the Business (which includes designs, formulas, know-how, methods, processes, programs, prototypes, systems, techniques, historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, policies and procedures manuals, the names and backgrounds of key personnel, personnel training and techniques and materials, however documented, which is not readily available to others engaged in a business similar to the Business or to the general public) and (iii) any and all notes, analysis, compilations, studies, summaries, and other material prepared by or for the Business containing or based, in whole or in part, on any information included in the foregoing. "Trade Secrets" shall mean trade secrets, confidential know-how, proprietary information, including any confidential or proprietary customer lists, technical information, data, process technology, plans, technical drawings, drawings, inventions, and discoveries, whether or not patentable.

3.04 Remedies; Blue Pencil.

(a) In signing this Agreement, the Employee gives the Employer assurance that the Employee has carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on the Employee under this ARTICLE III. The Employee agrees without reservation that these restraints are necessary for the reasonable and proper protection of the Employer and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. The Employee further agrees that, were the Employee to breach any of the covenants contained in this ARTICLE III, the damage to the Employer and its Affiliates would be irreparable. The Employee therefore agrees that the Employer, in addition and not in the alternative to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by the Employee of any such covenants, without having to post bond. The Employee further agrees that the applicable time period set forth above shall be tolled, and shall not run, during the period of any breach by the Employee of any of the covenants contained in this ARTICLE III. The Employee and the Employer further agree that, in the event that any provision of this ARTICLE III is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Employer and its Affiliates shall have the right to enforce all of the Employee's obligations

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to that Affiliate under this Agreement, including without limitation pursuant to this ARTICLE III. In the event that the provisions of this ARTICLE III should ever be determined to be wholly or partially unenforceable in any jurisdiction, then the Parties agree that such determination shall not be a bar to or in any way diminish the other Party's right to enforce such provisions in any other jurisdictions.

ARTICLE IV
TERMINATION

4.01 Events of Termination. This Agreement and the Employee's employment hereunder shall terminate upon the occurrence of any one or more of the following events:

(a) Death. In the event of the Employee's death, this Agreement and the Employee's employment hereunder shall automatically terminate effective as of the date and time of death.

(b) Termination by the Employer for Cause. The Employer may, at its option, terminate this Agreement and the Employee's employment hereunder for Cause (as defined herein) upon giving notice of termination to the Employee (following the expiration of the applicable cure period, if any) which notice specifies that the Employer deems such termination to be for Cause hereunder and specifies in reasonable detail the grounds for such Cause. The Employee's employment shall terminate on the date on which such notice shall be given. For purposes hereof, "Cause" shall mean one or more of the following: (a) the Employee's willful and continuous failure to perform his essential duties hereunder or the lawful directives of the Board, which failure or violation, if susceptible to cure, shall not have been cured by the Employee within fifteen (15) days of receipt of written notice of said failure or violation; (b) the Employee's conviction of, or plea of nolo contendere to, a felony or any crime involving moral turpitude; (c) the Employee's material breach of his obligations under ARTICLE III of this Agreement, which breach, if susceptible to cure, shall not have been cured by the Employee within fifteen (15) days of receipt of written notice of said breach; (d) the Employee's willful material violation of the Employer's policies regarding ethics or conduct (including sexual harassment and other similar policies) that could reasonably be expected to impair or damage the property, goodwill, reputation, business or finances of the Employer or its Affiliates, which breach, if susceptible to cure, shall not have been cured by the Employee within fifteen (15) days of receipt of written notice of said breach; or (e) the Employee's commission of any willful material acts of personal dishonesty in connection with his responsibilities as an employee of the Employer that could reasonably be expected to materially and demonstrably impair or damage the property, goodwill, reputation, business or finances of the Employer.

(c) Without Cause by the Employer. The Employer may, at its option, at any time terminate the Employee's employment for no reason or for any reason whatsoever (other than for Cause or due to death or Disability (as defined below)) upon written notice to the Employee.

(d) Termination by the Employee.

(i) The Employee may terminate this Agreement and the Employee's

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employment hereunder at any time with or without Good Reason with notice to the Employer. However, if the Employee terminates his employment without Good Reason, then he shall provide the Employer with not less than one hundred and eighty (180) days prior written notice, which period can be shortened at the sole discretion of the Employer. For purposes of this Agreement, "Good Reason" shall mean, in the absence of a written consent of the Employee: (A) a material reduction in the Employee's annual Base Salary; or (B) any change in the Employee's place of employment without the Employee's consent.

(ii) Notwithstanding the foregoing, the Employee shall not be entitled to terminate the Employee's employment with the Employer for Good Reason unless the Employee (A) provides the Employer with written notice of the occurrence of an event that constitutes Good Reason within ninety (90) days after its initial occurrence, (B) gives the Employer thirty (30) days to cure the occurrence of such Good Reason set forth in such the Employee's written notice to the Employer, and (C) elects to terminate the Employee's employment with the Employer as a result of such Good Reason event within sixty (60) days after the expiration of the thirty (30)-day cure period.

(e) Disability. To the extent permitted by law, in the event of the Employee's medically determined physical or mental disability which makes it impossible for the Employee to perform the Employee's material duties under this Agreement for a period of at least 90 consecutive days in any twelve (12)-month period or 120 non-consecutive days in any twelve (12)-month period, and which cannot be reasonably accommodated by the Employer without undue hardship ("Disability"), the Employer may terminate this Agreement and the Employee's employment hereunder upon at least thirty (30) days prior written notice to the Employee.

(f) Mutual Agreement. This Agreement and the Employee's employment hereunder may be terminated at any time by the mutual written agreement of the Employer and the Employee.

4.02 Employer's Obligations Upon Termination.

(a) For Cause; Termination by the Employee Other Than for Good Reason; or Disability or Death. If, during the Term, the Employer shall terminate this Agreement and the Employee's employment hereunder for Cause or due to his death or Disability or the Employee shall terminate this Agreement and the Employee's employment hereunder other than for Good Reason, in each case, the Employer's sole obligation to the Employee under this Agreement shall be to (i) pay to the Employee (or in the case of his death or Disability, to his legal representative) the amount of any Base Salary earned, but not yet paid to the Employee, prior to the Date of Termination, (ii) reimburse the Employee (or in the case of his death or Disability, to his legal representative) for any expenses incurred by the Employee through the Date of Termination, and (iii) pay to the Employee (or in the case of his death or Disability, to his legal representative) all accrued and unused vacation and any benefits accrued through the Date of Termination (such amounts described under sub-clauses (i) through (iii) above being collectively herein referred to as the "Accrued Amounts").

(b) Without Cause; Termination by the Employee for Good Reason. Upon the termination of this Agreement and the Employee's employment with the Employer either (i) by

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the Employer (other than for Cause) or (ii) by the Employee for Good Reason, in each case, or (iii) by the mutual agreement of the parties, the Employer's sole obligation to the Employee under this Agreement shall be to pay or provide to the Employee (x) all Accrued Amounts through and including the Date of Termination, and (y) his Base Salary for a period equal to one year, payable in the form of salary continuation in accordance with the Employer's normal payroll practices. Notwithstanding the foregoing, the payments described in (y) shall be subject to and conditioned upon the Employee's timely execution and non-revocation of the Release (as defined in Section 4.04) and such payments shall be suspended until the first pay date for the payroll period ending on or after the date the Release becomes final, binding and irrevocable, at which time the Employer shall pay all previously suspended payments in a lump sum.

(c) Vested Benefits. In addition to the payments and benefits set forth in this Section 4.02, amounts which are vested benefits or which the Employee is otherwise entitled to receive under any plan, program, policy or practice (with the exception of those relating to severance, if any) on the Date of Termination, shall be payable in accordance with such plan, policy, practice or agreement.

4.03 Survival. This ARTICLE IV, ARTICLE III and ARTICLE V shall survive any expiration or termination of this Agreement.

4.04 Release. Any payments to be made or benefits to be provided by the Employer or any Affiliate thereof pursuant to Section 4.02 beyond the Accrued Amounts, shall be subject to the Employer's receipt from the Employee of an effective general release and agreement not to sue, in a written form reasonably satisfactory to both the Employee (or his legal representative) and the Employer (the "Release"), pursuant to which (a) the Employee agrees to be bound by certain confidentiality covenants, specified therein, and (b) the Employee agrees (i) to release all claims against the Employer and its Affiliates and their related parties, (ii) not to maintain any action, suit, claim or proceeding against the Employer or its Affiliates and their related parties, and (iii) to continue to be bound by the covenants set forth in ARTICLE III and any additional non-disparagement covenants contained in such Release. Such Release must become final, binding and irrevocable no later than the fiftieth (50) day after the Date of Termination. Notwithstanding the due date of any payment hereunder requiring a Release, the Employer shall not be obligated to make any such payment until after the expiration of any revocation period available to the Employee as applicable to the Release.

ARTICLE V
MISCELLANEOUS

5.01 Benefit of Agreement and Assignment. Except as provided in this Section 5.01, neither party may assign or delegate the agreements, rights or duties under this Agreement without the prior written consent of the other. Nothing in this Agreement shall preclude the Employer from consolidating or merging into or with, or transferring all or substantially all of its assets to, or engaging in any other business combination with, any other person provided such Person expressly assumes this Agreement and all obligations and undertakings of the Employer hereunder. Upon such a consolidation, merger, transfer of assets or other business combination and assumption, the terms "Employer" as used herein shall mean such other person or entity and

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this Agreement shall continue in full force and effect unless otherwise terminated pursuant to the terms hereof.

5.02 Notices. Any notice required or permitted hereunder shall be in writing and shall be deemed to have been duly given and received: (a) on the date delivered if personally delivered and signed confirmation is received, (b) upon receipt by the receiving Party of any notice sent by registered or certified mail (first-class mail, postage pre-paid, return receipt requested) or (iii) on the date delivered by nationally recognized overnight courier or similar courier service, in each case addressed to the Employer or the Employee, as the case may be, at the respective addresses indicated below or such other address as either Party may in the future specify in writing to the other in accordance with this Section 5.02:

in the case of the Employer to:

PACIFIC PRIVATE MONEY GROUP LLC
1555 Grant Avenue
Novato CA 94945
E-mail: Nam@pacificprivatemoney.com

with a copy (which shall not constitute notice) to

Dentons US LLP
1221 Avenue of the Americas
New York, NY 10020
Attention: Ilan Katz, Esq.
E- mail: ilan.katz@dentons.com

and

Saluda Grade Alternative Lending & Fintech Growth Fund I LP
One Rockefeller Plaza Suite 1280
New York, NY 10020
Attn: Timothy Carr
Email: alfupdates@saludagrade.com

and in the case of the Employee to:

c/o Pacific Capital Funding Group, Inc
1555 Grant Avenue
Novato, CA 94945
Attn: Mark Hanf
Email: mark@pacificprivatemoney.com

5.03 Entire Agreement. This Agreement, including the schedules and exhibits hereto, contains the entire agreement of the Parties with respect to the terms and conditions of the Employee's employment during the Term and activities following termination of this Agreement and supersedes any and all prior agreements and understandings, whether written or oral, among the Parties and with respect to the subject matter of this Agreement. This Agreement may not be

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changed or modified except by an instrument in writing, signed by both the Employer and the Employee.

5.04 Section 280G. If any payments by the Employer to the Employee contemplated hereunder, together with any other payments by the Employer or its Affiliates to the Employee, are subject, in whole or in part, to the excise taxes ("Excise Taxes") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") and application of Section 280G of the Code can be avoided by a stockholder vote approving such payments pursuant to Section 280G(b)(5)(A) of the Code, and the Employee elects to waive his rights to receive such payments and have such payments submitted for stockholder approval, then the Employer and the Employee shall use commercially reasonable efforts to obtain such stockholder vote to assure that the Excise Taxes and the provisions of Section 280G of the Code are not applicable with respect to such payments.

5.05 Section 409A. All payments under this Agreement are intended to be exempt from or comply with the requirements of Section 409A of the Code and applicable regulations thereunder. References in this Agreement to "termination of employment" or any words to similar effect shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h). The Parties intend that (a) each installment of the payments provided under this Agreement is a separate "payment" for purposes of Section 409A of the Code and (b) that the payments satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(9)(iii), and 1.409A-1(b)(9)(v). Notwithstanding anything to the contrary in this Agreement, if the Employer determines (i) that on the date the Employee's employment with the Employer terminates or at such other times that the Employer determines to be relevant, the Employee is a "specified employee" (as such term is defined under Treasury Regulation Section 1.409A-1(i)) of the Employer and (ii) that any payment or payments to be provided to the Employee pursuant to this Agreement constitute deferred compensation (as defined within applicable regulations under Section 409A of the Code after taking into account all applicable exemptions) payable on account of a "separation from service" (as defined in Treasury Regulation Section 1.401(a)-1(h)), then such payments shall be delayed until after the date that is six months after the date of the Employee's "separation from service" (as such term is defined under Treasury Regulation 1.409A-1(h)) with the Employer, or, if earlier, the date of the Employee's death. Any payments delayed pursuant to this Section 5.05 shall be made in lump sum on the first day of the seventh month following the Employee's separation from service, or, if earlier, the date of the Employee's death. In addition, to the extent that any reimbursement, fringe benefit or other, similar plan or arrangement in which the Employee participates during the term of the Employee's employment under this Agreement or thereafter provides for a "deferral of compensation" within the meaning of Section 409A of the Code, (A) the amount eligible for reimbursement or payment under such plan or arrangement in one calendar year may not affect the amount eligible for reimbursement or payment in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), and (B) subject to any shorter time periods provided herein or the applicable plans or arrangements, any reimbursement or payment of an expense under such plan or arrangement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

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5.06 No Attachment. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect; provided, however, that nothing in this Section 5.06 shall preclude the assumption of such rights by executors, administrators or other legal representatives of the Employee or his estate and their assigning any rights hereunder to the person or persons entitled thereto.

5.07 Source of Payment. All payments provided for under this Agreement shall be paid in cash from the general funds of the Employer. The Employer shall not be required to establish a special or separate fund or other segregation of assets to assure such payments, and, if the Employer shall make any investments to aid it in meeting its obligations hereunder, the Employee shall have no right, title or interest whatever in or to any such investments except as may otherwise be expressly provided in a separate written instrument relating to such investments. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Employer and the Employee or any other person. To the extent that the Employee acquires a right to receive payments from the Employer hereunder, such right shall be no greater than the right of an unsecured creditor of the Employer.

5.08 No Waiver. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

5.09 Headings. The Article and Section headings in this Agreement are for the convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.10 Governing Law; Dispute Resolution. This Agreement, and all matters arising directly or indirectly from this Agreement, shall be governed by, and construed and interpreted in accordance with, the laws of the State of California, without giving effect to the choice of law provisions thereof. Any unresolved controversy or claim arising out of or relating to this Agreement, except (a) as otherwise provided in this Agreement or (b) with respect to which a Party seeks injunctive or other equitable relief, shall be submitted to arbitration by one arbitrator. In connection with any arbitration conducted pursuant to this Agreement, an arbitrator will be selected in accordance with the rules of the American Arbitration Association (the "AAA") then in effect. The arbitration proceedings shall take place in San Francisco, California, in accordance with the rules of the AAA then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction thereof. There shall be limited discovery prior to the arbitration hearing as follows: (i) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (ii) depositions of all Party witnesses and (iii) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with the California Rule of Civil Procedure. The arbitrator shall be required to provide in writing to the Parties the basis for the award or order of such arbitrator. A court reporter shall record all hearings, with such record constituting the official transcript of

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such proceedings. Each Party will bear its own costs in respect of any disputes arising under this Agreement. The arbitrator shall be directed to award the arbitrator's compensation charges and the administrative fees of the AAA to the prevailing Party. The Parties knowingly and voluntarily agree to this arbitration provision and acknowledge that arbitration shall be instead of any civil litigation, meaning that the Parties each are waiving any rights to a jury trial. Each of the Parties consents to personal jurisdiction and venue for any equitable action sought in any federal court or state court in the State of California (and in the appropriate appellate courts from any of the foregoing).

5.11 Validity; Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement and such invalid, illegal and unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

5.12 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

5.13 Agreement to Take Actions. Each Party to this Agreement shall execute and deliver such documents, certificates, agreements and other instruments, and shall take all other actions, as may be reasonably necessary or desirable in order to perform his or its obligations under this Agreement.

(Signatures contained on the following page.)

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IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

THE EMPLOYER:

PACIFIC PRIVATE MONEY GROUP LLC

By: _____
Name: Timothy Carr
Title: Manager

THE EMPLOYEE:

_____
Mark Hanf



CONFIDENTIAL

SUBSCRIPTION BOOKLET

PACIFIC PRIVATE MONEY FUND I, LLC

MEMBERSHIP UNITS

As of January 1, 2016

1604 Grant Avenue
Novato, CA 94945

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PACIFIC PRIVATE MONEY FUND I LLC
OVERVIEW

This booklet contains documents which must be read, executed, and returned if you wish to invest in Pacific Private Money Fund I LLC, a Delaware limited liability company (the "Fund"). You should consult with an attorney, accountant, investment advisor, and/or other advisor regarding an investment in the Fund.

If you decide to invest, please fill out, sign, and return the documents pertinent to you, as listed under each of the headings below with a check or wire (wire instructions provided separately) payable to Pacific Private Money Fund I LLC, at the following address: 1604 Grant Avenue, Novato, CA, 94945.

For individuals the documents to be signed and/or completed and returned are:

1. The Signature Page for Individuals.

2. The Suitability Statement for Individuals.

3. The Signature Page of the Operating Agreement.

For entities the documents to be signed and/or completed and returned are:

1. The Signature Page for Entities.

2. The Suitability Statement for Entities.

3. The Signature Page of the Operating Agreement.

What this Booklet Contains:

1. An Operating Agreement.

2. A Subscription Agreement.

The Subscription Agreement is the document by which you agree to subscribe for and purchase membership units in the Fund (the "Membership Units" or "Units"). Section 2 of the Subscription Agreement includes a power of attorney granted to Private Money Management Group LLC, Manager of the Fund ("Manager" or "PMMG"). By signing this Agreement you will be granting the power of attorney contained therein.

3. The Suitability Statements.

The Suitability Statements, which are in Section 11 of the Subscription Agreement and part of the Subscription Agreement, are important and must be completed by each U.S. investor.

Privacy Statement:

The Fund is committed to maintaining the confidentiality, integrity, and security of the personal information of its Members. The Fund does not disclose nonpublic personal information about its Members to third parties other than as described below. The Fund collects information about its Members (such as the Member's name, address, tax ID number,

assets, and income) and their transactions with the Fund (such as investments, withdrawals, performance, and account balances) from discussions with Members and from documents that Members may deliver to the Fund such as subscription agreements. In order to provide services to the Fund and the Members, the Fund may provide a Member's personal information to its affiliates and to firms that assist the Fund and that have a need for such information, such as lawyers, accountants, or other service providers and as permitted by law. The Fund maintains physical, electronic, and procedural safeguards designed to protect the nonpublic personal information the Fund obtains about its Members.

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Please contact Mark Hanf at 415-883-2150 or mark@pacificprivatemoney.com if you have any questions.

PACIFIC PRIVATE MONEY FUND I LLC,
OPERATING AGREEMENT

THIS OPERATING AGREEMENT (the "Agreement") is made as of the 8th day of March, 2013, by the Members of Pacific Private Money Fund I LLC (the "Company" or "Fund").

1. FORMATION

1.1 Definitions. Capitalized terms used in this Agreement have the meanings specified in Section 4 below.

1.2 Name. The name of the limited liability company is Pacific Private Money Fund I LLC.

1.3 Formation. The Company was organized as a Delaware limited liability company on March 7, 2013, pursuant to filing the Articles of Organization with the Secretary of State of Delaware.

1.4 Principal Place of Business. The principal place of business of the Company shall be 1604 Grant Avenue, Novato, California 94945, or such other place or places as the Manager may from time to time determine.

1.5 Registered Office and Registered Agent. The Company's initial registered office shall be at 1604 Grant Avenue, Novato, California 94945 and the name of the initial registered agent is Private Money Management Group LLC, at the same address.

1.6 Term. The Fund is an evergreen offering, meaning there is no set end date to the term of the Fund, and thus the Fund shall continue in perpetuity unless dissolved pursuant to Section 12 or elsewhere in this Agreement. The Manager expects to originate and acquire Fund Assets on a frequent and ongoing basis and will continue to do so indefinitely until the maximum offering of $50,000,000 has been reached, or until the Manager believes market conditions do not justify doing so. The Manager may also increase the maximum offering in its sole discretion. Members will be required to hold their Units for a minimum of twenty-four (24) months before they may request redemption.

1.7 Name of Each Member. The name of each Member is contained on Exhibit A, attached hereto and incorporated herein by reference, as may be amended from time to time.

1.8 Effect of Inconsistencies with the Act. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provisions, this Agreement shall, to the extent permitted by the Act, control.

2. PURPOSE AND BUSINESS OF THE COMPANY

The purpose and business of the Company will be to generate returns by originating and acquiring Fund Assets as described more fully in the PPM in target markets primarily in the state of California.

3. CAPITAL AND CONTRIBUTIONS

3.1 Initial Capital Contributions. The initial capital of the Company shall be the amount set forth by the Manager as of the Closing Date.

3.2 Membership Units. The interest of each Member in the capital and profits of the Company will be in the form of Membership Units. Each Unit shall represent a contribution to the capital of the Company in an amount equal to the price paid per Unit. The Fund will sell Membership Units at a "Unit Price" that shall fluctuate monthly based on the total collective Stated Value of the Fund assets. The initial Unit Price will be $1,000.

Investors who wish to purchase Units must complete and sign the Subscription Agreement, a signature page to the Operating Agreement, and other such documentation as is deemed appropriate by the Manager, and send them together with a check or wire for the purchase price of the Units to the Manager. Upon receipt of appropriately executed documents, the Fund will immediately deposit Investor funds into its holding account (the "Subscription Account"), the date of which shall be the "Deposit Date." Investors may execute the Unit Subscription documents at any time throughout a calendar month. However, an investment in the Units would only become effective as an equity investment upon the Company's transfer of an Investor's funds into its operating account (the "Operating Account") **and** as of the first day of the calendar month (the "Effective Date") immediately following the Deposit Date. Investor funds held in the Subscription Account shall pay no interest to the Investor.

The Company may utilize a new Investor's funds for its operations between the Deposit Date and the Effective Date by transferring all or a portion of such funds as determined by the Manager (the date of which shall be the "Transfer Date") from the Subscription Account to the Operating Account. Any such amounts transferred shall be treated as a loan to the Fund for which the Investor shall receive interest at 7% (annualized) during the period between the Transfer Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. The Fund will pay the accrued interest (running from the Transfer Date of any funds to the Effective Date) on any funds transferred from the Subscription Account to the Operating Account in the form of a check to the Investor to be prepared and mailed within 10 business days of the Effective Date. An Investor's obligation to purchase Units with their full deposited amount shall be irrevocable during the time between the Deposit Date and the first day of the subsequent calendar month.

As soon after the Effective Date as is practicable (typically on or around the 15th of the month), the Fund shall issue Units at the prevailing Unit Price, both as of the Effective Date, to the Investor for any and all amounts transferred into the Operating Account since the Deposit Date (i.e., funds that were treated as loaned to the Fund between the Transfer Date and the Effective Date). On the Effective Date, the Fund shall also be obligated and shall have the unilateral right to transfer some or all of any remaining Investor funds from the Subscription Account into the Operating Account and issue Units at the prevailing Unit Price as described above, and/or to notify the Investor of any amounts it intends to let remain in the Subscription Account. Upon notice to the Investor of any such amounts the Fund does not intend to transfer to the Operating Account and issue Units, the Investor shall have ten (10) days to decide to either leave the money with the Company in its Subscription Account, or to have the Company reimburse the remaining funds in the Subscription Account to the Investor. If an Investor chooses the reimbursement option, the Investor shall have no further right or obligation to use these remaining funds to purchase Units. If an Investor chooses to leave the remaining funds in the Subscription Account, the Investor's obligation to utilize such funds to purchase Units (and the Company's right to transfer the funds to its Operating Account) shall

once again be irrevocable, and the funds shall again be treated during each successive month as detailed in this section.

Units may be sold to any person or entity that the Manager determines meets the qualification requirements established by the Manager. The Manager may, in its sole and complete discretion, determine the terms and conditions of the offering and the sale of Units including the length of the offering period. The Manager is authorized and directed to do all things which it deems to be necessary, convenient, appropriate or advisable in connection therewith.

3.3 Capital Accounts. An individual capital account (a "Capital Account") shall be established and maintained for each Member in accordance with the following:

(a) There shall be credited to each Member's Capital Account: (i) the amount of any money paid by such Member for the purchase of Units in the Company, whether through the initial purchase of Units or through the purchase of additional Units via the reinvestment of Distributions; and (ii) such Member's share of the income and gain (and all items thereof) of the Company (including income or gain exempt from federal income tax and income and gain described in Treasury Regulation §1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treasury Regulation §1.704-1(b)(4)(i)).

(b) There shall be charged against each Member's Capital Account: (i) the amount of capital distributed to such Member by the Company; (ii) such Member's share of expenditures of the Company described in IRC §705(a)(2)(B); and (iii) such Member's share of the losses and deductions of the Company (including losses and deductions described in Treasury Regulation §1.704-1(b)(2)(iv)(g), but excluding such Member's share of expenditures of the Company described in IRC §705(a)(2)(B) and losses and deductions described in Treasury Regulation §1.704-1(b)(4)(i)).

(c) It is the intent of the Members of the Company that the provisions of this Agreement relating to the establishment and maintenance of Capital Accounts comply with the requirements of Treasury Regulation §1.704-1(b)(2)(iv) or any successor provision, and that such provisions are interpreted and applied in a manner consistent with such Treasury Regulation or successor provision.

3.4 Adoption of this Agreement. Each person acquiring Units from the Company shall be admitted as a Member and shall, by written instrument in form and substance acceptable to the Manager, accept and adopt the terms and provisions of this Agreement, and such person shall each execute and deliver such other instruments as the Manager reasonably deems necessary or appropriate to effect, and as a condition to, such acquisition of Units.

4. DEFINITIONS

The following terms shall have the meaning ascribed to them below when used elsewhere in this Operating Agreement with the initial letter capitalized. Other capitalized terms found throughout this Operating Agreement and not defined below or elsewhere in this Operating Agreement shall have the meaning as ascribed to them in the PPM:

"Agreement" means this Operating Agreement, as may be amended from time to time as provided for herein.

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"AUM" means total Fund Assets under Management. AUM shall be determined by the Manager in its sole discretion.

"Capital Account" shall have the meaning set forth in Section 3.3 hereof.

"Capital Contribution", or "Initial Capital Contribution" shall mean the total price paid for Units issued.

"Cause" means only those acts involving financial defalcation against the Fund, or acts involving moral turpitude.

"Code" means the Internal Revenue Code of 1986, as amended.

"Critical Elements" shall have the meaning set forth in Section 10.2(g).

"Distributions" means amounts which from time to time are distributed to holders of Units, at the Manager's discretion, but subject to the limitations on discretion set forth in this Agreement.

"Excess Distributable Cash", or("EDC") means an amount that is equal to any remaining cash in the Fund after having paid out Fund Expenses, the 2% (annualized) Management Fee, and having reserved sufficient capital for future activities of the Fund, as determined in the sole judgment of the Manager. The EDC shall be determined monthly by the Manager in its sole discretion. At each month end, payment of any Preferred Return and/or EDC shall either be made or not made depending on Fund results at the discretion of the Manager and shall be Non-Cumulative.

"Fund Assets" or "Assets" means any and all assets of the Fund including Mortgage Loans, real property, contracts, receivable, cash, or any other asset or receivable of the Company.

"Fund Expenses" means Fund organizational costs, tax preparation, audits, legal fees, capital acquisition fees and costs (including payment to duly licensed third parties who are contracted by the Manager to raise Investor capital for the Fund), third party Fund Administration and/or loan servicing fees and costs, loan fees, interest and principal payments associated with any debt incurred by the Fund, costs associated with ownership of real property, e.g., property improvement and rehabilitation costs not otherwise capitalized, sales commissions, property taxes, property management, hazard insurance, utilities, and any other expense associated with operation of the Fund or management of its Assets.

"Indemnified Parties" shall have the meaning set forth in Section 10.8.

"Investor Portal" shall mean a password protected page on the Manager's website which shall contain relevant information for Investors concerning the financial performance of the Company and other communication directed to Investors. The Manager intends the Investor Portal to be a primary means of access for Investors to important information of the Company.

"Lock-up Period" means the two (2) year period immediately following the purchase of an investment during which a Member may not request Redemption of that Unit.

"Majority" means at least sixty percent (60%) of the Ownership Interests.

"Manager" means Private Money Management Group LLC, a Delaware limited liability company ("PMMG"), and thereafter, any other individual or entity selected by the Members pursuant to the terms of this Agreement.

"Member" shall mean any person or entity holding Units who has been approved by the Manager and is a party to this Operating Agreement.

"Manager EDC Clawback" or "Clawback" means the Manager's portion of any EDC in a given month that shall be subject to forfeiture to the Members if the Fund had failed to pay the Members their Preferred Return in the prior month. The amount of any Manager EDC forfeiture shall not exceed the amount of the shortfall of the Preferred Return, or the full amount of the Manager's portion of the EDC for that month, whichever is less. Any Clawback amount owed by the Manager shall apply and carry forward for up to a maximum of six (6) months immediately subsequent to the month in which the Preferred Return shortfall occurred.

"Management Fee" means the fee payable to the Manager by the Company, as set forth in Section 10.3.

"Orderly Liquidation Plan" or "OLP" shall mean the Company's written plan to achieve an orderly liquidation of its Assets without proceeding under duress in doing so with an attempt to maximize the recovery of its investments rather than to turn the Assets into cash in the shortest possible time frame. The Manager shall maintain a written OLP throughout the life of the Fund and shall make it available to Members upon request. The Manager may update, modify, alter, or improve the OLP at any time in its sole discretion.

"Ownership Interest" means, for each Member, that percentage which is obtained by dividing the Units held by the Member by the total of all Units held by all the Members. For the purposes of voting matters, the Manager shall determine each Member's Ownership Interest as of the Record Date.

"Preferred Return" means a 7% annual (0.5833% per month) return on the Members' Capital Accounts. The Preferred Return is noncumulative.

"Private Placement Memorandum" or "PPM" means a disclosure document prepared to offer Units to certain accredited investors.

"Record Date" shall have the meaning set forth in Section 9.6.

"Reinvestment" shall have the meaning set for in Section 5.4.

"Stated Value" shall mean the figure used by the Fund as the value for each Asset it owns to assist in determining the Unit Price of the Membership Units of the Fund as well as the AUM. The Stated Value of each individual Fund Asset shall be determined on the last day of each calendar month by the Manager in its sole discretion. The Manager, however, shall establish, follow, and publish a methodology for determining the Stated Value and may modify, alter, or improve the methodology from time to time in its sole discretion.

"Substitute Member" shall mean a Member who acquires its Units from another Member, at the approval of the Manager.

"Transfer" shall have the meaning set forth in Section 11.2(a).

"Treasury Regulation" means the United States Treasury Regulations.

"Unit" or "Units" shall have the meaning set forth in the Overview.

5. ALLOCATIONS AND DISTRIBUTIONS

5.1 Allocation of Profits and Losses. Each item of Company income, gain, loss, deduction, or credit for each year will be allocated among the Members in proportion to their Ownership Interest.

5.2 Preferred Return. When distributions are made, Members will receive 100% of any EDC from the previous month (as determined by the Manager) until they have received their Preferred Return.

After payment of the Preferred Return, any additional EDC from the previous month, as determined by the Manager, will be distributed with 50% of EDC going to the Members ratably to their Ownership Interest and 50% being paid to the Manager as additional compensation, which compensation shall be a Fund Expense. The Manager's portion of the EDC shall be subject to a Clawback for up to six (6) consecutive months in the event of any shortfall of the Preferred Return.

5.3 Use of Cash Flow: Distributive Shares. Distributions will be made monthly beginning with the initial monthly period following the Minimum Offering Date. Distributions will be calculated as of the last business day of a calendar month, with checks being mailed, or funds being wired, or additions being made to their Capital Account via the Reinvestment option typically by the fifteenth (15^{th}) calendar day of the month following the end of each preceding calendar month. The Manager has the right, in its sole discretion, to withhold a Distribution if distributing cash would not be in the best interests of the Company.

5.4 Reinvestment. Members may choose to apply their Distributions to an additional purchase of Units (a "Reinvestment"), by indicating their desire to do so on their completed Subscription Booklet. Any Units purchased by Members via the Reinvestment Option shall be considered, for purposes of any Redemption requests, to "tag-along" with the original date of purchase of the Units for which the Reinvestment Units are associated. Members may change their election not more frequently than twice per year by giving a thirty (30) days' written notice to the Manager. The Manager has the right to suspend or terminate the Reinvestment program, at any time, without notice, at the Manager's sole discretion.

5.5 Use of Initial Proceeds. The Manager will use all of the proceeds from the sale of Units in the Company to originate and acquire Fund Assets, for expenses of the Company, for the repayment of Company debt, for redemption of other Members' Units, and/or for any and all operations and purposes for which the Fund exists.

6. BOOKS OF ACCOUNT, RECORDS AND REPORTS

6.1 Books and Records. At the Company's principal place of business, the Manager shall maintain the Company's books and records, a register showing a current and past list of the full names and last known addresses of its Members, a copy of its Articles of Organization and all amendments thereto; a copy of this Agreement and all amendments thereto, along with a copy of any prior Agreements no longer in effect, a copy of the Company's federal,

state, and local tax returns and reports, if any, for the three (3) most recent years, and a copy of any financial statements of the Company for the three (3) most recent years. Each Member shall have access thereto at all reasonable times and upon reasonable advance notice to the Manager.

The Manager shall keep proper and complete records and books of account, entering fully and accurately all transactions and other matters relative to the Company's business as are usually entered into records and books of account maintained by persons engaged in businesses of a like character. The Manager intends to maintain the books and records in full accordance with generally accepted accounting principles; however, it may choose an alternate method of accounting reasonably acceptable in the marketplace in its sole discretion. The Manager shall consistently maintain the books and records on the accrual basis (except in circumstances where it determines that the cash or income tax basis of accounting will be in the best interest of the Company). Except with respect to matters as to which the Manager is granted discretion hereunder, the opinion of the Company's certified public accountants shall be final and binding with respect to all disputes as to computations and determinations required under this Agreement.

6.2 Financial Statements; Reports. Beginning with the 2013 calendar year, the Company will employ a certified public accountant to prepare the Company's tax returns. The Company will also employ a certified public accountant to perform an audit of the Company's financial statements annually. The Manager shall prepare periodic financial statements of the Fund and will engage its certified public accountant to prepare the Company's financial statements on at least an annual basis. A copy of such internally prepared and/or certified public accountant prepared financial statements will be made available to the Members via the Investor Portal. The cost of any certified public accountant prepared financial statements, tax returns, and audits will be paid solely by the Company. The Company will provide the Members with a statement of their Units in the Company within approximately ninety (90) days following the close of the last month of each taxable year, as well as through periodic statements and newsletters. In addition, as soon as practicable following the close of each taxable year, the Company will provide the Members with information for their use in preparing documents required to be filed under federal income tax laws and other federal laws. The cost for any such report shall be borne by the Company and is a Fund Expense.

6.3 Tax Matters.

(a) Tax Elections. The Manager shall, without any further consent of the Members being required, make any and all elections for federal, state, local, and foreign tax purposes, file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members. PMMG is specifically authorized to act as the "Tax Matters Member" under the Code and in any similar capacity under state or local law.

(b) Tax Classification. The Manager shall take such action as may be required under the Code and the Treasury Regulations to cause the Company to be taxable as a partnership for federal and state income tax purposes.

6.4 Operational Procedures. The Manager shall make available to the Members on an ongoing basis via the Investor Portal several written documents that shall outline certain of the Manager's procedures with respect to its operations, including the OLP and Underwriting Manual. The Manager retains complete authority to revise, alter, modify, or improve these

procedure and documents in its sole discretion but shall commit to creating, updating and publishing this information for the review and scrutiny of Investors during the life of the Fund.

7. FISCAL YEAR

The Company's taxable year will initially end on the 31st day of December in each year. The Manager may change the taxable year or the fiscal year at any time.

8. COMPANY FUNDS

The Company's available cash will typically be placed in one or more Money Market accounts, anticipated to be located at a federally insured financial institution. Each such account will consist of investments that are immediately liquid, and that, in the Manager's judgment, are sufficiently safe while attempting to produce a yield (if any) on the Company's cash.

9. MEMBER MEETINGS

9.1 Meetings. The Manager shall hold at least one meeting annually for the Members. In addition, a meeting of Members shall be held: (a) if it is called by the Manager; or (b) if Members holding at least eighty percent (80%) of the issued Units on the Record Date (as defined below) sign, date, and deliver to the Manager's principal office a written request for the meeting, describing the purpose or purposes for which it is to be held. In either case, the Manager shall call a meeting by providing written notice to the Members (in the case of a Member requested meeting, within ten (10) days after receipt of the request from Members) stating the purpose of the meeting, and the date, time and place of the meeting. Such meeting shall be held at a convenient time and place designated by the Manager not less than fifteen (15) days or more than sixty (60) days after the Manager's written notice to the Members. All meetings of Members shall be held at the principal office of the Company or any other place specified in the Notice of Meeting.

9.2 Quorum. The presence, in person or by proxy, of Members holding at least fifty percent (50%) of the then issued Units shall constitute a quorum. A quorum is not required to be present at any meeting of the Members in order for the Manager to hold a meeting.

9.3 Proxies. A Member may be represented at a meeting in person or by written proxy. A proxy shall be in writing executed by the Member and filed with the Manager before the commencement of the meeting. The Manager may specify the persons who can be appointed as a proxy.

9.4 Voting. On each matter requiring action by the Members, each Member may vote the Member's Ownership Interest. Except as otherwise stated in the Articles of Organization or this Agreement, a matter submitted to a vote of the Members shall be deemed approved if it receives the affirmative vote of sixty percent (60%) of the Ownership Interest.

9.5 Action By Ballot Without Meeting. Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting by ballot in writing, describing the action taken, signed by the number of Members of Members owning at least sixty percent (60%) of the Ownership Interests, unless a greater amount for action is required elsewhere in this Agreement . The Manager may call for an action by ballot without meeting by delivering to the Members the ballot together with a description of the proposed action and by requiring that the ballot be returned within a specified number of days, which shall not be less than fifteen (15) nor more than sixty (60), after the date the ballots are mailed. If a Member does

not return the Member's ballot within the required period of time, the Member shall be deemed to have voted against the proposed action.

9.6 Record Date. The persons entitled to notice of and to vote at a Members meeting or by ballot, and their respective Ownership Interest, shall be determined as of the Record Date for the meeting or the ballot. The Record Date for a meeting shall be a date selected by the Manager not earlier than sixty (60) days or less than fifteen (15) days before the meeting or the date the ballots are mailed, as the case may be (the "Record Date"). If the Manager does not specify a Record Date for a meeting or ballot, the Record Date shall be the date on which notice of the meeting or ballot was first mailed or otherwise transmitted to the Members.

10. POWERS, RIGHTS, FEES, AND DUTIES OF THE MANAGER

10.1 Authority. The Company shall be managed by one (1) Manager. The initial Manager shall be PMMG. The Manager has the exclusive authority to manage the operations and affairs of the Company and to make all decisions regarding the business of the Company. The Manager has all of the rights and powers of a Manager as provided in the Act, this Agreement, and as otherwise provided by law. Any action of the Manager shall constitute the act of and bind the Company.

10.2 Powers. The Manager has the right, power, and authority to do, on behalf of the Company, all things, which in its sole judgment are necessary, proper or desirable to carry out its duties and responsibilities. Such powers include, but are not limited to the following, intended as examples of such powers:

(a) Acquire and originate Fund Assets;

(b) The right, power, and authority to incur all reasonable expenditures, to acquire, manage, improve and/or dispose of Fund Assets and to operate the Company;

(c) Employ and dismiss from employment any and all employees, agents, independent contractors, managers, brokers, attorneys, and accountants;

(d) To borrow money and utilize one or more Fund Assets as collateral for any such borrowing, if necessary or advisable in the sole judgment of the Manager for any purpose, and to pay Fund Expenses;

(e) The right, power, and authority to sell any or all of the Company's Assets, provided that the Company shall receive all of the proceeds of such sale;

(f) Do any and all of the foregoing at such price, for cash, securities, or other property and upon such terms as the Manager deems proper; and to execute, acknowledge, and deliver any and all instruments to effectuate any and all of the foregoing.

(g) To modify this Agreement, other than as to Critical Elements, at its discretion; provided, however, that within thirty (30) days of modifying this Agreement, the Manager will inform the Members of such change. If a majority of Members (as determined by Ownership Interests) object to such a change within sixty (60) days of the notice of the modification, the modification shall be deemed null and void as of the date the Majority of Ownership Interests has objected to the modification. For purposes of this Agreement, "Critical Elements" shall mean the following:

- The purpose of the Company, including the Investment Strategy (which shall specifically exclude from Critical Elements any decision making concerning Fund Assets, Asset allocations, and/or modifications to the underwriting guidelines which shall at all times remain in the sole discretion of the Manager);
- The fee structure and compensation being paid to the Manager (if such compensation is increased);
- The mechanisms for replacement and/or removal of the Manager and the selection of a replacement Manager;
- Changes to the liquidity structure of the Fund, specifically the Lockup Period and the limitation on acquisition of Fund Assets if there is a Redemption queue of Members for Units held more than five (5) years;
- Any amendment requiring the written consent of Members holding at least sixty percent (60%) of the Membership Units, as provided for in Section 14.1; and
- Voting rights of the Members.

10.3 Management Fees and Additional Compensation. The Manager shall be entitled to a Management Fee equal to two percent (2%) annually (or .1667% monthly) of total AUM, as reasonably determined by the Manager. Such fee will be deemed earned and accrued daily and will be paid to the Manager on the last business day of each calendar month. In addition, the Manager shall be paid Additional Compensation from the EDC as described in Section 5.2. The Manager will also receive as income fifty percent (50%) of any and all origination fees collected on Fund Assets, with the other fifty percent (50%) paid, allocated or distributed to the Fund. The Manager will also receive one hundred percent (100%) of any late fees actually collected from Borrowers.

10.4 Time and Effort. The Manager shall devote such time to the Company business as it deems necessary, in its sole discretion, to manage and supervise the Company business and affairs in an efficient manner. Nothing herein precludes employment of any agent or third party (at Company expense) to manage or provide other services subject to the control of the Manager.

10.5 Independent Activities of the Manager. The Manager is not required to manage the Company as its sole and exclusive function. It may have other business interests and may engage in activities other than those relating to the Company. The pursuit of such ventures by the Manager, even if competitive with the business of the Company, shall not be deemed wrongful or improper or a violation of any fiduciary duties by the Manager. Notwithstanding the foregoing, if the Manager receives an opportunity to invest in or manage, or in any way benefit from an opportunity that is competitive with or similar to Assets in which the Fund ordinarily might invest, the Manager shall grant the Fund such opportunity prior to taking such opportunity, on the same terms and conditions as the opportunity was presented to the Manager.

10.6 Permitted Transactions. The validity of any transaction, agreement or payment involving the Company and the Manager or an affiliate or principal of the Manager which is otherwise permitted by the terms of this Agreement shall not be affected by the relationship between the Company and the Manager or an affiliate or principal of the Manager.

10.7 Liability to the Company. To the greatest extent permitted by law, neither the Manager nor any director, officer, agent, employee, or owner of the Manager shall be liable, responsible, or accountable in damages or otherwise to the Company or any Member for any action taken or failure to act on behalf of the Company within the scope of the authority

conferred on the Manager by this Agreement or by law unless such act or omission was performed or omitted fraudulently or in bad faith.

10.8 Indemnity of the Manager. To the greatest extent permitted by law, the Company shall indemnify and hold harmless the Manager and each owner, director, officer, employee, and agent of the Manager (herein the "Indemnified Parties") against and from any personal loss, expense, damage, or injury suffered or sustained by the Indemnified Parties by reason of any acts, omission or alleged acts or omissions arising out of its activities on behalf of the Company or in furtherance of the interests of the Company, including but not limited to any judgment, award, settlement, reasonable attorney fees, and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding, or claim and including any payments made by the Manager to any of the Indemnified Parties pursuant to an indemnification agreement no broader than this Section 10.8, if the acts, omissions, or alleged acts or omissions upon which the actual or threatened action, proceeding, or claim is based were for a purpose reasonably believed to be in the best interests of the Company, and were not performed or omitted fraudulently or in bad faith by the Indemnified Parties and were not in violation of the Manager's fiduciary obligations to the Company. Any indemnification shall only be from the Assets of the Company. Notwithstanding the foregoing, neither the Manager nor any owner, director, officer, employee, or agent of the Manager shall be indemnified for any loss or damage incurred by them in connection with any judgment entered in or settlement of any lawsuit involving allegations that federal or state securities laws were violated by the Manager or by any such person in connection with the offer or sale of Units unless: (a) where the lawsuit is not settled, the person seeking indemnification successfully defends that lawsuit; and (b) indemnification is specifically approved by a court of law.

10.9 Prohibited Acts. Anything in this Agreement to the contrary notwithstanding, the Manager shall not cause or permit the Company to: (a) make any loan to the Manager, borrow therefrom, or otherwise engage in any extension of credit with or between such parties; (b) reimburse the Manager for expenses incurred or for salaries of its officers except as otherwise expressly provided in this Agreement; (c) pay for any services performed by the Manager, except as permitted herein; nor receive any rebate or give up in connection with Company activities, nor participate in reciprocal business arrangements which circumvent this provision; (d) commingle the Company's cash with those of any other person or employ or permit such cash or assets to be used in any manner except for the exclusive benefit of the Company, except to the extent that funds are temporarily retained by loan servicing agents, or property managers, and except that those funds of the Company and funds of other partnerships or limited liability companies sponsored by the Manager may be held in an account or accounts established and maintained for the purpose of making computerized disbursements and/or short term investments.

In addition to the foregoing, any return of Fund capital from the disposition, sale, or repayment of any Fund Asset may not be reinvested by the Fund in additional or new Fund Assets unless and until any outstanding requests from a Member to redeem Units held for more than five (5) years have been honored. *This restriction shall only apply to Redemption requests from Members whose specific funds requested have been invested for more than five (5) years.*

10.10 Key Man Provision. The principal of the Manager is Mark Hanf. Mr. Hanf is considered an integral part of the Fund's investments and operations (a "Key Man"). Upon the death or permanent disability of Mr. Hanf, as determined by the Manager, the Company shall place an immediate moratorium on new investments for a period of up to one (1) year. Members shall have the right to approve a new Key Man by majority vote during the

moratorium period. If no new Key Man is approved by the Members within the maximum one (1) year moratorium period, the Fund shall permanently cease to make new investments and shall proceed with its OLP.

Within six (6) months of the Fund's launch, the Manager intends to purchase, subject to availability at commercially reasonable premiums, a life insurance policy in the amount of at least $1,000,000 on the life of Mark Hanf.

10.11 Removal or Withdrawal of the Manager. Members holding eighty percent (80%) of the Ownership Interest may, by written consent or affirmative vote, and with ninety (90) days' written notice, remove the Manager. Members may then, by a Majority Vote, or written consent, elect a new Manager, provided, however, that such removal of the Manager shall not become effective until the election of the new Manager. In the event of the removal of the Manager without Cause, the Manager shall be compensated in the amount of one (1) year's Management Fee calculated on the AUM as of the date of removal (either the expiration of ninety (90) days or the election of a new Manager by the Members, whichever is later). Removal of the Manager shall in no way impair any rights of the Manager attributable to the period prior to the effective date of removal. The Manager may voluntarily resign from the Company with one (1) year's written notice to Members. In the event of the Manager's resignation, a Manager may be substituted who is acceptable to Members holding a Majority of the Ownership Interests. The Manager's resignation shall not become effective until the election of a new Manager by the Members, or twelve (12) months from the date of the Manager's resignation notice to the Members, whichever comes first.

10.12 Power of Attorney. Each Member who executes a signature page to this Agreement thereby irrevocably constitutes and appoints the Manager, with full power of substitution, as its true and lawful attorney-in-fact, in its name, place, and stead to execute, acknowledge, swear to, verify, deliver, file, and publish, if necessary: (a) this Agreement; (b) all amendments, alterations, or changes to this Agreement, including amendments admitting a substituted or additional Member, if otherwise authorized under this Agreement; (c) all instruments which effect a change in the Company or a change in this Agreement; (d) all certificates or other instruments necessary to qualify or maintain the Company as a limited liability company in which the Members have limited liability in the jurisdiction(s) where the Company may conduct business; and (e) all instruments necessary to effect a dissolution, termination, and liquidation of the Company and cancellation of this Agreement when such dissolution, termination, liquidation, or cancellation is otherwise provided in this Agreement; provided, however, that the Manager shall not use this power of attorney to take any actions that have the effect of changing a Critical Element without the Member's consent. This power of attorney is deemed coupled with an interest and shall survive the death or disability of a Member or the assignment or transfer of all or any part of the interest of such Member in the Company until the transferee or assignee shall have become a substituted Member and shall have executed such instruments as the Manager deems necessary to bind such transferee or assignee under the terms of this Agreement as it may hereafter be amended. The Manager may exercise this power of attorney for each Member by listing all of the Members and executing any instrument with a single signature of the Manager acting as attorney-in-fact for all of them.

11. REDEMPTION AND TRANSFER OF UNITS BY MEMBERS

11.1 Member Redemptions and Lockup Period. Members will be required to hold their Units for a minimum of twenty-four (24) months (the "Lockup Period") before they may request Redemption. Redemption requests for reasons of financial hardship or emergency

during the Lockup Period may be considered on a case by case basis subject to a penalty (the "Redemption Fee") of up to five percent (5%) of the then current Unit Price. The Manager shall have no obligation to consider any hardship Redemption requests during the Lockup Period and shall be entitled to charge a higher or lower Redemption Fee. All Redemption Fees charged and collected will be considered income to the Fund.

After the Lockup Period, Redemption requests will be considered on a first come, first served basis. A Member shall be required to provide the Manager a sixty (60) days' written notice for any Redemption request and any Redemption actually provided shall be done only on the first day of a calendar month at the then current Unit Price, as determined by the Manager.

The Manager shall have no obligation to redeem any Member's Units during the first two (2) years of the Member's ownership of those Units. Subsequent to two (2) years, any return of capital to the Fund from the disposition, sale, or repayment of any Fund Asset may not be reinvested by the Fund in additional Assets unless and until any outstanding Redemption requests from Members seeking to redeem Units owned for more than two (2) years have been honored.

No Member will be given priority for Redemption over any other Member for any reason other than the date upon which the request was made for Units owned less than five (5) years. Redemption requests from Members on Units owned for more than five (5) years will take immediate priority above any Redemption requests on Units owned for less than five (5) years. The Manager may also choose to redeem all Members Pari Passu even if there is a queue of requested Redemptions, whether on Units owned more or less than five (5) years, or both, and may redeem Membership Units Pari Passu at any time at the then current Unit Price in its sole discretion without penalty to the Manager or the Fund.

11.2 Restrictions on Transfer of Interests.

(a) Subject to Section 11.2(b), no transfer (a "Transfer") of all or any fraction of a Member's interest may be made without (i) the prior written consent of the Manager, which consent may be withheld for any reason at the Manager's sole discretion, (ii) the receipt by the Manager of such documents and instruments of transfer as the Manager may reasonably require, and (iii) if requested by the Manager, the receipt by the Manager, not less than ten (10) days prior to the date of any proposed Transfer of a written opinion of counsel (who may be counsel for the Company), satisfactory in form and substance to the Manager, to the effect that such Transfer would not result in any adverse legal or regulatory consequences to the Company or any Member under the Investment Company Act of 1940, the Investment Advisers Act of 1940, or otherwise, including, but not limited to, that such Transfer would not:

(i) result in a violation of the Securities Act of 1933, the Securities Exchange Act of 1934, or any securities laws of any jurisdiction applicable to the Company or the interest to be transferred;

(ii) cause the Company to become a "publicly traded limited liability company" for federal income tax purposes;

(iii) constitute a "public offering" within the meaning of Section 7(d) of the Investment Company Act of 1940; or

(iv) result in the termination of the Company or loss by the Company of its status as a Company for tax purposes.

(b) Section 11.2(a) shall not apply to a Transfer by a Member to a person that acquires such Member's interest by reason of the death or legal incapacity of such Member. Each Member hereby agrees that it will not Transfer all or any fraction of its Membership Units, except as permitted by this Agreement.

(c) In no event shall all or any part of a Member's Membership Units be transferred to a minor or a person who is incapacitated, except in trust or by will or intestate succession.

(d) The transferring Member agrees that it will pay all reasonable expenses, including attorneys' fees, incurred by the Company in connection with a Transfer of its Membership Units.

11.3 Assignees.

(a) The Company shall not recognize for any purpose any purported Transfer of all or any part of the interest of a Member, unless the provisions of Section 11.2 shall have been complied with and there shall have been filed with the Company a dated notice of such Transfer, in a form satisfactory to the Manager, executed and acknowledged by both the transferor or such transferor's legal representative and the transferee, and such notice (i) contains the acceptance by the transferee of all the terms and provisions of this Agreement and such transferee's agreement to be bound hereby, and (ii) represents that such Transfer was made in accordance with all applicable laws, rules, and regulations.

(b) Unless and until an Assignee becomes a Substitute Member, such Assignee shall have no rights with respect to such interest other than those rights with respect to allocations and distributions.

(c) Any Member which shall Transfer all of its Interest shall cease to be a Member upon, but only upon, the admission of a Substitute Member in such Member's stead.

(d) Notwithstanding anything to the contrary contained in this Agreement, both the Company and the Manager shall be entitled to treat a Member transferring all or any part of its Interest as the absolute owner thereof in all respects, and shall incur no liability for distributions made in good faith to such Member, until such time as a Substitute Member is admitted in such Member's stead in respect thereof.

11.4 Substitute Members.

(a) No Member shall have the right to substitute a transferee of all or any part of such Member's Interest in its place, except as provided in Section 11.2. Any such transferee of an Interest (whether pursuant to a voluntary or involuntary Transfer) shall be admitted to the Company as a Substitute Member only (i) with the consent of the Manager granted at its sole discretion, (ii) by satisfying the requirements of Sections 11.2 and 11.3(a), and (iii) upon the receipt of all necessary consents of governmental and regulatory authorities, if any. Persons who become Substitute Members pursuant to Section 11.2(b) need not comply with clause (i) of the preceding sentence.

(b) Each transferee of all or part of a Member's Membership Units, as a condition to its admission as a Substitute Member, shall execute and acknowledge such instruments, in form and substance satisfactory to the Manager, as the Manager reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of such person to be bound by all the terms and provisions of this Agreement with respect to

the Membership Units acquired. All reasonable expenses, including attorneys' fees, incurred by the Company in this connection shall be borne by such person.

11.5 Bankruptcy or Incapacity of a Member. In the event of the bankruptcy or incapacity of a Member, the Company shall not be dissolved, and the Member's trustee in bankruptcy or other legal representative shall have only the rights of a transferee of the right to receive Company Distributions applicable to the interest and/or Units of such bankrupt or incapacitated Member as provided herein. Any Transfer to or from such trustee in bankruptcy or legal representative shall be subject to the provisions of this Agreement.

12. DISSOLUTION OF THE COMPANY

12.1 Dissolution. The Company will continue indefinitely until a date on which the Company has liquidated all of its Fund Assets, or earlier upon the occurrence of any of the following events:

(a) The disposition of all assets of the Company and disbursement of all cash to the Members;

(b) The agreement by Members holding eighty percent (80%) of the Ownership Interests; or

(c) The dissolution of the Manager, bankruptcy of the Manager, or withdrawal from the Company of the Manager when an approved replacement is not obtained within a period of ninety (90) days of such dissolution or bankruptcy or one (1) year after the withdrawal of the Manager in the case of withdrawal.

Upon dissolution of the Company, except a dissolution caused by the dissolution, bankruptcy or withdrawal of the Manager where a substitute Manager is elected by the Members within ninety (90) days of such dissolution or bankruptcy or one (1) year in the case of withdrawal, the Company will be liquidated using its OLP as a guide and the proceeds of liquidation will be applied as follows:

(i) Liquidation and/or other Fund Expenses;
(ii) Manager annualized two (2%) Management Fee (paid monthly at .1667%) on total AUM as of the last day of each calendar month;
(iii) Return of Member's capital on a Pari Passu basis (or by priority for Redemption requests, if any, in the sole discretion of the Manager);
(iv) Members on a Pari Passu basis as to the Preferred Return;
(v) Subject to the Clawback, any remaining EDC to be split 50/50 between Members and the Manager respectively.

12.2 Bankruptcy. A bankruptcy of a Manager shall be deemed to have occurred upon the happening of any of the following: (a) the Manager files an application for or consents to, the appointment of a trustee or receiver of its assets; (b) the Manager files a voluntary petition in bankruptcy or files a pleading in any court of record admitting in writing its inability to pay its debts as they become due; (c) the Manager makes a general assignment for the benefit of creditors; (d) the Manager files an answer admitting the material allegations of, or consents to, or defaults in answering a bankruptcy petition filed against it; or (e) any court of competent jurisdiction enters an order, judgment, or decree adjudicating the Manager a debtor or appointing a trustee or receiver of its assets, if such order, judgment or decree continues unstayed and in effect for such period of sixty (60) days.

12.3 Liquidation. If the Company dissolves, the Manager (or if the Manager has become bankrupt or terminated, then a liquidator or a liquidation committee selected by the holders of a majority of the then issued Units) shall commence to wind up the affairs of the Company and to liquidate its investments using its OLP as a guide. The holders of the Units shall continue to share profits and losses during the period of liquidation in the same proportion as before the dissolution. The Manager (or such liquidator or liquidating committee) shall have full right and unlimited discretion to determine the time, manner, and terms of any sale or sales of Company Assets, having due regard to the activity and condition of the relevant market and general financial economic conditions.

12.4 Liquidation Statement. Within a reasonable time following the completion of the liquidation of the Company's assets, the Manager (or liquidator or liquidating committee) shall supply to each Member a statement by the Company's accountants setting forth the Assets and liabilities of the Company as of the date of complete liquidation and each Member's pro rata portion of the distributions pursuant to Section 12.1.

12.5 No Recourse to Assets or Members. Each Member shall look solely to the Assets of the Company for all Distributions with respect to the Company and its Capital Contribution thereto and share of profits or losses thereof, and shall have no recourse thereto (upon dissolution or otherwise) against any Member or the Manager or its principals, affiliates, agents or employees. No Member shall have any right to demand or receive property other than cash upon dissolution and termination of the Company.

12.6 Termination. Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate and the Manager shall have the authority to execute and record the Certificate of Cancellation of the Company and any other documents required to effectuate the dissolution and termination of the Company.

13. NOTICES

All notices, requests, demands and other communications given or required to be given hereunder shall be in writing and personally delivered or sent by United States registered or certified mail, return receipt requested, postage prepaid or sent by a nationally recognized courier service such as Federal Express, duly addressed to the parties as follows:

To the Member:	To the address shown on the attached signature page
To the Manager:	Private Money Management Group LLC 1604 Grant Avenue Novato, CA, 94945

Any notice or other communication hereunder shall be deemed given on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's records as the date of delivery or as the date of first attempted delivery to the address of the addressee, if sent by mail or courier service (such as Federal Express). Notice may also be given by email or facsimile to any party having an email account or facsimile machine compatible with the email service or facsimile machine of the party sending the notice. Any notice given by email or facsimile shall be deemed delivered when received by the email service or facsimile machine of the receiving party if received before 5:00 p.m. (Pacific Time) on the business day received, or if received after 5:00 p.m. (Pacific Time), or if emailed or faxed on a day other than a business day (i.e., a Saturday, Sunday or legal holiday), then such notice shall be deemed delivered on the next

following business day. The transmittal confirmation receipt produced by the facsimile machine of the sending party or the email read confirmation shall be prima facie evidence of such receipt. Any party may change its address email address or facsimile number for purposes of this Section by giving notice to the other party. If a "copy party" is designated, service of notice shall not be deemed given to the designated party unless and until the "copy party" is also given such notice in accordance with this Section.

14. Amendments

14.1 Amendments Requiring Consent. Except as otherwise provided herein, this Agreement is subject to amendment only with the written consent of the Majority; provided, however, that no amendment to this Agreement may:

(a) without the consent of each affected Member, modify the limited liability of a Member;

(b) alter the Interest of any Member in respect of Company income, gains and losses or amend or modify any portion of Sections 3 and 5 without the consent of each Member adversely affected by such amendment or modification; provided, however, that the admission, withdrawal, or substitution of Members in accordance with this Agreement shall not constitute such an alteration, amendment or modification;

(c) amend or modify any provision of Section 11 in a manner that would further restrict the transferability of a Member's Units without the consent of all of the Members;

(d) amend any provision hereof which requires the consent, action, or approval of a specified Ownership Interest of the Members without the consent of such specified Ownership Interest of the Members, or;

(e) amend this Section 14.1 without the consent of all of the Members; or without the consent of Manager, modify any of the provisions of Sections 5 or 10 of this Agreement.

14.2 Amendments Not Requiring Consent. In addition to any amendments otherwise authorized hereby, this Agreement may be amended from time to time by the Manager: (i) to add to the representations, duties, or obligations of the Manager or surrender any right or power granted to the Manager; (ii) to cure any ambiguity or correct or supplement any provisions hereof which may be inconsistent with any other provision hereof or correct any printing, stenographic or clerical errors, or omissions; (iii) to provide for the admission, withdrawal, or substitution of Members in accordance with this Agreement; (iv) to amend Exhibit A attached hereto to provide any necessary information regarding any Member and to add and delete Members or Substitute Members; (v) to delete or add any provisions of this Agreement required to be so deleted or added by applicable law or by a securities law commissioner or similar such official or in order to qualify for a private replacement exemption; and (vi) to reflect any change in the amount of the Capital Contribution of any Member in accordance with this Agreement; provided, however, that no amendment shall be adopted pursuant to this Section 14.2 if (a) such amendment would adversely alter the interest of a Member in income, gains or losses, or distributions of the Company, or (b) such amendment would, in the opinion of counsel for the Company, alter or result in the alteration of, the limited liability of the Members or the status of the Company as a Company for federal income tax purposes. The power of attorney granted pursuant to Section 10.12 may be used

by the Manager to execute on behalf of a Member any document evidencing or effecting an amendment adopted in accordance with this Section 14.2.

15. GENERAL

15.1 Waiver of Partition. The Members agree that the Company properties are not and will not be suitable for partition. Accordingly, each Member hereby irrevocably waives any and all rights that it may have to maintain any action for partition of any Fund Assets.

15.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties. It supersedes any prior agreement or understanding among them, and it may not be modified or amended in any manner other than set forth herein.

15.3 Law. This Agreement and the rights of the parties hereunder shall be governed and interpreted in accordance with the laws of the State of Delaware.

15.4 Binding Effect. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns.

15.5 Variations in Pronouns. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns in either the masculine, the feminine, or the neuter gender shall include the masculine, feminine, and neuter.

15.6 Captions. Captions are inserted only as a convenience and in no way define, limit or extend the scope or intent of any provision hereof.

15.7 Validity. If any provision of this Agreement, or application of a provision to any person or circumstance, is held invalid, the remainder of this Agreement, or the application of such provision to other persons or circumstances, shall not be affected thereby.

15.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. This Agreement may contain more than one counterpart of the signature page and it may be executed by the affixing of signatures of each of the Members to one of such counterpart signature pages; all counterpart signature pages shall be read as the one and they shall have the same force and effect as though all of the signers signed a single signature page.

15.9 Confidentiality. Each Member agrees, as set forth below, with respect to any information pertaining to the Company or any Fund Asset that is provided to such Member pursuant to this Agreement or otherwise (collectively, "Confidential Matter"), to treat as confidential all such information, together with any analyses, studies, or other documents or records prepared by such Member, its affiliates, or any representative or other person acting on behalf of such Member (collectively, its "Authorized Representatives"), which contain or otherwise reflect or are generated from Confidential Matters, and will not, and will not permit any of its Authorized Representatives to, disclose any Confidential Matter, provided that any Member or its Authorized Representative may disclose any such information: (a) as has become generally available to the public; (b) as may be required or appropriate in any report, statement, or testimony submitted to any governmental authority having or claiming to have jurisdiction over such Member (or its Authorized Representative but only that portion of the data and information which, in the written opinion of counsel for such Member or Authorized

Representative is required or would be required to be furnished to avoid liability for contempt or the imposition of any other material judicial or governmental penalty or censure; (c) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation; or (d) as to which the Manager has consented in writing. Notwithstanding anything herein to the contrary, any Member (and any employee, representative, or other agent of such Member) may disclose to any and all persons, without limitation of any kind, such Member's U.S. federal income tax treatment and the U.S. federal income tax structure of the transactions contemplated hereby relating to such Member and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, no disclosure of any information relating to such tax treatment or tax structure may be made to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws.

15.10 Counsel. Each Member acknowledges and agrees that Ater Wynne LLP and any other law firm or counsel retained by the Manager in connection with the organization of the Company, the offering of Units, the management and operation of the Company, or any dispute between the Manager and any Member is acting as counsel to the Manager and as such does not represent or owe any duty to such Member or to the Members as a group.

15.11 Attorney Fees. In the event of any legal action in connection with this Agreement (whether at law or in equity), the prevailing party in such action shall be entitled to recover its reasonable attorney fees and costs incurred therein, including attorney fees and costs on appeal. The term "legal action" shall be deemed to include any action commenced in any court of general or limited jurisdiction as well as any proceeding in the bankruptcy courts of the United States and arbitration proceedings. The term "costs" includes, but is not limited to, reasonable attorney fees, deposition costs (discovery or otherwise), witness fees (expert or otherwise), title expenses (search or policy), and any and all other out-of-pocket expenses as may be allowed by the court or arbitrator.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties on the day and year set forth at the beginning of this Agreement.

MANAGER:

PACIFIC PRIVATE MONEY FUND I LLC

By:_____
Mark Hanf

MEMBER(S):

MEMBER NAME:_____

BY:_____ TITLE IF APPLICABLE:_____

DATE:_____ 20___

MEMBER NAME:_____

BY:_____ TITLE IF APPLICABLE:_____

DATE:_____ 20___

MEMBER NAME:_____

BY:_____ TITLE IF APPLICABLE:_____

DATE:_____ 20___

EXHIBIT A

MEMBERS (1/1/2013)

PACIFIC PRIVATE MONEY FUND I, LLC
SUBSCRIPTION AGREEMENT

This Subscription Agreement (the "Subscription Agreement") is between Pacific Private Money Fund I LLC, a Delaware limited liability company (the "Fund"), and the undersigned (referred to herein as "you," except that in the case of a subscription for the account of one or more trusts or other entities, "you" will refer to the trustee, fiduciary, or representative making the investment decision and executing this Agreement, of the trust or other entity, or both, as appropriate). The Fund and you hereby agree as follows:

1. Sale and Purchase of Membership Units

The Fund has been formed under the laws of the State of Delaware and is governed by an Operating Agreement as may be modified in accordance with the terms of any amendment thereto (the "Operating Agreement"). Capitalized terms used herein without definition have the meanings given to the terms in the Operating Agreement or the PPM.

Subject to the terms and conditions of this Agreement and in reliance upon your representations and warranties set forth herein:

(a) the Fund agrees to sell to you, and you irrevocably subscribe for and agree to purchase from the Fund, membership units in the Fund ("Units"); and

(b) the Fund and its Manager, Private Money Management Group LLC, a Delaware limited liability company (the "Manager"), agree that you will be admitted as a Member, upon the terms and conditions, and in consideration of your agreement to be bound by the terms and provisions of the Operating Agreement and this Agreement, with a capital commitment in the amount equal to the amount set forth on your Signature Page (your "Capital Commitment", or "Capital Contributions").

Subject to the terms and conditions hereof and of the Operating Agreement, your obligation to subscribe and pay for your Units and to fund your entire Capital Commitment will be complete and binding upon the execution and delivery of this Agreement.

2. Power of Attorney

You hereby irrevocably constitute and appoint the Manager (and any substitute or successor Manager(s) of the Fund) your true and lawful attorney in your name, place, and stead: (a) to receive and pay over to the Fund on your behalf, to the extent set forth in this Agreement, all funds received under this Subscription Agreement; (b) to complete or correct, on your behalf, all documents to be executed by you in connection with your subscription for Units, including, without limitation, filling in or amending amounts, dates, and other pertinent information; and (c) to execute, acknowledge, swear to, and file (i) any counterparts of the Operating Agreement to be entered into pursuant to this Agreement and any amendments to which you are a signatory; (ii) any amendments to any such amendments (as provided in the Operating Agreement); (iii) any agreements or other documents relating to the obligations of the Fund, as limited and defined in the Operating Agreement; (iv) all certificates and other instruments necessary to qualify, or continue the qualification of, the Fund in the states where it may be doing business and to preserve the limited liability status of the Fund in the jurisdictions in which the Fund may acquire investments; (v) any certificates or other instruments which may be required to effectuate any change in the membership of the Fund; (vi) all assignments, conveyances, or other instruments or documents necessary to effect the dissolution of the Fund; and (vii) all other filings with agencies of the federal government, of

any state or local government, or of any other jurisdiction, which the Manager considers necessary or desirable to carry out the purposes of this Agreement, the Operating Agreement, and the business of the Fund. This power of attorney is deemed coupled with an interest, will be irrevocable and will survive the transfer of your Units.

3. Other Subscriptions

The Fund has entered into separate but substantially similar subscription agreements (the "Other Subscription Agreements" and, together with this Agreement, the "Subscription Agreements") with other purchasers (the "Other Purchasers"), providing for the sale to the Other Purchasers of Units and the admission of the Other Purchasers as Members. This Agreement and the Other Subscription Agreements are separate agreements, and the sales of Units to you and the Other Purchasers are separate sales.

4. Closing

Upon receipt of this Agreement and the Operating Agreement, both fully executed by you, the Company will immediately deposit your funds into its holding account (the "Subscription Account"), the date of which shall be the "Deposit Date." Investors may execute subscription documents at any time, subject to acceptance by the Manager. However, an investment in the Units will become effective as an equity investment ***only*** as of the first day of the month (the "Effective Date") following the date of acceptance of the subscription and associated deposit of an Investor's money into the Fund's Subscription Account (the "Deposit Date"), ***and*** upon the Fund's transfer of the money into its Operating Account. The Fund may use the Investor's money between the Deposit Date and the Effective Date, provided that any amounts drawn by the Fund from the Subscription Account into the Operating Account shall be treated as a loan to the Fund for which the Investor shall receive interest at 7% (annualized) during the period between the Deposit Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. The Investor shall become a Member of the Fund ***only*** after the Effective Date ***and*** upon acceptance of the subscription by the Manager, and only upon acceptance of the Investor as a Member will the investment, or portions drawn from the Subscription Account, be treated as an equity investment in the Fund.

As soon after the Effective Date as is practicable (typically on or around the fifteenth (15th) of the month), the Fund shall issue Units to the Investor at the prevailing Unit Price for any and all amounts transferred into the Operating Account since the Deposit Date (i.e., funds that were treated as loaned to the Fund between the Transfer Date and the Effective Date). On the Effective Date, the Fund shall also be obligated to transfer some or all of any remaining Investor funds from the Subscription Account into the Operating Account and issue Units at the prevailing Unit Price, and/or to notify the Investor of any amounts it intends to let remain in the Subscription Account. Upon notice to the Investor of any such amounts it does not intend to transfer to the Operating Account and issue Units, the Investor shall have ten (10) days to decide to either leave the money with the Company in its Subscription Account, or to have the Company reimburse the remaining funds in the Subscription Account to the Investor. If an Investor chooses the reimbursement option, the Investor shall have no further right or obligation to use these remaining funds to purchase Units. If an Investor chooses to leave the remaining funds in the Subscription Account, the Investor's obligation to utilize such funds to purchase Units (and the Company's right to transfer the funds to its Operating Account) shall once again be irrevocable, and the funds shall again be treated during each successive month as detailed in this section.

Units may be sold to any person or entity that the Manager determines meets the qualification requirements established by the Manager. The Manager may, in its sole and complete discretion, determine the terms and conditions of the offering and the sale of Units including the length of the offering period. The Manager is authorized and directed to do all things which it deems to be necessary, convenient, appropriate, or advisable in connection therewith.

5. Conditions Precedent to Your Obligations

5.1 The Conditions Precedent. Your obligation to subscribe for your Units and be admitted as a Member at the Effective Date is subject to the fulfillment (or waiver by you), prior to or at the time of the Effective Date, of the following conditions:

(a) Operating Agreement. The Operating Agreement will have been duly authorized, executed, and delivered by or on behalf of the Manager. Each Other Purchaser will have duly authorized, executed, and delivered a counterpart of the Operating Agreement or authorized its execution and delivery on its behalf. The Operating Agreement will be in full force and effect.

(b) Representations and Warranties. The representations and warranties of the Fund contained in Section 7 will be true and correct in all material respects when made and at the time of the Effective Date, except as affected by the consummation of the transactions contemplated by this Agreement or the Operating Agreement.

(c) Performance. The Fund will have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Deposit Date.

(d) Legal Investment. On the Deposit Date your subscription hereunder will be permitted by the laws and regulations applicable to you.

5.2 Nonfulfillment of Conditions. If at the Deposit Date any of the conditions specified in Section 5.1 will not have been fulfilled, you will, at your election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights you may have by reason of such nonfulfillment. If you elect to be relieved of your obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement will be null and void as to you and the power of attorney contained herein will be used only to carry out and effect the actions required by this sentence, and the Fund will promptly take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

6. Conditions Precedent to the Fund's Obligations

6.1 The Conditions Precedent. The obligations of the Fund and the Manager to issue to you the Units and to admit you as a Member at the Effective Date will be subject to the fulfillment (or waiver by the Fund) prior to or at the time of the Effective Date, of the following conditions:

(a) Operating Agreement. Any filing with respect to the formation of the Fund required by the laws of the State of Delaware will have been duly filed in such place or places as are required by such laws. A counterpart of the Operating Agreement will have been duly authorized, executed, and delivered by or on behalf of you and each of such Other Purchasers. The Operating Agreement will be in full force and effect.

(b) Representations and Warranties. The representations and warranties made by you in Section 8 will be true and correct when made and at the time of the Effective Date.

(c) Performance. You will have duly performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by you prior to or at the Deposit Date.

6.2 Nonfulfillment of Conditions. If at the Effective Date any of the conditions specified in Section 6.1 will not have been fulfilled, the Fund will, at the Manager's election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights it may have by reason of such nonfulfillment. If the Manager elects for the Fund to be relieved of its obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement will be null and void as to you and the power of attorney contained herein will be used only to carry out and effect the actions required by this sentence, and the Fund will promptly take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

7. Representations and Warranties of the Fund

7.1 Representations and Warranties. The Fund represents and warrants to you that each of the following statements is true and correct as of the Deposit Date and continuing through and including the Effective Date:

(a) Formation and Standing. The Fund is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite limited liability company power and authority to carry on its business as now conducted and as proposed to be conducted as described in the Confidential Private Placement Memorandum relating to the private offering of Units by the Fund (together with any amendments and supplements thereto, the "PPM"). The Manager is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite limited liability company power and authority to act as Manager of the Fund and to carry out the terms of this Subscription Agreement and the Operating Agreement applicable to it.

(b) Authorization of Agreement, etc. The execution and delivery of this Agreement has been authorized by all necessary action on behalf of the Fund and this Agreement is a legal, valid and binding obligation of the Fund, enforceable against the Fund in accordance with its terms. The execution and delivery by the Manager of the Operating Agreement has been authorized by all necessary action on behalf of the Manager and the Operating Agreement is a legal, valid and binding agreement of the Manager, enforceable against the Manager in accordance with its terms.

(c) Compliance with Laws and Other Instruments. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Operating Agreement, or any agreement or other instrument to which the Fund is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule, or regulation applicable to the Fund or its business or properties. The execution and delivery of the Operating Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the company or operating agreement of the Manager, or any agreement or instrument to which the Manager is a party or by which it or any of its properties is bound, or any permit, franchise,

judgment, decree, statute, order, rule, or regulation applicable to the Manager or its businesses or properties.

(d) Offer of Units. Neither the Fund nor anyone acting on its behalf has taken or will take any action that would subject the issuance and sale of the Units to the registration requirements of the United States Securities Act of 1933, as amended (the "Securities Act").

(e) Investment Company Act. The Fund is not required to register as an "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Manager is not required to register as an "investment adviser" under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and does not intend to do so.

(f) Fund Liabilities; Litigation. Prior to the date hereof the Fund has not incurred any material liabilities other than liabilities in respect of Organizational Expenses. There is no action, proceeding, or investigation pending or, to the knowledge of the Manager or the Fund, threatened against the Manager or the Fund.

(g) Disclosure. The PPM, when read in conjunction with this Agreement and the Operating Agreement, does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

7.2. Survival of Representations and Warranties. All representations and warranties made by the Fund in Section 7.1 will survive the execution and delivery of this Agreement and the issue and sale of Units.

8. Your Representations and Warranties

8.1 The Representations and Warranties. You represent and warrant to the Fund, the Manager, and each other Person who is, or in the future becomes, a Member that each of the following statements is true and correct as of the Deposit Date and continuing through and including the Effective Date:

(a) Accuracy of Information. All of the information provided by you in response to Section 11 and in the suitability statements is true, correct and complete in all respects. Any other information you have provided to the Manager or the Fund about you is correct and complete as of the date of this Agreement.

(b) PPM; Advice. You have either consulted your own attorney, accountant, investment adviser, or other financial adviser about this investment, your proposed purchase of Membership Units, and its suitability to you, or have chosen not to do so, despite the recommendation of that course of action by the Manager. Any special acknowledgment set forth below with respect to any statement contained in the PPM will not be deemed to limit the generality of this representation and warranty.

(c)You have received or will receive a copy of the PPM and the form of the Operating Agreement and you understand the risks of, and other considerations relating to, a purchase of Units, including the risks set forth under the caption "Certain Investment Considerations and Risk Factors" in the PPM. You have been given access to, and prior to the execution of this Agreement you were provided with an opportunity to ask questions of, and receive answers from, the Manager and any of its principals concerning the terms and conditions of the offering of Units, and to obtain any other information which you and your

investment representative and professional advisers requested with respect to the Fund and your investment in the Fund in order to evaluate your investment and verify the accuracy of all information furnished to you regarding the Fund. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory.

(d) Investment Representation and Warranty. You are acquiring your Units for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds of which you are trustee as to which you are the sole qualified professional asset manager within the meaning of Prohibited Transaction Exemption 84-14 (a "QPAM") for the assets being committed hereunder, in each case not with a view to or for sale in connection with any distribution of all or any part of such Unit. You hereby agree that you will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate, or otherwise dispose of all or any part of such Units (or solicit any offers to buy, purchase, or otherwise acquire or take a pledge of all or any part of the Units) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Operating Agreement. If you are purchasing for the account of one or more pension or trust funds, you represent that (except to the extent you have otherwise advised the Fund in writing prior to the date hereof) you are acting as sole trustee or sole QPAM for the assets being committed hereunder and have sole investment discretion with respect to the acquisition of the Units to be purchased by you pursuant to this Agreement, and the determination and decision on your behalf to purchase such Units for such pension or trust funds is being made by the same individual or group of individuals who customarily pass on such investments.

(e) Representation of Investment Experience and Ability to Bear Risk. You (i) are knowledgeable and experienced with respect to the financial, tax and business aspects of the ownership of Units and of the business contemplated by the Fund and are capable of evaluating the risks and merits of purchasing Units and, in making a decision to proceed with this investment, have not relied upon any representations, warranties, or agreements, other than those set forth in this Agreement, the PPM, and the Operating Agreement, if any, and (ii) can bear the economic risk of an investment in the Fund for an indefinite period of time, and can afford to suffer the complete loss of your investment.

(f) Restricted Securities. You understand that the Units are restricted securities and agree that if you decide to transfer any of the Units, you will not do so, directly or indirectly, except in compliance with the Operating Agreement and except (i) to the Fund; (ii) outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations of the jurisdiction(s) in which such sale is made; (iii) inside the United States pursuant to the exemption from the registration requirements provided by Rule 144A under the U.S. Securities Act, if available, and in accordance with applicable state securities laws; or (iv) in a transaction that does not require registration under the U.S. Securities Act or applicable state securities laws, and you have, prior to such sale, furnished to the Fund an opinion of counsel to that effect reasonably satisfactory to the Fund.

(g) You understand and acknowledge that upon the original issuance of the Units and until no longer required under the U.S. Securities Act or applicable state securities laws, any certificates representing the Units will bear the following legend:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S.

SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES AGREES FOR THE BENEFIT OF THE FUND THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF THE FUND'S OPERATING AGREEMENT AND ONLY (A) TO THE FUND, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION AFTER PROVIDING A SATISFACTORY LEGAL OPINION TO THE FUND. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. A NEW CERTIFICATE, BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY" MAY BE OBTAINED FROM THE FUND UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE FUND AND ITS REGISTRAR AND TRANSFER AGENT, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT OR AS PRESCRIBED BY THE FUND FROM TIME TO TIME;

Your further understand and acknowledge that any certificate representing securities issued in exchange therefor or in substitution thereof will bear the same legend; provided that the legend may be removed by providing a declaration to the Fund's registrar and transfer agent to the following effect (or as the Fund may prescribe from time to time), and provided that the Fund may at any time rescind this procedure for the removal of restrictive legends if it determines that this procedure no longer complies with applicable legal requirements: "The undersigned acknowledges that the sale of the securities to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933 (the "U.S. Securities Act"), and the undersigned certifies that: (1) the seller is not an affiliate of the Fund (as defined in Rule 405 under the U.S. Securities Act); (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believes that the buyer was outside the United States, or (b) the transaction was executed in, on or through the facilities of the Vancouver Stock Exchange, The Toronto Stock Exchange, the Montreal Exchange, or any other designated offshore securities market, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged in any directed selling efforts in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off' the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), and (5) the contemplated sale is not a transaction or part of a series of transactions which, although in technical compliance with Regulation S is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act."

(h) "Non-Resident Alien" Status (if applicable). By indication below, you represent and warrant that you are not, and have no present intention of becoming, a citizen of the United States or Canada or a resident of the United States (defined as being any natural person physically present within the United States for at least 183 days in a 12-month

consecutive period or any entity who maintained an office in the United States at any time during a 12-month consecutive period). You understand that the Fund may rely upon the representations and warranty of this paragraph as a basis for an exemption from registration of the Investment Securities under the Securities Act of 1933, as amended, and the provisions of relevant state securities laws.

(i) Accredited Investor. You are an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act by reason of the fact that you are:

(i) a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in an individual or fiduciary capacity; a broker dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state of the United States of America, its political subdivisions, or any agency or instrumentality of a state of the United States of America or its political subdivisions, for the benefit of its employees that has total assets in excess of $5,000,000; an employee benefit plan within the meaning of Section 3(3) of ERISA whereby the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings, and loan association, insurance company, or registered investment adviser; an employee benefit plan that has total assets in excess of $5,000,000; or an employee benefit plan that is a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) private business development company as defined in Section 202(a)(22) of the Advisers Act;

(iii) an organization described in Section 501(c)(3) of the Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring your Units, with total assets in excess of $5,000,000;

(iv) any director, executive officer, or member of the Fund or the Manager;

(v) a natural person and your individual net worth, or joint net worth with your spouse, at the time of this purchase exceeds $1,000,000, excluding the value of your primary residence, or a natural person who had an individual income in excess of $200,000 in each of the two previous years, or joint income with your spouse in excess of $300,000 in each of those years, and reasonably expects to reach the same income level in the current year. Further, you have adequate means of providing all your current and foreseeable needs and personal contingencies and have no need for liquidity in this investment;

(vi) a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring your Units in the Fund, and this purchase is directed by a sophisticated person as described in rule 506(b)(2)(ii) of Regulation D promulgated under the Securities Act; or

(vii) an entity of which all of the equity owners are accredited investors as defined by any of the above subsections (i) through (vi).

(j) No Investment Company Issues. If you are an entity, (i) you were not formed, and are not being utilized, primarily for the purpose of making an investment in the Fund (and your investment in the Fund does not exceed 40% of your total assets or the aggregate capital commitments to you by your partners, members, shareholders, or others) and (ii) either (A) all of your outstanding securities (other than short-term paper) are beneficially owned by one Person, (B) you are not an investment company under the Investment Company Act or a "private investment company" that avoids registration and regulation under the Investment Company Act based on the exclusion provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, or (C) you have delivered to the Manager a representation and covenant as to certain matters under the Investment Company Act satisfactory to the Manager.

(k) Certain ERISA Matters. You represent that (i) except as described in a letter to the Manager dated at least five (5) days prior to the date hereof, no part of the funds used by you to acquire Units constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of ERISA, either directly or indirectly through one or more entities whose underlying assets include plan assets by reason of a plan's investment in such entities (including insurance company separate accounts, insurance company general accounts, or bank collective investment funds, in which any such employee benefit plan (or its related trust) has any interest) or (ii) if Units are being acquired by or on behalf of any such plan (any such purchaser being referred to herein as an "ERISA Partner"), (A) such acquisition has been duly authorized in accordance with the governing documents of such plan and (B) such acquisition and the subsequent holding of the Units do not and will not constitute a "non-exempt prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (i.e., a transaction that is not subject to an exemption contained in ERISA or in the rules and regulations adopted by the U.S. Department of Labor (the "DOL") thereunder). The foregoing representation will be based on a list of the Other Purchasers to be provided by the Manager to each ERISA Partner prior to the Effective Date.

(l) Suitability. You have evaluated the risks involved in investing in the Units and have determined that the Units are a suitable investment for you. Specifically, the aggregate amount of the investments you have in, and your commitments to, all similar investments that are illiquid is reasonable in relation to your net worth, both before and after the subscription for and purchase of the Units pursuant to this Agreement.

(m) Transfers and Transferability. You understand and acknowledge that the Units have not been registered under the Securities Act or any state securities laws and are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and, therefore, cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. You also understand that the Fund does not have any obligation or intention to register the Units for sale under the Securities Act, any state securities laws, or of supplying the information which may be necessary to enable you to sell Units; and that you have no right to require the registration of the Units under the Securities Act, any state securities laws, or other applicable securities regulations. You also understand that sales or transfers of Units are further restricted by the provisions of the Operating Agreement.

You represent and warrant further that you have no contract, understanding, agreement, or arrangement with any person to sell or transfer or pledge to such person or anyone else any of the Units for which you hereby subscribe (in whole or in part); and you

represent and warrant that you have no present plans to enter into any such contract, undertaking, agreement, or arrangement.

You understand that the Units cannot be sold or transferred without the prior written consent of the Manager, which consent may be withheld in its sole and absolute discretion, and which consent will be withheld if any such transfer could cause the Fund to become subject to regulation under federal law as an investment company or would subject the Fund to adverse tax consequences.

You understand that there is no public market for the Units and that any disposition of the Units may result in unfavorable tax consequences to you.

You are aware and acknowledge that, because of the substantial restrictions on the transferability of the Units, it may not be possible for you to liquidate your investment in the Fund readily, even in the case of an emergency.

(n) Residence. You maintain your domicile at the address shown in the Member Information Page and you are not merely transient or temporarily resident there.

(o) Anti-Money Laundering. You or your beneficial owner is not a person, government, country, or entity: (i) that is listed in the Annex to, or is otherwise subject to the provisions of, United States Executive Order 13224, as issued on September 24, 2001 ("EO 13224") which list is published at http://www.treasury.gov/terrorism.html); (ii) whose name appears on the most current U.S. Office of Foreign Assets Control ("OFAC") list of "Specifically Designated Nationals and Blocked Persons" (which list is published on the OFAC website, http://www.treas.gov/ofac); (iii) who commits, threatens to commit, or supports "terrorism," as that term is defined in EO 13224; or (iv) who is otherwise affiliated with any person, government, country, or entity listed above. Any funds used by us to invest in the Fund were not, directly or indirectly, derived from activities that may contravene U.S. federal and/or state laws and regulations, including anti-money laundering laws or that may contravene the anti-money laundering laws of any other jurisdiction.

(p) Publicly-Traded Fund. By the purchase of any Unit in the Fund, you represent to the Manager and the Fund that you have neither acquired nor will you transfer or assign any Unit you purchase (or any interest therein) or cause any such Units (or any interest therein) to be marketed on or through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704(b)(1) of the Code. Further, you agree that if you determine to transfer or assign any of your Units pursuant to the provisions of the Operating Agreement you will cause your proposed transferee to agree to the transfer restrictions set forth therein and to make the representations set forth above.

(q) Awareness of Risks; Taxes. You represent and warrant that you are aware that: (i) the Fund has no operating history; (ii) the Units involve a substantial degree of risk of loss of your entire investment and that there is no assurance of any income from your investment; and (iii) any federal and/or state income tax benefits which may be available to you may be lost through the adoption of new laws or regulations, to changes to existing laws and regulations and to changes in the interpretation of existing laws and regulations. You further represent that you are relying solely on your own conclusions or the advice of your own counsel or investment representative with respect to tax aspects of any investment in the Fund.

(r) Capacity to Contract. If you are an individual, you represent that you are over 21 years of age and have the capacity to execute, deliver, and perform this Subscription Agreement and the Operating Agreement.

(s) Power, Authority; Valid Agreement. (i) You have all requisite power and authority to execute, deliver, and perform your obligations under this Agreement and the Operating Agreement and to subscribe for and purchase or otherwise acquire your Units; (ii) your execution of this Agreement and the Operating Agreement has been authorized by all necessary corporate or other action on your behalf; and (iii) this Agreement and the Operating Agreement are each valid, binding, and enforceable against you in accordance with their respective terms.

(t) No Conflict; No Violation. The execution and delivery of this Agreement and the Operating Agreement by you and the performance of your duties and obligations hereunder and thereunder (i) do not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under (A) any charter, by-laws, trust agreement, partnership agreement or other governing instrument applicable to you, (B) (1) any indenture, mortgage, deed of trust, credit agreement, note, or other evidence of indebtedness, or any lease or other agreement or understanding, or (2) any license, permit, franchise, or certificate, in either case to which you or any of your affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject; (ii) do not require any authorization or approval under or pursuant to any of the foregoing; and (iii) do not violate any statute, regulation, law, order, writ, injunction, or decree to which you or any of your affiliates is subject.

(u) No Default. You are not (i) in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement, or condition contained in (A) this Agreement or the Operating Agreement, (B) any provision of any charter, by-laws, trust agreement, partnership agreement, or other governing instrument applicable to you, (C) (1) any indenture, mortgage, deed of trust, credit agreement, note, or other evidence of indebtedness or any lease or other agreement or understanding, or (2) any license, permit, franchise, or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject, or (ii) in violation of any statute, regulation, law, order, writ, injunction, judgment, or decree applicable to you or any of your affiliates.

(v) No Litigation. There is no litigation, investigation, or other proceeding pending or, to your knowledge, threatened against you or any of your Affiliates which, if adversely determined, would adversely affect your business or financial condition or your ability to perform your obligations under this Agreement or the Operating Agreement.

(w) Consents. No consent, approval or authorization of, or filing, registration, or qualification with, any court or governmental authority on your part is required for the execution and delivery of this Agreement or the Operating Agreement by you or the performance of your obligations and duties hereunder or thereunder.

(x) Conflicts of Interest. You understand and agree that the Fund will engage Affiliates of the Manager to perform services for and on behalf of the Fund. You also understand that the Fund will, in connection with such services, pay to such Affiliates brokerage commissions and fees, property management fees, and other compensation. You also acknowledge that the Fund has agreed that each contract and transaction between the Fund and its Affiliates will be fair and reasonable to the Fund and on terms not less favorable

than could be obtained in arm's-length negotiations with unrelated third parties for similar services. You also understand and agree that affiliates of the Fund may receive commissions or fees from unrelated third parties with whom the Fund is purchasing or selling a real property asset or engaging in another transaction, and that in such event, such Affiliate may have a potentially conflicting division of loyalties and responsibilities regarding the Fund and the other parties to the transaction.

8.2 Survival of Representations and Warranties; Duty to Inform. All representations and warranties made by you in Section 8.1 of this Agreement will survive the execution and delivery of this Agreement and the issuance and sale of Units. All of the representations and information provided by you in this Subscription Agreement and any additional information which you have furnished to the Fund with respect to your financial position and business experience is accurate and complete as of the date that this Subscription Agreement was executed by you. If there should be any change in such representations or information prior to the sale of the Units subscribed for herein, you will immediately furnish accurate and complete information concerning any such material change to the Fund.

8.3 Reliance. You acknowledge that your representations, warranties, acknowledgments, and agreements in this Agreement will be relied upon by the Fund in determining your suitability as a purchaser of Units.

8.4 Further Assurances. You agree to provide, if requested, any additional information that may be requested or required to determine your eligibility to purchase the Units.

8.5 Indemnification. You hereby agree to indemnify the Fund, the Manager, and any Affiliates, and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss") due to or arising out of any breach or representation, warranty, or agreement by you, whether contained in this Subscription Agreement (including the suitability statements) or any other document provided by you to the Fund in connection with your investment in the Units. You hereby agree to indemnify the Fund and any Affiliates and to hold them harmless against all Loss arising out of the sale or distribution of the Units by you in violation of the Securities Act or other applicable law or any misrepresentation or breach by you with respect to the matters set forth in this Agreement. In addition, you agree to indemnify the Fund and any Affiliates and to hold such persons harmless from and against, any and all loss, to which they may be put or which they may reasonably incur or sustain by reason of or in connection with any misrepresentation made by you with respect to the matters about which representations and warranties are required by the terms of this Agreement, or any breach of any such warranty or any failure to fulfill any covenants or agreements set forth herein or included in and as defined in the PPM. The indemnification obligations provided herein will survive the execution and delivery of this Agreement and the issue and sale of Units and will be in addition to any liability you may otherwise have.

9. Certain Agreements and Acknowledgments by You

9.1 Agreements. You understand, agree and acknowledge that:

(a) Acceptance. Your subscription for Units contained in this Agreement may be accepted or rejected, in whole or in part, by the Manager in its sole and absolute discretion. Your subscription will not be accepted or deemed to be accepted until you have been admitted as a Member in the Fund on the Effective Date. Such admission will be deemed an acceptance of this Agreement by you, the Fund, and the Manager for all purposes.

(b) Redemption. Members will be required to hold their Units for a minimum of twenty-four (24) months (the "Lockup Period") before they may request Redemption. Redemption requests for reasons of financial hardship or emergency during the Lockup Period may be considered on a case by case basis subject to a penalty (the "Redemption Fee") of up to five percent (5%) of the then current Unit Price. The Manager shall have no obligation to consider any hardship Redemption requests during the Lockup Period and shall be entitled to charge a higher or lower Redemption Fee. All Redemption Fees charged and collected will be considered income to the Fund.

(1) After the Lockup Period, Redemption requests will be considered on a first come, first served basis. A Member shall be required to provide the Manager sixty (60) days' written notice for any Redemption request and any Redemption actually provided shall be done only on the first day of a calendar month at the then current Unit Price, as determined by the Manager.

(2) The Manager shall have no obligation to redeem any Member's Units during the first two (2) years of the Member's ownership of those Units. However, any return of capital to the Fund from the disposition, sale, or repayment of any Fund Asset may not be reinvested by the Fund in additional Assets unless and until any outstanding Redemption requests from Members seeking to redeem Units owned for more than two (2) years have been honored.

(3) No Member will be given priority for Redemption over any other Member for any reason other than the date upon which the request was made for Units owned less than five (5) years. Redemption requests from Members on Units owned for more than five (5) years will take immediate priority above any Redemption requests on Units owned for less than five (5) years. The Manager may also choose to redeem all Members Pari Passu even if there is a queue of requested Redemptions, whether on Units owned more or less than five (5) years, or both, and may redeem Membership Units Pari Passu at any time at the then current Unit Price in its sole discretion without penalty to the Manager or the Fund.

(c) Fees. The Management Fee is two percent (2%) per year based on the collective AUM (as defined in the Operating Agreement) as determined by the Manager. The Management Fee shall be deemed to be earned daily, shall be calculated partly based on Fund Assets, and shall be prorated and paid monthly at the end of each calendar month.

(d) Irrevocability. Except as expressly provided in this Agreement and under applicable state securities laws, this subscription is and will be irrevocable, except that you will have no obligations hereunder if this subscription is rejected for any reason, or if this offering is cancelled for any reason.

(e) No Recommendation. No foreign, federal, or state authority has made a finding or determination as to the fairness for investment of the Units and no foreign, federal, or state authority has recommended or endorsed or will recommend or endorse this offering.

(f) No Disposal. You will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate, or otherwise dispose of all or any part of your Units (or solicit any offers to buy, purchase, or otherwise acquire or take a pledge of all or any part of the Units) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Operating Agreement.

(g) Update Information. If there should be any change in the information provided by you to the Fund or the Manager (whether pursuant to this Agreement or otherwise) prior to your purchase of any Units, you will immediately furnish such revised or corrected information to the Fund.

10. General Contractual Matters

10.1 Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of you and the Fund.

10.2 Assignment. You agree that neither this Agreement nor any rights which may accrue to you hereunder may be transferred or assigned.

10.3 Notices. All notices, requests, demands, and other communications hereunder will be in writing and will be deemed to have been duly given to any party when delivered by hand, when delivered by facsimile, or e-mail, or when mailed, first-class postage prepaid, (a) if to you, to you at the address, email address, or facsimile number you have provided , or to such other address, email address, or facsimile number as you will have furnished to the Fund in writing, and (b) if to the Fund, to it at c/o Private Money Management Group LLC, 1604 Grant Avenue, Novato, CA 94945, Attention: Mark Hanf, or to such other address or addresses, email address or addresses, or facsimile number or numbers, as the Fund will have furnished to you in writing, provided that any notice to the Fund will be effective only if and when received by the Manager.

10.4 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to principles of conflict of laws (except insofar as affected by the securities or "blue sky" laws of the state or similar jurisdiction in which the offering described herein has been made to you).

10.5 Descriptive Headings. The descriptive headings in this Agreement are for convenience of reference only and will not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

10.6 Entire Agreement. This Agreement and the Operating Agreement contain the entire agreement of the parties with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

10.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which taken together will constitute one and the same instrument.

10.8 Joint and Several Obligations. If you consist of more than one person, this Agreement will consist of the joint and several obligations of all such persons.

11. Suitability Statements

The truth, correctness, and completeness of the suitability information appearing in the following pages is warranted pursuant to Section 8.1(a) above:

FOR INDIVIDUALS

INITIAL TO INDICATE IF THE STATEMENT IS TRUE OR FALSE, OR COMPLETE THE STATEMENT, AS APPROPRIATE.

Verification of Status as "Accredited Investor" under Regulation D.

1.	____ True ____ False	You are a natural person (individual) whose own net worth, taken together with the net worth of your spouse, exceeds $1,000,000. Net worth for this purpose means total assets (excluding your primary residence) in excess of total liabilities.
2.	____ True ____ False	You are a natural person (individual) who had an individual income in excess of $200,000 in each of the two previous years, or joint income with your spouse in excess of $300,000 in each of those years, and who reasonably expects to reach the same income level in the current year.
3.	____ True ____ False	You are an executive officer of the Fund or a manager or executive officer of the Manager of the Fund.
4.	____ True ____ False	You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of investing in the Units.

Disclosure of Foreign Citizenship.

1.	____ True ____ False	You are not a citizen of the United States.
		If the answer to the preceding question is true, specify the country of which you are a citizen:
		_____

FOR ENTITIES OTHER THAN INDIVIDUALS

INITIAL TO INDICATE IF THE STATEMENT IS TRUE OR FALSE, OR COMPLETE THE STATEMENT, AS APPROPRIATE.

Verification of Status as "Accredited Investor" under Regulation D.

1. ____ True ____ False

You are (i) a bank, or any savings and loan association or other institution acting in its individual or fiduciary capacity; (ii) a broker dealer; (iii) an insurance company; (iv) an investment company or a business development company under the Investment Company Act of 1940; (v) a Small Business Investment Company licensed by the U.S. Small Business Administration; (vi) an employee benefit plan whose investment decision is being made by a plan fiduciary, which is either a bank, savings and loan association, insurance company or registered investment adviser, or an employee benefit plan whose total assets are in excess of $5,000,000 or a self-directed employee benefit plan whose investment decisions are made solely by persons that are accredited investors; or (vii) a plan established and maintained by a state of the United States, its political subdivisions, or any agency or instrumentality of a state of the United States or its political subdivisions, for the benefit of its employees that has total assets in excess of $5,000,000.

2. ____ True ____ False

You are a private business development company as defined in Section 202 (a) (22) of the Investment Advisors Act of 1940.

3. ____ True ____ False

You are (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, (ii) a corporation, (iii) a Massachusetts or similar business trust, or (iv) a partnership, in each case not formed for the specific purpose of acquiring the securities offered and in each case with total assets in excess of $5,000,000.

4. ____ True ____ False

You are an entity as to which all the equity owners are accredited investors (If questions 1-3 above and question 5 below have been initialed "false," then have each equity owner fill out a suitability statement).

5. ____ True ____ False

You are a trust, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000 and whose purchase is directed by a sophisticated person.

6. ____ True ____ False

You (i) were not formed, and (ii) are not being utilized, primarily for the purpose of making an investment in the Fund (and investment in this Fund does not exceed 40% of the aggregate capital committed to you by your partners, shareholders or others).

7. ____ True ____ False

You are, or are acting on behalf of, (i) an employee benefit plan within the meaning of Section 3(3) of ERISA, whether or not such plan is subject to ERISA, (ii) a plan described in Section 4975(e)(1) of the Code or (iii) an entity which is deemed to hold the assets of any such employee benefit plan pursuant to 29 C.F.R. § 2510.3-101. For example, a plan which is maintained by a foreign corporation, governmental entity or church, a Keogh plan covering no common-law employees and an individual retirement account are employee benefit plans within the meaning of Section 3(3) of ERISA but generally are not subject to ERISA (collectively, "Non-ERISA Plans"). In general, a foreign or U.S. entity which is not an operating company and which is not publicly traded or registered as an investment company under the Investment Company Act and in which 25% or more of the value of any class of equity interests is held by employee pension or welfare plans (including an entity which is deemed to hold the assets of any such plan), would be deemed to hold the assets of one or more employee benefit plans pursuant to 29 C.F.R. § 2510.3-101. However, if only Non-ERISA Plans were invested in such an entity, the entity generally would not be subject to ERISA. For purposes of determining whether this 25% threshold has been met or exceeded, the value of any equity interests held by a person (other than such a plan or entity) who has discretionary authority or control with respect to the assets of the entity, or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliates of such person, is disregarded.

8. ____ True ____ False

You are, or are acting on behalf of, such an employee benefit plan, that is subject to ERISA or a plan described in Section 4975(e)(1) of the Code, or are an entity deemed to hold the assets of any such plan or plans (i.e., you are subject to ERISA).

9. ____ True ____ False

You are a U.S. pension trust or governmental plan qualified under Section 401(a) of the Code or a U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code.

10. ____ True ____ False

You are acting on behalf of an insurance company general account and any part of the general account represents interests that may be deemed to be assets of benefit plan investors under applicable law.

Disclosure of Foreign Ownership.

1. ____ ____ True False — You are an entity organized under the laws of a jurisdiction other than those of the United States or any state, territory or possession of the United States.

2. ____ ____ True False — You are a corporation of which, in the aggregate, more than one-fourth of the capital stock is owned of record or voted by foreign citizens, foreign entities, foreign corporations or foreign partnerships.

3. ____ ____ True False — You are a general or limited partnership of which any general or limited partner is a foreign citizen, foreign entity, foreign government, foreign corporation or foreign partnership.

4. ____ ____ True False — You are a representative of, or entity controlled by, any of the entities listed in items 1 through 3 above.

If you answered true to any of questions 1 through 4, what is the percentage of:

Your aggregate capital commitment that will be contributed directly or indirectly by any person or entity listed in items 1 through 4 above? ___%

for a pension fund, your non-U.S. beneficiaries? _____%

for a corporation, your direct and indirect foreign ownership _____%

for a trust, your foreign beneficial interest? _____%

for a partnership or limited liability company, your direct and indirect foreign ownership? _____%

PACIFIC PRIVATE MONEY FUND I LLC
Signature Page – Individuals

The undersigned, desiring to become a Member of Pacific Private Money Fund I LLC, (the "Fund"), by executing this Signature Page, hereby (a) executes, adopts and agrees to all the terms, conditions and representations set forth in the undersigned's Subscription Agreement and the Operating Agreement of the Fund and (b) reaffirms the Power of Attorney set forth in Section 2 of the Subscription Agreement.

Dollar amount of Capital Commitment: $_____

Date: _____ 20___ Reinvest Distributions: Yes_____ No_____

If Purchaser is an individual, sign below and provide the requested information:

_____ _____
Signature Print Name

_____
Social Security Number

If purchasing jointly, additional individual should sign below:

_____ _____
Signature Print Name

_____
Social Security Number

Purchaser(s) Information:

Address: _____

_____

Mailing Address, if different: _____

_____

Home No.: _____ Work No.: _____

Mobile No.: _____ Fax No.: _____

Email: _____ Addl Email: _____

Accepted:

PACIFIC PRIVATE MONEY FUND I LLC

By: PRIVATE MONEY MANAGEMENT GROUP LLC, as Manager

By: _____

PACIFIC PRIVATE MONEY FUND I LLC
Signature Page - Entities

The undersigned, desiring to become a Member of Pacific Private Money Fund I LLC (the "Fund"), by executing this Signature Page, hereby (a) executes, adopts and agrees to all the terms, conditions and representations set forth in the undersigned's Subscription Agreement and the Operating Agreement of the Fund and (b) reaffirms the Power of Attorney set forth in Section 2 of the Subscription Agreement.

Dollar amount of Capital Commitment: $_____

Date:_____ 20___ Reinvest Distributions: Yes_ No___

If Purchaser is an entity, an authorized individual signs below:

_____ _____
Print Name of Entity Type of Entity

_____
Tax Identification Number

_____ _____
Signature Print Name

_____
Title or Capacity

Entity/Trustee Information:

Address:_____

_____

Mailing Address, if different: _____

_____

Home No.:_____ Work No.:_____

Mobile No.:_____ Fax No.:_____

Email:_____ Addl Email:_____

Accepted:

PACIFIC PRIVATE MONEY FUND I LLC

By: PRIVATE MONEY MANAGEMENT GROUP LLC, as Manager

By:_____

NORTH STAR
CAPITAL FUND

DO NOT COPY or CIRCULATE
CONFIDENTIAL

PRIVATE PLACEMENT MEMORANDUM

THE NORTH STAR CAPITAL FUND, LLC

MEMBERSHIP UNITS

As of January 1, 2020



SPONSORED BY

Pacific Private Money Inc.
1555 Grant Avenue
Novato, California 94945

LHJS Investments LLC
1355 Willow Way #261
Concord, California 94520

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COPY NO.: _____

THE NORTH STAR CAPITAL FUND LLC

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PRIVATE PLACEMENT OFFERING
OF MEMBERSHIP INTERESTS

Aggregate Offering Proceeds: Up to $150,000,000

Minimum Investment: $100,000

Dated January 1, 2020

Manager:

North Star Capital Group LLC
c/o LHJS Investments LLC
1355 Willow Way #261
Concord, CA 94526

This Confidential Private Offering Memorandum ("Memorandum") has been prepared solely for the benefit of prospective investors interested in the proposed private placement of membership interests (the "Interests" or "Membership Interests") in THE NORTH STAR CAPITAL FUND LLC, a California limited liability company (the "Fund"). The Fund will be managed by North Star Capital Group LLC, a California limited liability company ("Manager").

This Memorandum is being furnished to prospective investors on a confidential basis so that they may consider an investment in the Fund (described herein). By accepting this Memorandum, the recipient acknowledges and agrees that they (a) will maintain the information and data contained herein in the strictest of confidence and will not, in any circumstance whatsoever, reproduce this Memorandum or disclose any of the contents hereof to any other person and (b) will return this Memorandum to the Manager if so requested by the Fund or if the recipient does not wish to pursue an investment in the securities offered hereby and will return to the Fund any other material that the recipient may have received from the Fund in the course of reviewing such investment.

CERTAIN TERMS OF THE OFFERING

	Price to Investors [1]	Estimated Selling Commissions [2]	Estimated Fund Proceeds [3]
Amount to be Raised Per Interest	$1,000	$0	$1,000
Minimum Investment Amount [4]	$100,000	$0	$100,000
Maximum Offering Amount [5]	$150,000,000	$0	$150,000,000

1. The offering price to Investors was arbitrarily determined by the Manager.

2. The Manager does not intend to engage third parties to raise Investor capital. However, Manager reserves the right to pay commissions to licensed agents on a case-by-case basis.

3. Net proceeds to the Fund are calculated before deducting organization and offering expenses. The expenses relating to this Offering include without limitation, organizational, printing, binding and miscellaneous expenses. The remaining Offering proceeds will be available for investment in assets pursuant to the business plan of the Fund. The Manager will receive its compensation from a variety of sources, including, without limitation, a portion of the profits of the Fund. The Manager may, in its sole and absolute discretion, elect to be responsible for some or all of the foregoing expenses related to the Offering, whether through direct payment of such expenses or reimbursement to the Fund of such expenses incurred.

4. Assumes the sale of the Minimum Investment Amount. Notwithstanding the foregoing, the Fund and Manager reserve the right, in their sole and absolute discretion, to at any time, and for any reason or no reason, accept subscriptions in a lesser amount or to require a higher amount or to reject any subscription(s). The Fund may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Minimum Investment Amount in accordance with the provisions of the Operating Agreement.

5. Assumes sale or ownership of the Maximum Offering Amount. It is possible that the Fund will sell less than the Maximum Offering Amount. The Fund may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Maximum Offering Amount.

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Important Notices

The Interests offered hereby have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), nor under any applicable state securities laws. The securities offered hereby have not been approved or disapproved by the securities and exchange commission or the securities regulatory authority of any state, nor has the commissioner of any such authority passed upon the accuracy or adequacy of this memorandum. Any representation to the contrary is unlawful. This offering is made in reliance on an exemption from registration with the securities and exchange commission provided by section 4(2) of the Act, rule 506(c) of Regulation D promulgated thereunder.

This memorandum does not constitute an offer or solicitation in any state or in any other jurisdiction in which such offer or solicitation is not authorized. Each purchaser of the Interests offered hereby must meet certain qualifications set forth by the Manager and must be an accredited investor (within the meaning of Regulation D promulgated under the securities act) or a qualified client (within the meaning of the investment advisers act of 1940).

This investment involves a degree of risk that may not be suitable for all persons. An investment in the Fund will involve significant risks due to, among other things, the nature of the Fund's investments, which will be characterized by a high degree of risk, volatility and illiquidity. Investors should have the financial ability and willingness to accept the risks and lack of liquidity that are characteristic of the investment described herein (see "risk factors"). Investors must be able to withstand a total loss of their investment. There will be no public market for the Interests, and the Interests, subject to certain limited exceptions, will not be transferable and are subject to substantial restrictions upon withdrawal.

No person has been authorized in connection with this offering to give any information or to make any representations other than that information and those representations specifically contained in this private placement memorandum; any other information or representations should not be relied upon. Any prospective purchaser of the Interests who receives any other information or representations should contact the Fund immediately to determine the accuracy of such information and representations. Neither the delivery of this private placement memorandum nor any sales hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Fund or in the information set forth herein since the date of this private placement memorandum set forth above.

Each prospective investor should consult their own counsel, accountants and other advisors as to legal, tax, business, financial, investment, ERISA and related matters concerning an investment in the Fund.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from or the tax or legal consequences of an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely, or that Interests constitute a legal investment for any investor.

Non-U.S. investors have certain restrictions on resale and hedging under regulation S of the act. Distributions under this offering might result in a tax liability for the non-U.S. investors. Each prospective investor is urged to consult their own tax advisor or pension consultant to determine their tax liability.

Except for the Manager and certain other identified representatives of the Fund, no person has been authorized to give any information or to make any representation relating to the Fund or the securities offered hereby. Each prospective investor will be afforded the reasonable opportunity to (a) obtain all additional information which it may reasonably request relating to the Fund or this offering and (b) ask

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questions of the Manager concerning the terms and conditions of the securities offered hereby, any information set forth in this Memorandum, and any supplemental information that may be provided to prospective investors by the Manager.

The Interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom, and except as permitted pursuant to the terms of the Fund's operating agreement. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Memorandum does not purport to be all-inclusive nor to contain all the information that a prospective investor may desire in investigating the Fund. Each investor must conduct and rely on its own investigation and evaluation of the Fund and the terms of the offering, including the merits and risks involved, in making an investment decision with respect to the Interests. See "Risk Factors" for a discussion of certain factors that should be considered in connection with the purchase of the Interests.

The Fund currently does not intend to be registered as an investment company under the Company Act of 1940 and the Manager and the management company for the Fund are not and do not intend to be registered as investment advisers under the Investment Advisers Act of 1940, as amended, or under the laws of any state or foreign jurisdiction. Consequently, investors will not be afforded the protections of such acts.

Except as otherwise indicated, this memorandum speaks as of the date first written. Neither the delivery of this Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of the Fund after the date hereof. The information contained in this Memorandum has been compiled from sources believed reliable. All performance figures are historical and past performance of the Manager and/or its affiliates is not necessarily indicative of future results of the Fund.

This Memorandum is qualified in its entirety by reference to the Fund's Operating Agreement. In order to effectuate the purchase of the Interests, a prospective investor will be required to execute an Operating Agreement Subscription and other documents. In the event that any of the terms, conditions or other provisions of such agreements are inconsistent or contrary to the descriptions and terms in this Memorandum, such agreements shall control.

Prospective investors are not to construe the contents of this Memorandum or any prior or subsequent communication from the Manager, the Manager's Managing Members, the Fund or any of their respective affiliates, or any professional associated with this offering as legal, tax, or investment advice. Prior to acquiring an Interest, each investor should consult with and rely on their own legal, investment, tax, accounting or other advisors as to legal, tax, and economic implications of the investment described herein and its suitability for such investor.

Certain information in this memorandum (including financial information and information concerning portfolio companies) has been obtained from published and non-published sources. While such information is believed to be accurate, it has not been independently verified by the Manager. Neither the Manager nor any of its affiliates make any representations or warranties, and nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of the Fund.

The Fund intends to comply with applicable anti-money laundering regulations. In addition, many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions,

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or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively "Requirements") and the Fund could be requested or required to obtain certain assurances from applicants subscribing for Interests, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is the Fund's policy to comply with Requirements to which it is or may become subject to and to interpret them broadly in favour of disclosure. Each applicant will be required to agree in the Subscription Agreement, and will be deemed to have agreed by reason of owning any Membership Interests, that it will provide additional information or take such other actions as may be necessary or advisable for the Fund (in the sole judgment of the Manager) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each applicant by executing the Subscription Agreement and by owning Interests is deemed to have consented, to disclosure by the Fund and its agents to relevant third parties of information pertaining to it in respect of requirements or information requests related thereto. Failure to honor any such request may result in redemption by the Fund or a forced sale to another investor of such applicant's Membership Interests. Any information contained on any website for the Fund, the Manager or any of their respective affiliates is not part of the information set forth in this Memorandum.

CAUTIONARY NOTE ABOUT FORWARD LOOKING STATEMENTS

This Memorandum includes “forward-looking statements” as that term is used in securities laws. Some of the matters discussed in this memorandum, including, but not limited to, under the captions “Executive Summary,” “Fund Objective”, “Background and Rationale of the Fund”, “Market Opportunity”, “Investment Strategy and Process”, “Summary of Fund Terms,” “Investment Objectives and Policies,” and “Summary of Principal Terms” contain forward-looking statements. These statements relate to, among other items, return of the Fund, market opportunity, goals for the Fund, expectations of working environment, key differentiators of the Fund and strategy for the Fund. In some cases, you can identify forward-looking statements by terminology such as “anticipates,” “believes,” “aims”, “may,” “estimates,” “seeks,” “expects,” “plans,” “will,” “intends”, “should”, and similar expressions. Although the Manager believes that the expectations reflected in those forward-looking statements are reasonable, and has based those statements on the beliefs of, and assumptions made by, the Manager, such expectations may prove to be incorrect. Important factors that could cause actual results to differ materially from such expectations include, without limitation, failure by one or more portfolio companies to be successful, failure of the Manager to raise sufficient capital for the Fund and general economic and market conditions. For information about factors that could cause the Fund’s actual results to differ from the expectations stated in the forward-looking statements, see the section entitled “Risk Factors.” The Manager urges you to consider those factors carefully in evaluating the forward-looking statements contained in this Memorandum. All subsequent written or oral forward-looking statements attributable to the Manager or any persons acting on behalf of the Manager are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included in this Memorandum are made only as of the date of this Memorandum. The Manager and its Managing Members do not intend, and undertake no obligation, to update these forward-looking statements except as required by law. Furthermore, except as otherwise indicated, the information contained in this Memorandum has been complied as of the date of this Memorandum and there is no obligation to update this Memorandum. Under no circumstances should the delivery of this Memorandum create any implication that there has been change in the affairs of the Fund or the Manager since the date hereof.

The suitability standards represent minimum standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that investment in the Fund is a suitable

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investment for that investor. Each prospective investor should determine independently whether an investment in the Fund is suitable to that investor in light of the investor's own personal circumstances.

NOTICE TO ALL NON-U.S. INVESTORS GENERALLY

The distribution of this Private Placement Memorandum and the offer and sale of membership Interests in certain jurisdictions outside the United States may be restricted by law. This Private Placement Memorandum does not constitute an offer to sell or solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Prospective non-U.S. investors should inform themselves as to the legal requirements and the tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of the membership interests and notes offered hereby, and any foreign exchange or other non-U.S. restrictions that may be relevant thereto.

IRS CIRCULAR 230 NOTICE

Pursuant to U.S. Internal Revenue Service Circular 230, the statements set forth herein with respect to federal tax issues, as defined below, were not intended nor written to be used, and such statements cannot be used by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. Such statements were written to support the marketing of the membership interests or matters addressed herein. It is possible that additional issues may exist that would affect the federal tax treatment of an investment in the Fund and the statements contained herein do not consider or provide any conclusions with respect to such additional issues. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. A "federal tax issue" is a question concerning the federal tax treatment of any item of income, gain, loss, deduction or credit, the existence or absence of a taxable transfer of property, or the value of property for purposes of any tax imposed by or pursuant to the U.S. Internal Revenue Code. (see "Legal and Tax Matters" below.)

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I. EXECUTIVE SUMMARY

The Fund Objective

The Fund's investment objective is to preserve principal, provide current income, and achieve consistent returns by primarily investing in loans secured by first-lien deeds of trust or mortgages, with a smaller percentage secured by secured junior-lien deeds of trust or mortgages, on residential and commercial real estate. (See "Investment Strategy and Process" below.) Notwithstanding the foregoing, the Fund reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loans it originates, acquires, and/or otherwise invests in. The Fund intends to make loans to individuals and businesses engaged in purchase, development, construction, and renovation activities, primarily in the state of California.

The Fund will focus on making debt investments, directly and indirectly, by originating, acquiring, making, funding, purchasing, and/or otherwise selling business purpose loans. Borrowers generally will include single-family residential ("SFR") and commercial real estate developers who obtain a loan to acquire, renovate, and sell or refinance one or more homes or commercial properties. Each loan will be secured by a lien against the subject property at minimum and may also encumber additional real estate and/or other assets as determined by the Manager and/or Investment Committee.

The Fund will target single and multi-family residential properties, mixed-use and commercial properties, located across the United States with a primary focus in the state of California and will use a range of transaction structures which will vary with respect to size and return. To identify investment opportunities, the Fund will be supported by LHJS Investments LLC, a California limited liability company ("LHJS") and Pacific Private Money Inc., a California corporation ("Pacific Private Money"). Both LHJS and Pacific Private Money have historically demonstrated sufficient proprietary flow of investment opportunities and management skills to meet the needs of the Fund.

The Fund will leverage the Manager's, LHJS and Pacific Private Money's extensive network of contacts, relationships with private lenders, developers, contractors and real estate brokers, and robust direct marketing programs to thousands of real estate-related businesses. The selection and screening process of the Fund's investments will rely on (i) selecting opportunities from a large pool of investment opportunities, (ii) rigorous evaluation of the borrower's financial history and management team, and (iii) evaluation of the real estate and other assets that will be subject to the loan. (See "Exhibit A – Lending Standards and Policies and "Investment Strategy and Process")

Background and Rationale of the Fund

The Manager: North Star Capital Group LLC

North Star Capital Group LLC, a California limited liability company (the "Manager") is a private investment management firm based in the San Francisco Bay Area, California. The Manager was founded by John Simonse, Mark Hanf and Mathias Coordes as an alternative asset manager that leverages a combined 100 year track-record of successful real estate fund management, development and sales of real estate-secured debt instruments to investors throughout California and beyond. The Manager offers both independent investors and institutional investors an opportunity to participate in an alternative investment strategy that focuses on funding and purchasing primarily California real estate-secured promissory notes.

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The Investment Committee: LHJS Investments LLC and Pacific Private Money Inc.

The Manager, LHJS and Pacific Private Money have formed the Investment Committee to assist the Manager in making its investment decisions. LHJS has funded over $1 Billion in loans and has over 40 years' experience in real estate, including, fund & construction loan management and originating & investing in construction, development and rehab loans. Pacific Private Money was founded in 2008 and has originated over 1500 privately funded rehab, construction and consumer real estate loans.

LHJS Investments LLC Managing Partner: John Simonse

John Simonse is a California licensed real estate broker since 1998 and has formed and managed multiple real estate debt and investment funds since 1999, including the Magnate Funds, which he successfully navigated through the great recession and Lodgepole Fund, which earned over a 10% net return to its Members for the 9 year period its loans were under Mr. Simonse's management.

Pacific Private Money Inc. President: Mark Hanf

Mark Hanf has spent his entire career in the real estate industry. From 1982 to 2006, Mark worked for a family-held real estate and development firm founded by his father. In 2007 Mark worked in private lending and in 2008 founded Pacific Private Money Loans. Pacific Private Money was incorporated in 2010 and it's first fund, the Pacific Private Money Fund, was launched in 2013 and has grown to $50 million in assets under management as of July 2019.

Licenses

Pacific Private Money operates under the following licenses: Real Estate Broker, California Department of Real Estate with endorsement as a Mortgage Loan Originator, license number 1897444, and California Finance Lender License, California Department of Business Oversight, license number 6054605.

LHJS Investments LLC holds a California Finance Lender License, California Department of Business Oversight, license number 60DBO 68729. John Simonse is a Real Estate Broker, California Department of Real Estate with endorsement as a Mortgage Loan Originator, license number 01232637.

Rationale for The North Star Capital Fund LLC

The Manager's goal in setting up the Fund is to provide attractive risk-adjusted returns for its Members, with such returns paid quarterly at a Member's option, as current interest income. These returns are calculated based on the accrued income of the Fund each quarter, less accruals for annualized expenses and loss reserves, as determined by the Fund's accountants using Generally Accepted Accounting Principles (GAAP).

Market Opportunity

The California real estate market, with its low production of sorely needed new and replacement housing stock, is an ideal geography for a short-term construction and rehab lending strategy. Construction loans remain an underserved credit space, as contractors and developers find banks to be an unreliable source of capital. With builder sentiment at its highest level in 20 years, Mortgage interest rates at historic lows, rents at historic highs and the economy booming, now is the perfect time to launch a private money construction fund run by seasoned professionals to fill the need for builder capital.

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Investment Strategy

The Fund will primarily make senior secured loans to residential and commercial real estate development, renovation, and construction companies, located primarily in the California region of the United States. The Fund will use a variety of transaction structures, but will primarily offer loans through senior secured, real estate deeds of trust.

The Fund will focus on making debt investments by originating, acquiring, making, funding, purchasing, and/or otherwise selling of business purpose loans. Borrowers will include single-family residential (SFR), multi-unit and commercial real estate developers who obtain a loan to acquire, renovate, sell and/or refinance one or more homes or commercial properties. Each loan will be secured by a lien against the subject property at minimum and may also encumber additional real estate as determined by the Manager and Investment Committee.

Investment Team

The Manager, LHJS and Pacific Private Money are led by asset management industry veterans with significant fund management, real estate development, operational, and personal investing experience. The Management team has the skills, experience, and track-record to professionally manage an investment fund of this nature. The Manager will originate transactions and structure debt financing in an effective manner while also seeking strong, consistent returns for the Fund. The Manager intends to protect the Fund against downside principal risk through prudent diligence, collateral management, and expert workout, if necessary.

II. FORWARD LOOKING STATEMENTS

Investors should not rely on forward-looking statements because they are inherently uncertain. Investors should not rely on forward-looking statements in this Memorandum. This Memorandum contains forward-looking statements that involve risks and uncertainties. The Manager uses words such as “anticipated,” “projected,” “forecasted,” “estimated,” “prospective,” “believes,” “expects,” “plans,” “future,” “intends,” “should,” “can,” “could,” “might,” “potential,” “continue,” “may,” “will,” and similar expressions to identify these forward-looking statements. Investors should not place undue reliance on these forward-looking statements, which may apply only as of the date of this Memorandum.

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III. TERMS OF THE OFFERING

The following information is presented as a summary of certain terms of the Fund and is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum. This Memorandum, together with the Operating Agreement of the Fund (the "Operating Agreement"), which will be provided to all prospective investors in the Fund, should be carefully read in its entirety before any investment decision is made. If there is a conflict between the terms contained in this Memorandum and the Operating Agreement, the Operating Agreement shall prevail and control.

The Fund	The North Star Capital Fund LLC, a California limited liability company (the "Fund").
The Manager	North Star Capital Group LLC, a California limited liability company (the "Manager").
Investment Objective and Strategy	The Fund's investment objective is to preserve principal, provide current income, and achieve consistent returns by primarily investing in loans secured by senior deeds of trust or mortgages, with a smaller percentage of secured junior-lien deeds of trust or mortgages, on residential and commercial real estate. The Fund will use a range of transaction structures which will vary with respect to size and return. (See "Investment Strategy and Process" below.) To identify potentially attractive investment opportunities, the Fund will be supported by both Pacific Private Money and LHJS Investments. The Fund will leverage the Manager's, LHJS and Pacific Private Money's extensive network of contacts, relationships with private lenders, developers, contractors, real estate brokers, and robust direct marketing program to thousands of real estate-related businesses. The selection and screening process will rely on (i) selecting opportunities from a very large pool of investment opportunities, (ii) rigorous evaluation of the borrowing company's financial history and its management team, and (iii) the evaluation of the real estate and/or other assets that will be secured by the loan.
Manager	The Manager has the general supervisory responsibility and authority for all aspects of the Fund's business and operations. The Manager will also serve as the investment manager and adviser to the Fund. As such, the Manager is also responsible for the day-to-day portfolio management of the Fund's investments. The Manager may be considered an investment adviser under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), but it intends to rely on an exemption from registration as an investment adviser. The Manager intends to satisfy all federal and state filing and other requirements applicable to an exempt reporting adviser.

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Strategy Advisers	To identify potentially attractive investment opportunities, the Fund will be supported by LHJS and Pacific Private Money. LHJS was founded in 1999 and has funded over $1 billion in loans. It's founder, John Simonse, has over 40 years' experience in real estate and a long and successful history of real estate fund management and investment. Pacific Private Money was founded in 2008 and has originated over 1,500 privately-funded loans, totaling over $600 million in loan originations. It's founder, Mark Hanf, has over 35 years' experience in the real estate development and lending industry.
Fiscal Year	The fiscal year of the Fund ends on December 31.
Investment Period	The Fund is an open-ended fund. Members will be subject to a one-year lock-up period (the "Lock-Up Period"). Both during and after lock-up period, Members may elect to receive cash distributions of their share of the Fund's income, subject to certain limitations. Members who make redemption requests and choose to withdraw from the Fund will receive returns from investments, including payments of interest and repayments of principal, on a quarterly basis as such investments amortize out. After the Lock-Up Period, redemption requests will be considered on a first come, first served basis (subject to the provisions of the "Redemptions" section below and the Operating Agreement).
Committed Capital; Offering	The Fund is seeking membership commitments aggregating up to One Hundred and Fifty Million Dollars ($150,000,000), including the Manager's commitment (each, a "Capital Commitment" and, collectively, the "Capital Commitments"). The aggregate Capital Commitments may include such Commitments received by one or more Parallel Funds (as defined below) that invest substantially all of their assets in the Fund. See "Parallel Investment Entities" below. Investors who wish to purchase Interests must complete and sign the Subscription Agreement, a signature page to the Operating Agreement and other such documentation as is deemed appropriate by the Manager, and send them together with a check or wire for the purchase price of the Interests to the Manager. Upon receipt of appropriate executed documents, the Fund will immediately deposit Investor funds into its holding account (the "Subscription Account"), the date of which shall be the "Deposit Date." Investors may execute the Interest Subscription documents at any time throughout a calendar month. However, an investment in the Interests would only become effective as an equity investment upon the Company's transfer of an Investor's funds into its operating account (the "Operating Account") and as of the first day of the calendar quarter (the "Effective Date") immediately following the Deposit Date. Investor funds held in the Subscription Account shall pay no interest to the Investor. The Fund may utilize a new Investor's funds for its operations between the Deposit Date and the Effective Date by transferring all or a portion

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of such funds as determined by the Manager (the date of which shall be the "Transfer Date") from the Subscription Account to the Operating Account. Any such amounts transferred shall be treated as a loan to the Fund for which the Investor shall receive interest at 7% (annualized) during the period between the Transfer Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. The Fund will pay the accrued interest (running from the Transfer Date of any funds to the Effective Date) on any funds transferred from the Subscription Account to the Operating Account in the form of a check to the Investor to be prepared and mailed on the Effective Date. An Investor's obligation to purchase Interests with their full deposited amount shall be irrevocable during the time between the Deposit Date and the first day of the subsequent calendar quarter.

As soon after the Effective Date as is practicable (typically on or around the 15th of the month), the Fund shall issue Interests to the Investor at the prevailing Interest price for any and all amounts transferred into the Operating Account since the Deposit Date (i.e., funds that were treated as loaned to the Fund between the Transfer Date and the Effective Date).

Minimum Investment

The minimum Capital Commitment of a Member in the Fund (collectively, the "Members") will be One Hundred Thousand Dollars ($100,000). Notwithstanding the foregoing, the Manager, in its sole and absolute discretion, may adjust the minimum Capital Commitment at any time and for any reason (or no reason) and thereby require either a higher or lesser amount.

Manager Management Fee

The Fund will pay the Manager a management fee ("Management Fee") of Three-Quarters of One Percent (0.75%) per fiscal quarter (Three Percent (3.00%) per annum) of the total Assets Under Management.

The Fund's annualized rate of return and Assets Under Management shall be reviewed on a quarterly basis and adjusted annually depending on market conditions.

"Assets Under Management" ("AUM") means the total Fund assets shown on the Fund's balance sheet including, cash, the cost of the non-publicly traded securities and investments, Portfolio Securities, Money Market Investments, real estate owned (at the lower of cost or fair market value), accounts receivables, unamortized organizational expenses, the market value of any publicly traded securities, loan assets and other equity investments, and any other Fund assets (valued at fair market value), as of the close of business on the last business day of the quarter (determined before the deduction of expenses and allocation of the Incentive Allocation). In addition, if the Fund employs leverage, prospective investors should understand that AUM will be higher.

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Preferred Returns	It is the Manager's intent to distribute to the Members a One and Three Quarters of One Percent (1.75%) net realized return per quarter on their capital[1] (which represents an annualized rate of Seven Percent (7.00%)) (the "Preferred Return"). The Preferred Return shall be payable prior to any net profit paid to the Manager, including Incentive Allocation to the Manager. However, all fees and costs, including the Management Fee, other than net profit (including Incentive Allocation to the Manager), will be paid prior to the Preferred Return. The Preferred Return shall be calculated and tracked separately for each Member. If the Manager makes a capital contribution to the Fund, the Manager shall be treated as a Member for the purpose of allocating realized gains and income to the extent of such capital contribution. If the Preferred Return is not met in any fiscal quarter, it will not carry over to subsequent fiscal quarters. The Members' share of profits in respect of the last fiscal quarter of the fiscal year may be subject to adjustment at fiscal year-end following the annual audit. If the Fund should incur a net loss in any fiscal quarter, such loss will be allocated among the Members in accordance with the Members' respective percentage ownership interests in the Fund.
Excess Distributable Cash	Any Excess Distributable Cash ("***EDC***") in excess of the Preferred Return for each fiscal quarter shall be distributable to the Members on a quarterly basis, as follows: Fifty Percent (50%) to the Members pro rata to their Member Percentages and Fifty Percent (50%) to the Manager (such Fifty Percent (50%) referred to as the "Incentive Allocation"), paid pari passu. If the Fund incurs a net loss in any fiscal quarter, such loss will be allocated among the Members in accordance with the Members' respective percentage ownership interests in the Fund. EDC in excess of the Preferred Return shall only be distributed to the extent cash is available and provided that the quarterly distribution will not, in the sole judgment of the Manager, impact the continuing operation of the Fund.
Election of Income Distributions	Both during and after the expiration of the Lock-Up Period, Members may elect to receive cash distributions of the Preferred Return and share of Profit each fiscal quarter, calculated net of the Fund's expenses. Any such election by a Member will not be treated as a request by that Member to withdraw fully from the Fund. If a Member elects not to receive cash distributions of the Preferred Return and share of Profit, such income shall be "rolled over" and used by the Fund as needed, and cannot subsequently be withdrawn by a Member without triggering a Redemption Request. (as described below) (see "Withdrawals from the Fund (Redemptions)").

[1] The Preferred Return shall be calculated based on the Member's capital in the Fund, and does not include any capital in the Subscription Account.

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Accountant	The Fund's accountant is Spiegel Accountancy Corp., which is an independent certified public accountant that is registered with, and subject to regular examination by, the Public Company Accounting Oversight Board. Notwithstanding the foregoing, the Manager may change the Fund's accountant at its discretion.
Fund Administrator	LHJS Investments, LLC (the "Fund Administrator") is responsible for the administrative functions of the Fund. The Fund Administrator performs certain administrative, accounting, registrar and transfer agency services for the Fund subject to the overall supervision of the Manager. The Fund will pay the Fund Administrator a fee for its services. The Manager may change the Fund Administrator at its discretion.
Investor Qualifications	The Fund will offer and sell Membership Interests only to a limited number of investors who shall be required to represent and verify that they are both "accredited investors," as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and "qualified clients" as defined under the Investment Advisers Act. The Fund intends to rely on Section 3(c)(5) of the Investment Company Act of 1940, as amended (the "1940 Act"). The Manager may, in its discretion, elect to sell Interests solely to "qualified purchasers" (as defined under the 1940 Act), in which case the Fund will rely on Section 3(c)(7) of the 1940 Act.
Placement Agent	The Fund may engage selling agents to offer and sell Membership Interests in the Fund. Selling agents must be registered broker-dealers in every State in which they solicit. Such selling agents may be paid a commission which will be borne out of the Manager's income.
Closing	There is no closing date for the Fund. The Fund is an open-ended fund.
Additional Contributions, Closings	Members may increase their respective Capital Commitments in $10,000 increments, subject to the discretion and timing required by the Manager.
Term	The term of the Fund will terminate on the earliest of: (i) the bankruptcy, dissolution or withdrawal of the Manager or (ii) the election, in the sole discretion of the Manager, to wind up, wind down, or dissolve the Fund.
Loss Reserve	The Manager expects to establish a reserve that collects up to Ten Percent (10%) of the earnings of every quarter of the fiscal year to meet contingencies (even if such a reserve is not otherwise required by GAAP).
Investment Guidelines and Restrictions	As an investment guideline, the Fund will generally not invest in any investment that exceeds more than Fifteen Percent (15%) of the Fund's AUM at the time of the investment; provided, however, that the

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Manager may waive this guideline with respect to any investment at its discretion. For purposes of the Fund's guidelines and restrictions, each investment in a portfolio of investments not originated by the Fund shall be treated as a separate investment. For the avoidance of doubt, these investment guidelines shall not apply to subsidiary or affiliate entities created by the Manager to make investments. This may include subsidiary or affiliate entities in which Parallel Investment Entities are investors.

Origination of Investments

The Manager and/or Pacific Private Money and/or LHJS Investments will originate the Fund's investments.

Incentive Allocation

Subject always to the Preferred Return in favor of Members, the Fund shall provide to the Manager (or to such Affiliate entity as the Manager may designate) an Incentive Allocation, payable quarterly and calculated after payment of the Fund's expenses and the Preferred Return, equal to Fifty Percent (50%) of the Fund's taxable income (which may include: (i) any cash dividends, interest, or other cash income realized during each quarter on any investment and (ii) any gains realized during each quarter upon the sale or disposition of any investments).

Fund Income

The Fund shall receive as income:

1) 100% of all loan lender discount fees collected,
2) 100% of all extension fees collected from any extensions of matured loans,
3) All interest income actually received on Mortgage Loans owned by the Fund (both regular note rate and default interest) less any loan servicing expense (as determined by Manager),
4) Any rent collected on real estate Assets owned by the Fund,
5) Any interest collected on deposited monies held by the Fund,
6) Any Member Redemption fees collected, and
7) The net sale proceeds in excess of basis on the disposition of any Fund Asset.

Transaction Fees

Loan origination fees, lender discount fees and broker referral fees, often referred to as "points," are typically charged to the borrower on all new loans. A "point" is equal to One Percent (1.0%) of the principal loan amount. Total points charged to a borrower may range from One Percent to Four Percent (1.0% to 4.0%), and are typically split amongst the lender, the loan agent and the loan referral source.

The Fund intends to earn a "lender discount fee" on loans it funds, in an amount that is expected to range from One-Half of One Percent to One Percent (0.5% - 1.0%) of the principal amount of each loan. The actual lender discount fee charged on each loan, if any, will be determined by the Manager in its sole discretion.

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All collateral or construction monitoring fees, acquisition, disposition, financing, break-up and similar transaction fees that are directly related to the investment activities or operations of the Fund (or any special purpose vehicle through which the Fund invests) are to be paid One Hundred Percent (100%) to LHJS or Pacific Private Money (or its Affiliates). Said fees will be paid by the borrowing company or project obtaining financing from the Fund and will not be an expense of the Fund.

Collateral or construction monitoring fees ("CMF"), if any, will generally be charged to the Borrower on construction or rehab loans where capital is held back and disbursed in draws. CMF fees will generally be One-Half of One Percent to One Percent (0.5% - 1%) of the principal loan amount or the construction budget held in reserve. These fees will be paid to either Pacific Private Money or LHJS from the loans issued by the Fund to borrowers and may vary depending on the size and nature of the transaction.

The loan servicer, whether Pacific Private Money, LHJS Investments, the Manager or an Affiliate, or a third-party servicer, shall be referred to as the "Servicer". Notwithstanding the foregoing, the Manager reserves the right to serve as Servicer, appoint an Affiliate, or retain the services or a third-party Servicer, in its sole and absolute discretion at any time for any reason (or no reason). Loan servicing fees will be an expense of the Fund.

All fees other than origination fees or loan extension fees, received by Pacific Private Money or LHJS Investments (or its Affiliates), that are not directly related to interest earned on the investment activities or operations of the Fund shall be for the account of Pacific Private Money, LHJS Investments (or its affiliates). The Members will not share or benefit from any such fees.

Leverage

The Fund is authorized to borrow funds up to Thirty Three Percent (33%) of the Fund assets for the purposes of investment or for such other purposes as determined by the Manager in its sole discretion. Loans generally may be obtained through margin credit, credit facilities, swaps, options or other derivative arrangements entered into with securities brokers, financial institutions or other third parties. Such loans may be secured by the Fund's assets. The use and terms of leverage employed by the Fund will be determined by the Manager in its sole discretion.

Fund Set-Up Costs

The Members will pay for the Fund's initial organization and set up costs, including legal fees. These fees shall be funded in advance by the Manager and will be reimbursed over a 24-month period.

Fund Operational Expenses

The Fund will pay all costs and expenses associated with the operation of the Fund, including loan servicing, administrative, legal, auditing, E

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	& O insurance, consulting, financing, accounting, and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; property and casualty insurance; other expenses associated with the acquisition, holding, impairment and disposition of its Investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. The Fund will reimburse the Manager for all costs, fees and expenses incurred by the Manager in the operation of the Fund.
Manager Expenses	The Manager will bear the costs of their own direct overhead expenses, including employees' salaries, rent, utilities, marketing and promotional expenses.
Co-investment Policy	The Manager may, but will be under no obligation to, provide co-investment opportunities to one or more Members. Affiliates of the Manager may make co-investments with the Fund. In addition, the Manager may advise other entities, including Parallel Funds, which may co-invest with the Fund.
Alternative Investment Vehicles	For legal, tax, regulatory, or other reasons, the Fund may form one or more alternative investment entities to make investments outside of the Fund. Generally, in such event, each Member would participate in such an alternative investment vehicle on substantially the same terms and conditions as it participates in the Fund.
Reports to Members	The Fund will furnish to the Members (i) quarterly unaudited reports and capital account statements and, (ii) annual tax information necessary for each Member's U.S. tax returns. At the end of the year following the Fund's first interim year of operation, the Manager will engage an audit of the Fund by a CPA duly licensed to conduct audits. After the Fund's initial audit, the Manager intends to engage an audit every two years.
Transferability of Interests	Members may not, directly or indirectly, sell, transfer, assign, pledge or otherwise dispose of their Membership Interests in the Fund, in whole or in part, except with the prior written consent of the Manager, whose consent may be granted or withheld in the sole and absolute discretion of the Manager.
Withdrawals from the Fund (Redemptions)	During the Lock-Up Period, a Member cannot withdraw any Capital other than by electing to receive their share of cash distributions of realized income, unless as otherwise determined by the Managing Member, in its sole and absolute discretion. Redemption Requests for reasons of financial hardship or emergency during the Lock-up Period may be considered on a case by case basis, subject to a penalty, (the "***Redemption Fee***") of Ten Percent (10%) of then current price of Membership Interests. The Manager shall have no obligation to consider

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any hardship Redemption requests during the Lock-up Period. All Redemption Fees charged and collected will be considered income to the Fund.

After the expiration of the Lock-Up Period, a Member may choose to receive or withdraw from the Fund in part or in full by making a written request to the Manager in a form provided by the Manager (the "Redemption Request"). This written request must be received at least Thirty (30) Business Days prior to the end of the fiscal quarter.

In such event, funds in the Operating Account attributable to that Member will be paid out to that Member within Ten (10) days following the end of the fiscal quarter in which the request was received.

The Manager and the Fund shall make every effort to honor redemption requests, except to the extent necessary to: (i) fund investments with respect to which the Fund has entered into a term sheet engagement or binding written commitment on or prior to the Redemption Request; (ii) effect follow-on investments in existing investments with respect to which the Fund has entered into a term sheet engagement or binding written commitment on or prior to the Redemption Request; (iii) repay any advances made by a creditor of the Fund to fund existing investments; and (iv) cover expenses, liabilities and obligations of the Fund.

Thereafter, all returns attributable to that Member from the Fund will be paid out quarterly to such Member as they are received in the Operating Account, or at such earlier time as may be determined by the Manager in its sole and absolute discretion. In other words, such Member will be paid out as investments by the Fund pay off. The Manager anticipates that the maturity period of investments is generally Twelve (12) months. If there is liquidity in the Fund, a Member making a Redemption Request may be paid out earlier, at the discretion of the Manager.

The Manager may, in its sole and absolute discretion, suspend any withdrawal rights of Members, in whole or in part, when there exists, in the opinion of the Manager, in its sole and absolute discretion, a state of affairs where disposal of the Fund's assets, or the determination of the balances of such Member's capital account, would not be reasonably practicable or would be prejudicial to the Fund or the remaining Members. All redemptions and distributions will be calculated and paid out on a trailing quarterly basis.

The Manager may require a Member to withdraw, in whole or in part, from the Fund for any or no reason at any time on not less than Thirty (30) days' prior written notice to such Member. Such mandatory withdrawal will be treated in the same manner as a voluntary withdrawal from the Fund. The Manager may, in its sole discretion, also permit withdrawals other than following the last day of a fiscal quarter.

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	Notwithstanding the foregoing, the Manager and Fund are not under any circumstances obligated to liquidate any assets in any efforts to accommodate or facilitate a request for withdrawal or redemption from the Fund. All withdrawal of funds shall be subject to, among other thing, the Fund's then cash flow, financial condition, and prospective transactions in assets.
Certain ERISA Considerations	The Fund intends to restrict the direct or indirect ownership of Interests by Benefit Plan Investors (which is defined in Section 3(42) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")) so that no assets of the Fund will be deemed to be "plan assets" subject to ERISA and/or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), as such term is defined in the "Plan Asset Regulation" issued by the U.S. Department of Labor. The Manager may effect a mandatory withdrawal of a Member's Interests in the Fund, in whole or in part, if the ownership of such Interests by such Member would cause the assets of the Fund to be deemed to be "plan assets" subject to ERISA and/or Section 4975 of the Code.

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IV. FUND OBJECTIVE

The Fund's investment objective is to preserve principal, provide current income, and achieve consistent returns primarily through senior secured senior deeds of trust or mortgages, with a smaller percentage of secured junior-lien deeds of trust or mortgages, on residential and commercial real estate. Notwithstanding the foregoing, the Fund reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loans it originates, acquires, and/or otherwise invests in. The Manager intends primarily to make senior secured loans to residential and commercial real estate development, renovation, and construction companies located across the United States with a primary focus in California.

The Fund aims to make loans to individuals and companies for real estate development, renovation, and construction that will generate a steady stream of interest and principal cash flow. The Manager expects such cash flow of interest and principal to repay the Fund's investments in the loan or loans.

The Fund generally intends to make medium to long-term direct senior secured debt investments, with the average lifetime of investments expected to be between Six (6) and Twenty Four (24) months. Loans executed by the Fund will generally carry fixed interest but may also include participation clauses for profit sharing.

There can be no assurances that the Fund will achieve its objectives. See "Risk Factors."

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V. BACKGROUND AND RATIONALE OF THE FUND

Background of the Manager and the Fund

North Star Capital Group LLC, a California limited liability company (the "Manager") is a private investment management firm based in the San Francisco Bay Area, California. Management is a collaboration between John Simonse, Mark Hanf and Mathias Coordes, acting as an alternative asset manager that leverages a verified track-record of successful prior and current real estate fund management, lending, investment and sales of secured debt instruments to investors throughout California. The Manager offers both independent investors and institutional investors an opportunity to participate in an alternative investment strategy that focuses on funding and purchasing primarily California real estate-secured promissory notes.

John Simonse is founder and president of LHJS Investments LLC, a licensed lending and fund management company specializing in construction loans, founded in 1999. He has underwritten and funded over $1 billion in real estate loans and investments.

Mark Hanf is founder and president of Pacific Private Money Inc., a licensed alternative real estate lending specialist founded in 2008. Pacific has funded over 1,500 privately-funded real estate loans, including ground up construction and major remodel.

Mathias Coordes is a licensed real estate agent with 10 years' experience analyzing, underwriting and originating major remodel and ground-up construction loans.

Rationale of the Fund

The Fund will target highly promising individuals and companies who are established residential and/or commercial real estate developers, contractors or investors. The Managing Members believe that this segment continues to be underserved by traditional capital sources.

Some Key Differentiators of the Fund

Current Income

The Manager intends the Fund to be a reliable, consistent private fund that prioritizes income and safety with the goal of consistently delivering strong returns for its Members. The Manager aims to implement primarily senior deeds of trust to achieve attractive risk-adjusted returns for the Fund's Members. Members may elect to receive One Hundred Percent (100%) cash income disbursements at the end of each quarter, or rollover their income. If a Member elects not to receive cash distributions of realized gains income, such income shall be used proportionately from the Operating Account to fund any Investments, as needed, and cannot subsequently be withdrawn by a Member without triggering a Redemption Request.

Protective Structures

The Fund will primarily invest directly in real estate loans and intends to tailor the types of loans and the exposure towards the conservative side, while availing itself of the Manager's quality collateral management and risk management experience. The Fund aims to carefully protect its investments through deeds of trust or mortgages against real estate properties located primarily in California. Importantly, the Fund will generally focus on senior debt (senior secured, first-lien deeds of trust).

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The Fund plans to utilize an extensive and thorough due diligence process prior to making any investment. When structuring an investment, assets used as collateral are generally valued by independent third-party appraisers or qualified real estate professionals (at the sole discretion of the Manager) to determine not only their fair market value but also their liquidation value. The selection and screening process of the Fund's investments will also rely on rigorous evaluation of the borrower's financial history and previous experience.

Investors who wish to purchase Interests must complete and sign the Subscription Agreement, a signature page to the Operating Agreement and other such documentation as is deemed appropriate by the Manager, and send them together with a check or wire for the purchase price of the Interests to the Manager. Upon receipt of appropriate executed documents, the Fund will immediately deposit Investor funds into its holding account (the "Subscription Account"), the date of which shall be the "Deposit Date." Investors may execute the Interest Subscription documents at any time throughout a calendar month. However, an investment in the Interests would only become effective as an equity investment upon the Company's transfer of an Investor's funds into its operating account (the "Operating Account") and as of the first day of the calendar quarter (the "Effective Date") immediately following the Deposit Date. Investor funds held in the Subscription Account shall pay no interest to the Investor.

The Fund may utilize a new Investor's funds for its operations between the Deposit Date and the Effective Date by transferring all or a portion of such funds as determined by the Manager (the date of which shall be the "Transfer Date") from the Subscription Account to the Operating Account. Any such amounts transferred shall be treated as a loan to the Fund for which the Investor shall receive interest at 7% (annualized) during the period between the Transfer Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. The Fund will pay the accrued interest (running from the Transfer Date of any funds to the Effective Date) on any funds transferred from the Subscription Account to the Operating Account in the form of a check to the Investor to be prepared and mailed on the Effective Date. An Investor's obligation to purchase Interests with their full deposited amount shall be irrevocable during the time between the Deposit Date and the first day of the subsequent calendar quarter.

As soon after the Effective Date as is practicable (typically on or around the 15th of the month), the Fund shall issue Interests to the Investor at the prevailing Interest price for any and all amounts transferred into the Operating Account since the Deposit Date (i.e., funds that were treated as loaned to the Fund between the Transfer Date and the Effective Date).

Distributions to the Members and Manager

Members will generally be entitled to receive an amount equal to a One and Three Quarters of One Percent (1.75%) net realized return per quarter on their capital[2] (which represents an annualized rate of Seven Percent (7.00%)) (the "Preferred Return"). The Manager will receive its performance return for a calendar quarter (the "Incentive Allocation") only after the Members have first received a minimum of at least One and Three Quarters of One Percent (1.75%) of the Preferred Return on their capital for such quarter. As such, the Manager will not receive any share of profits or any returns based on profits prior to the Members receiving their Preferred Return. Returns payable to Members are calculated based on the Member's capital called by the Manager from the Subscription Account.

[2] The Preferred Return shall be calculated based on the Member's capital called by the Manager from the Subscription Account.

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Preferred Returns payable to Members are calculated based on the Member's capital called by the Manager from the Subscription Account. Capital called by the Manager is the amount of a Member's total Capital Commitments that have been deployed from the Subscription Account by the Manager to make investments on behalf of the Fund, pay expenses and obligations of the Fund or otherwise facilitate the Fund's purposes as set forth in the Operating Agreement and determined by the Manager in its sole and absolute discretion.

The Manager will receive a quarterly management fee from the Fund, calculated by the Fund Administrator, of Three Quarters of One Percent (.75%) of the Company's total Assets Under Management ("Management Fee"), for the services and facilities it will provide to the Company. The Management Fee will be deemed earned and accrued daily; however, it will be due to be paid to the Manager on the last day of each calendar quarter. The Management Fee shall be an expense of the Fund and shall be paid prior to any distribution to the Members. The Manager may also receive additional compensation from EDC.

Apart from loan servicing fees and Fund administration fees, no collateral or portfolio monitoring fees, sales charges or placement fees, origination fees, or other transaction fees shall be charged to the Members as such fees are payable by borrowers who obtain financing from the Fund

The Manager will cover its own direct operating costs and expenses, from the Management Fee charges paid by the Fund.

In addition, the Manager will not levy any sales charge on Members when accepting contributions into the Fund. The Manager or its affiliates may enter into agreements with placement agents; but any fees paid to placement agents will be paid by the Manager. No deduction will be made from a Member's subscription amount with respect to such fees. If a subscriber is introduced to the Fund through a placement agent, the arrangement, if any, with such placement agent will be disclosed to, and acknowledged by, the subscriber.

Reinvestments

Members may choose to apply their Distributions to an additional purchase of Membership Interests (a "*Rollover* or *"Reinvestment"*), by indicating their desire to do so on their completed Subscription Agreement. Any Membership Interests purchased by Members via the Reinvestment option shall be considered, for purposes of any Redemption requests, to "tag-along" with the original date of purchase of the Company Membership Interests for which the Reinvestment Membership Interests are associated. Members may change their election not more frequently than once per year by giving a ninety (90) days' written notice to the Manager. The change in Reinvestment can only occur at the beginning of a new quarter. The Manager has the right to suspend or terminate the Reinvestment program, at any time, without notice, at the Manager's sole discretion. A Member's Reinvestment shall be used by the Company to fund Investments, as needed, and cannot subsequently be withdrawn by a Member without the sole permission of the Manager.

Notwithstanding the foregoing, the Manager reserves the right to commence making cash distributions at any time to any Investor or Member(s) in order for the Fund to remain exempt from the ERISA plan asset regulations. (See "ERISA Considerations" and "Summary of the Company Agreement" below)

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VI. INVESTMENT STRATEGY AND PROCESS

Investment Strategy

The Fund's investment objective is to preserve principal, provide current income, and achieve consistent returns primarily through investing in senior secured deeds of trust or mortgages, with a smaller percentage of secured junior-lien deeds of trust or mortgages, on residential and commercial real estate. Notwithstanding the foregoing, the Fund reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loans it originates or acquires.

The Fund will focus on making debt investments, directly and indirectly, by originating, acquiring, making, funding, purchasing, and/or selling business purpose loans. Investments may be made by directly funding the loan, either in whole or participation interests, or as a hypothecation (a loan secured by another existing loan which is secured by real estate and assigned to the Fund). The Manager intends for each loan to be secured by a lien against the subject property at minimum and may also encumber other property as determined by the Manager and Investment Committee. Please refer to Exhibit A for the Fund's lending standards and guidelines.

In order to carry out this strategy, the Fund will use its management team of seasoned professionals who have long term, successful track records of real estate fund management. Almost everything is carried out in-house from sourcing capable borrowers and structuring the loan, to underwriting both the project and the borrower, closing, and servicing each loan. Should a loan default, the Manager and/or Investment Committee has the expertise to work out a defaulted loan.

The Fund Management intends to focus on making primarily short-term senior secured loans against mostly California real estate. Debt investments made by the Fund will usually carry a fixed rate of interest and the borrowers will make interest only payments at monthly intervals or have interest reserve accounts. Upon the sale or refinance of the subject property, a balloon payment accounting for the entire principal amount plus any accrued interest, fees or other charges, is collected.

It is intended that investments made by the Fund will share many of the following characteristics:

- Collateral property will be primarily located in California
- Up to 75% loan to value (LTV) [based on the after-repair value (ARV)]
- Up to 90% loan to cost (LTC)
- Full-recourse guarantees from the qualified borrower
- Loan maturities will range from Six (6) months to Twenty-Four (24) months and may occasionally have longer terms.
- Loan types include:
    - acquisition
    - acquisition and renovation
    - new construction
    - entitlement and development
    - refinance
    - cash-out
- Minimum loan amount is $150,000
- Prepayment penalties when applicable
- Contingency of 5% on new construction or 10% on renovation loans

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- Value is determined via appraisal or BPO with adjustments approved by Investment Committee and/or Manager
- Construction draws are released only after a draw inspection is completed and reviewed by a construction management company approved by the Manager or Investment Committee
- Property protected by title policy and builder's risk insurance

Notwithstanding the foregoing, the Manager reserves the right to modify any of the above-mentioned characteristics for any loan or loans if it's in the best interest of the Fund to do so, at its sole and absolute discretion.

Investment Process

Asset-Based Lending Strategy

The Fund intends to execute an asset-based lending strategy whereby the primary source of security and ultimate repayment of principal and interest is the property securing the loan. Deficiencies such as a low credit score and even the lack of a track record can be mitigated by structuring the deal with lower LTV and/or LTC to give the Fund added security in the event of default.

In order to execute this strategy over an extended period, the Investment Committee has developed the in-house expertise to evaluate a property based on its pre-construction, or as-is value, and on the value of the home after repairs have been made. Because the size of debt investments is determined by the after-repair-value ("ARV"), the Fund has outlined multiple scenarios to complete a given project and achieve its ARV even if the borrower is unable to complete the project.

A substantial amount of residential and commercial development expertise is required to accurately project ARV and ensure that all the necessary items are accounted for by the borrower client. The Investment Committee and its Affiliates have a combined 100 years of real estate experience. This expertise is invaluable as it allows for underwriting of complicated construction and development projects. This includes a review of the feasibility of the budget, scope of work, project timeline, and exit strategy.

Underwriting Process and Loan Structuring

Loan originations, deal structuring, and underwriting are provided by members of the Investment Committee.

Loans are underwritten using an "asset first" approach, as discussed previously. After it is determined that the project generally fits within the asset parameters of the loan program, the borrower is underwritten using a number of criteria including creditworthiness, track record, experience, financial strength, ability to make debt service, and ability to complete the project. Creditworthiness, as measured by the standard credit bureaus, is taken into account during the underwriting process. All of the above components of the loan impact the structure of the transaction. If a borrower has a weak component, the Investment Committee can reduce the LTV to give the Fund additional security in the underlying asset to compensate for the added risk of loss in the event of default. Should the borrower default on terms, the Fund may choose to foreclose at a potential discount to the overall value and complete the project through the affiliated companies of its Manager.

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Leveraging the Fund / Borrowing

The Fund is authorized to borrow funds secured by the assets of the Fund up to Thirty Three Percent (33%) of the Fund assets for the purposes of investment or such other purposes as determined by the Manager, in its sole discretion. The Fund may assign all or a portion of its loans as security for such loans. The Fund anticipates engaging in this type of transaction when the interest rate at which the Fund can borrow capital is less than the rate that can be earned by the Fund when using the borrowed capital to make or acquire loans, giving the Fund the opportunity to earn a profit from the difference between the two interest rates, known as a "spread." For purposes of illustration, these transactions will typically be loans secured by one or a series of loans and/or assets belonging to the Fund. Such a transaction involves certain elements of risk and also entails possible adverse tax consequences. (See herein "Risk Factors", "Certain Tax and ERISA Matters" below.)

Leverage usually involves a third-party loan in which the Fund's entire asset portfolio is provided as security to the lender for such loan(s). Leveraging involves additional risks that are detailed later in this Memorandum. (See "Risk Factors – General Business Risks" below.)

Ongoing Portfolio Monitoring and Management

After the closing of an investment, the loan will be managed by either Pacific Private Money or LHJS Investment LLC, who will serve as Servicer and engage in the following functions:

- Preparation, distribution, and maintenance of borrower statement of accounts
- interest collections
- Recording of all security documents
- Document storage and security
- Construction draws
    - Inspections
    - Review and approval of draw photos, receipts, lien release waivers, etc.
    - Disbursement of construction funds
- Default workout structuring
- Coordination of legal for foreclosures

Pacific Private Money and LHJS are managed by industry veterans who bring experience from all types of market conditions. Notwithstanding the foregoing, the Manager reserves the right to appoint an Affiliate or a different third-party Servicer for any reason (or no reason), at its sole and absolute discretion.

In the event of a foreclosure or bankruptcy, the Fund will determine the current and future value of the asset and undertake a comprehensive assessment. A recommendation is then made on the best course of action. In some instances, one of the Managers' affiliates may purchase the property from the Fund in order to remove the non-income generating asset from the portfolio to prevent any yield drag associated with holding a non-performing asset. This is one option that can be undertaken at the discretion of the Manager and Investment Committee, and although the Manager has historically been successful in full recoveries, neither the Manager, nor the Investment Committee make any representation, express or implied, that they shall be able to provide a positive outcome on any given workout of Fund assets.

Other options for the Fund or Manager will be to sell the asset as-is, or alternatively lease a completed property to ensure the best outcome for the Fund.

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Origination Management Process

The objective of Management is to source real estate clients who have a need to borrow money to complete the acquisition, renovation, development or new construction of residential and/or commercial real estate.

After the loan and borrower are underwritten in accordance with the Fund's Underwriting Guidelines, prospective borrowers and their principals are screened based on the following criteria:

- Background – checks are ordered to review for outstanding tax liens or judgments, as well as felony and white-collar crime convictions
- No bankruptcy in the last four years
- In the case of business-purpose loans, must borrow in the name of an entity.

The origination team looks for experienced borrowers who can demonstrate a track record of success completing similar projects in similar markets. The borrower's credit history as determined by the traditional credit bureaus is important information that is used in the underwriting process, but it is secondary to the value of the underlying real estate and to the ability of the borrower to complete the project under the terms of the loan and make debt service.

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VII. INVESTMENT TEAM

North Star Capital Management, LHJS and Pacific Private Money are led by industry veterans with deep direct lending and management experience in the remodel, new development and construction lending field. Importantly, this includes a strong specialization in due diligence, collateral management and loan workout. The team is supported by analysts and financing specialists with significant expertise in real estate lending, development and fund management.

***John W. Simonse**, Founder and Manager – LHJS Investments LLC*

John William Simonse attended the United States Merchant Marine Academy in Kings Point, New York. John graduated from the academy in 1980 with highest honors and a Bachelor of Science degree in Marine Engineering. John played rugby and was one of only 3 graduates selected to participate in the prestigious American President Lines (APL) officer management training program. After college John worked for the Department of Defense. After training in Switzerland, John had a top-secret security clearance and worked for 5 years in and around the Mediterranean and Bay of Bengal for the Military Sea Lift Command. After working with the Navy for a total of 14 years, John received an honorable discharge. John continued to work at sea and on land, sailing to over 65 different countries on various types of vessels, as well as special assignments at APL's corporate headquarters. By age 30, John earned his chief engineers license, issued by the U.S. Coast Guard, for steam, diesel & gas turbine engines of unlimited horsepower.

John was always interested in real estate and purchased his first property at the age of 20. During the 1990's John decided to turn his focus to business/entrepreneurship activities and obtained a CA, real estate broker's license. John also developed and operated a fine food restaurant, bar and night club called Johnny Angels Tapa Café in Walnut Creek CA, for about 10 years, selling the business in 1998. One of John's favorite sayings is that running Johnny Angels was his equivalent to getting a Harvard MBA.

In 1999 John combined his interest in real estate and investing by writing the first PPM for the Magnate Funds LLC, a private money loan and real estate development entity. John raised the first round of capital for the Fund and under his management he grew the Magnate Funds to over 50M in investments. The Magnate Fund #2 LLC has had extraordinary success, with the early investors in that Fund making over a 3X return on their initial investment. During the last decade, John successfully guided the Magnate Funds through the great recession and helped create the Lodgepole Fund and a few other investment funds. Under John's guidance, from 2010 to 2018, the Lodgepole Funds, returned a net return of over 10% to the Members, which was over 40% higher than the average return of 7% for private money funds. John currently manages loan, real estate development and investment portfolios valued well over 100M. To date, John has underwritten and funded over 1B in real estate loans and investments. John is now looking forward to teaming up with two other successful long-time industry professionals Mark Hanf and Matt Coordes and launching their new private money loan fund, The North Star Fund.

John resides in Danville, California with his wife Annie and their 5 children.

***Mark D. Hanf**, Founder and President – Pacific Private Money Inc.*

Mark Hanf is the founder, broker and president of Pacific Private Money Inc., dba Pacific Private Money Loans, one of the most respected private money loan brokers in Northern California. Founded in 2008, the company has originated over 1,500 loans, totaling over $600 million in loan originations. Mr. Hanf is a regular speaker at real estate events throughout the Bay Area, and can be heard weekly speaking about the real estate market as co-host of the one-hour radio show "The Best of Investing" currently airing on the

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Wall Street Business Network, 1220AM KDOW. He is also an Amazon best-selling author of a book for real estate investors called “The Insider’s Guide to Attracting Private Money”.

Mr. Hanf began his career in real estate in 1982. For nearly 25 years, Mr. Hanf was responsible for buying, selling, financing, and managing residential and commercial real estate for a closely held real estate company in the Bay Area. He earned a degree in Business Administration with a focus in finance and accounting from Menlo School of Business Administration in 1982. During his career as a real estate principal, he became an expert at using leverage to execute real estate strategies, successfully closing over 100 purchase and refinance loans, ranging from $100,000 to $7,500,000.

Mr. Hanf has built a team highly skilled at property valuations, mortgage lending, and the many complex new lender compliance laws. His team’s decades of mortgage lending experience make them especially skilled at evaluating loan scenarios and originating sensible private money loans for the company’s growing list of private individual investors.

Mr. Hanf is a ten-year member of the California Mortgage Association, comprised of roughly 300 California-based private money lenders and brokers. Their quarterly two-day conferences are considered essential for regulatory compliance, best practices, and other educational topics necessary to operate successfully in this new market environment. Mr. Hanf is also a member of the American Association of Private Lenders.

An avid student of personal development, Mr. Hanf has been coached and inspired by highly successful entrepreneurial thought leaders such as Dan Sullivan, Darren Hardy and Robin Sharma, just to name just a few. As a speaker, Mr. Hanf often talks about the importance of personal development in business success.

Having lived and worked his entire life in the Bay Area, Mr. Hanf is a second-generation real estate investor with long-standing professional relationships and community affiliations.

***Mathias Coordes**, Licensed real estate agent – Pacific Private Money Inc.*

Mathias “Matt” Coordes is a construction lending specialist and one of the top producing agents for Pacific Private Money. He joined the team in 2015, after moving to the Bay Area from Aspen Colorado; bringing his 24 years of real estate experience and considerable underwriting skills to the company. In addition to construction lending, Matt also works extensively in the origination of all types of loans PPM offers through its various programs, equity placement and capital advisory. He has the resources to place loans up to $60 million, and currently has working relationships with a large and ever-expanding group of high-net-worth investors and real estate private equity groups, including a $3 Billion Canadian fund.

Matt launched his real estate career in 1995, while studying business at Montana State. After beginning to fix and flip properties and invest in real estate himself, he undertook the management of his family’s portfolio of commercial and residential assets. He acquired his real estate license in 2001, and spent over a decade working in luxury residential development and acquisitions, including the construction and sale of a $7M luxury spec project. In 2008 he began private lending and was the co-founder of Aspen Private Equity Group, which focused on placing capital and equity with various multi-family, spec homes, hospitality and commercial developments throughout the United States.

Matt has a talent and proficiency for assessing values and opportunities within market cycles, and is well versed in various markets throughout the Western US, including all of California, Hawaii, Colorado, Washington and Oregon. He is armed with a keen sense of real estate transactional law and has an unassailable ethical character. As a negotiator, Matt's strategy is clear, unemotional, and focused on

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objectives. Since beginning with Pacific Private Money, Matt has worked extensively on developing construction lending programs for the company. His construction underwriting abilities are well respected within the industry and have been praised by some of the top lenders. Matt has done over $200 million in transaction and loan volume in the past 10 years, and originates between $40 and $50 million of loan volume annually with PPM.

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VIII. ORIGINATION TEAM

Maintaining a consistent pipeline of attractive investment opportunities is a key to success for the Fund. The origination team is comprised of both inside, outside, and hybrid loan officers of the Investment Committee who are responsible for maintaining relationships with a network of borrower clients and other deal sources across all of the major California markets.

The Fund will benefit from the reputations of both LHJS Investments and Pacific Private Money, who have built relationships over many years in the private lending space in California. The Fund utilizes the origination teams' proven ability to attract consistent quality loan applications as the result of a consistent and aggressive networking and marketing strategy.

Since 2008, Pacific Private Money originated over 1,500 privately funded loans. It uses a combination of email marketing, strategic sponsorships, speaking engagements, radio shows, event networking, social media marketing and other means to foster awareness and attract leads. Private Pacific Money's reputation for reliable performance and price integrity serves to engage local real estate professionals, whose referrals provide a significant portion of Pacific Private Money's loan leads.

Since 1999, LHJS has underwritten and funded over $1 billion in real estate loans and investments and has managed over $200 million in fund assets on behalf of its clients.

Together, LHJS and Pacific Private Money have developed and served a large and growing list of repeat borrower clients with proven track records of performance.

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IX. PROCEDURE FOR SUBSCRIPTION

TERMINATION DATE

The Fund is an open-ended fund, and accordingly there is no termination date for the offering of Interests set forth herein except as otherwise determined by the Manager in accordance with the Operating Agreement.

PROCEDURE FOR SUBSCRIPTION FOR MEMBERSHIP INTERESTS

Membership Interests may be subscribed for by completing a Subscription Agreement (the "Subscription Agreement"), and forwarding it, together with payment for the Interests, to a transactional escrow account established by the Fund Administrator. All Subscription Agreements and related payments must be received by the Fund Administrator as set forth in the Subscription Agreement. The Manager may, in its sole and absolute discretion, refuse to accept any subscription without giving any reason therefor, and a Subscription Agreement will not become binding until accepted by the Manager in writing on behalf of the Fund.

Payment must be by wire transfer, check, bank draft or money order, made payable to "The North Star Capital Fund LLC." Payment of the subscription amount will be deemed to have been received by the Manager when (a) payments are deposited and cleared in the Fund's bank account, (b) in-kind contribution approved in writing by the Manager. Members will be required to fund One Hundred Percent (100%) at the closing in which such Member participates in.

The address to which the Subscription Agreement and payment of the subscription amount must be delivered c/o the Manager:

The North Star Capital Fund LLC
LHJS Investments LLC
1355 Willow Way #261
Concord, CA 94526

Wire transfer information will be provided upon request.

All questions concerning the timeliness, validity, form and eligibility of any subscriptions will be determined by the Manager in its sole and absolute discretion, whose determination will be final and binding in all respects. Furthermore, the Manager may waive any defect or irregularity or permit a defect or irregularity to be corrected within such time as it may determine in its sole and absolute discretion. The Manager will not be under any duty to give notification to any subscriber of any defect or irregularity in connection with the submission of a Subscription Agreement or incur any liability for failure to give such notification. Any questions or requests for assistance concerning the method of subscribing for the Interests or requests for additional copies of this Memorandum or the Subscription Agreement should be directed to the Manager at the address set forth above.

ELIGIBLE INVESTORS

The offering is being made in reliance on the exemption available under Rule 506(c) of Regulation D of the Securities Act of 1933, as amended (the "1933 Act"), and registration and qualification requirements under applicable state securities laws. Accordingly, subscriptions for the Membership Interests under the

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Offering will be accepted only from "accredited investors," as such term is defined in Rule 501(a) under Regulation D of the Securities Act. The Fund is also relying on Section 3(c)(5) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), as the basis for its exemption from regulation as an "Investment Company" under the Investment Company Act. Consequently, each investor in the Fund shall promptly notify the Manager of any change in the structure of, or other event relating to, such investor that affects how the Interests are held. The foregoing eligibility requirements are discussed in greater detail in the Subscription Agreement, which the investor is urged to read carefully. The Manager hereby reserves the right to approve or disapprove any subscriber and to accept or reject any subscription, in whole or in part, in its sole and absolute discretion, based on the eligibility of the subscriber, or otherwise.

The target size of the Fund is One Hundred and Fifty Million Dollars ($150,000,000). The Manager may accept subscriptions for up to One Hundred and Fifty Million Dollars ($150,000,000), in its sole and absolute discretion. If the Manager receives subscriptions for Membership Interests aggregating more than One Hundred and Fifty Million Dollars ($150,000,000), then the Manager may, in its sole and absolute discretion, allow a lesser number of Membership Interests than the number subscribed, or may allocate oversubscriptions among the Members as it determines in its sole and absolute discretion. The aggregate capital commitments of the Members shall not exceed One Hundred and Fifty Million Dollars ($150,000,000); provided, however, that with the consent of the Manager, that amount may be increased to an amount that exceeds One Hundred and Fifty Million Dollars ($150,000,000).

INVESTOR QUALIFICATIONS; ACCREDITED INVESTORS ONLY

The Fund is offering Interests to Investors under an exemption from securities registration afforded by Regulation D, Rule 506(c), which requires the Manager to take "reasonable steps" to verify that each Investor is "Accredited," prior to allowing them admission to the Fund. There are eight (8) separate definitions of Accredited Investors, under which an Investor may qualify, as provided in the Subscription Agreement, along with the documents the Investor must provide to demonstrate its qualifications to invest in this Offering.

RETURN OF SUBSCRIPTION FUNDS

If, for any reason, a prospective investor is issued less than the total amount of Membership Interests for which such investor subscribes, the excess funds paid by such prospective investor with respect to such Membership Interests shall be returned to such subscriber by mail without interest or deduction as soon as practicable after the closing date. If the offering is terminated in its entirety by the Manager for any reason, all funds held by the Manager in connection with the Fund will be promptly returned to the subscribers, without any interest thereon or any penalty to be assessed on the Manager.

NO REVOCATION

Once an investor has subscribed for Membership Interests offered herein, such subscription may not be revoked by the investor for any reason whatsoever.

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X. LENDING STANDARDS AND POLICIES

General Standards for Loans

The Fund intends to focus on making debt investments, directly and indirectly, by originating, acquiring, making, funding, purchasing, and/or selling business purpose loans secured by real property through senior secured position deeds of trust or mortgages, with a small percentage of secured junior-lien deeds of trust or mortgages, on residential and commercial real estate located across the United States, with a primary focus in California. Notwithstanding the foregoing, the Fund reserves the right to accept other property or assets or other real estate assets as collateral and security for any loans it originates, acquires, and/or otherwise invests in. The Fund's loans will not be guaranteed by any governmental agency or private entity, but may be guaranteed by members, shareholders, affiliates, and/or associates of the underlying borrowers. The Fund will select loans according to the standards provided below:

1. Lien Priority. Loans will be primarily secured by senior deeds of trust or mortgages that are first lien positions. The Fund may fund loans secured by (a) second deeds of trust or mortgages, and/or (b) a pledge of the ownership interest in the borrowing entity ("Mezzanine loans"), provided that, the aggregate loan-to-value ratios in Section 3 below are met.

2. Location of Real Property Securing Loans. Most deeds of trusts and mortgages will be secured by real property located in California. Notwithstanding the foregoing, the Fund reserves the right to make loans in other jurisdictions.

3. Loan-to-Value Ratio. It is intended that a loan from the Fund will generally not exceed the Loan-to-Value percentage ratios set forth below. The Loan-to-Value ratio is calculated by taking the amount of the Fund's loan combined with the amount of senior outstanding debt secured by other liens on the property, and dividing that amount by the value of the real property securing the deed of trust or mortgage and multiplying that figure by One Hundred (100) to come to a percentage. "Value" shall be determined by an independent certified appraiser or non-certified appraiser doing an appraisal on the real property or the Investment Committee or commercial or residential real estate broker giving their opinion of value of the real property. Notwithstanding the foregoing, the Fund may exceed the below stated Loan-to-Value ratios if the Investment Committee and/or Manager determines in its sole business judgment that a higher loan amount is warranted by the circumstances of that particular loan, such as being able to secure multiple properties, called "cross-collateralization", personal guaranties, prior loan history with the borrower, market conditions, if mortgage insurance is obtained, or other compensating factors that would support the Manager in making its decision in the best interest of the Fund.

Type of Real Property Securing loan	Target and Maximum LTV Ratios
Owner-Occupied Single Family Residential	Target: 65%; Maximum: 75%
Non-Owner-Occupied Single Family Residential[1]	Target: 65%; Maximum: 75%
Multi-Family Properties[2]	Target: 60% to 65%; Maximum: 75%
Commercial[3]	Target: 60% to 65%; Maximum: 75%
Construction loans[4]	Target: 50% to 65%; Maximum: 75%
Unimproved (but entitled) Land[5]	Target: 50%; Maximum: 75%

1. Determined on "as completed" value.
2. Multi-family includes apartments, manufactured housing (aka mobile home parks), student housing, senior apartments and non-owner occupied single family homes. Determined on an "as completed" value.
3. Commercial includes retail, office, storage units, industrial, and specialized commercial properties (e.g. churches, synagogues, etc., if alternative use is viable).
4. Determined on an "as completed" value.

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5. Includes raw land.

Upon analysis every Twelve (12) months, the Investment Committee may re-evaluate the portfolio and Loan-to-Value ratio maximums set by the Fund and may revise the Loan-to-Value ratio maximums at that time if it considers it to be in the best interest of the Fund. The Investment Committee will inform Members of the new Loan-to-Value ratios when and if the Manager re-evaluates them.

In general, the Fund will seek to maintain an average Loan-to-Value ratio for the Fund of approximately Sixty Percent (60%) to Sixty Five Percent (65%); provided that the maximum Loan-to-Value ratio for the Fund shall not exceed Seventy Percent (70%), unless the Investment Committee determines in its sole discretion that it is in the best interest of the Fund to exceed such ratio at any time.

The foregoing Loan-to-Value ratios do not apply to purchase-money financing offered by the Fund. Examples of these types of loans may be, but are not limited to, real estate owned by the Fund whereby the Fund decides to sell the property and carry back a loan on the property to make it cash flow positive.

4. Terms of Fund Loans. The terms of the Fund loans will vary. Loans generally have terms of as short as Six (6) months or as long as Twenty-Four (24) months. A loan may, however, may be as short as One (1) month or exceed the foregoing terms if the Investment Committee believes, in its sole and absolute discretion, that the loan is in the best interest of the Fund. Many loans that the Fund will originate or acquire may provide for interest-only payments followed by a balloon payment at the end of the term. For risk hedging purposes, borrowers may be required to make principal and/or interest payments. The Fund may also originate loans that have an interest reserve where the interest payment is due at the maturity of the loan (along with balloon payment of the principal amount of the loan). At the end of the term, the Fund will require the borrower to pay the loan in full (and in certain loans, all of the interest accrued on the loan), to refinance the loan, or to sell the real property to pay back the loan. The Fund may allow Six to Twelve (6-12) month extensions for a fee paid by Fund borrowers. Finally, the Fund may also charge exit fees on loans based on the existing loan balance at maturity. These exit fees may range from Zero Percent (0%) to Ten Percent (10%) of the remaining loan balance at maturity.

5. Title Insurance. As determined by the Manager and/or Investment Committee, satisfactory title insurance coverage will be obtained for all loans and will usually be paid by the borrower. The title insurance policy will name the Fund as the insured and provide title insurance in an amount not less than the principal amount of the loan unless there are multiple forms of security for the loan, in which case the Investment Committee shall use its sole business judgment in determining whether and to what extent title insurance shall be required. Title insurance insures only the validity and priority of the Fund's deed of trust or mortgage and does not insure the Fund against loss from other causes, such as diminution in the value of the secured property, loan defaults, and other such losses.

6. Fire and Casualty Insurance. As determined by the Manager and/or Investment Committee, satisfactory fire and casualty insurance will be obtained for all improved real property loans which insurance will name the Fund as its loss payee in the amount equal to the improvements on the real property. (See "Business Risks – Uninsured Losses" above.)

7. Mortgage Insurance. The Fund does not intend to, but may if the property otherwise qualifies, arrange for mortgage insurance at the discretion of the Manager or Investment Committee, which would afford some protection against loss if the Fund foreclosed on a loan and there existed insufficient equity in the security property to repay all sums owed.

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8. Acquiring Loans from Other Lenders. In the event the Fund acquires loans from other lenders, the Fund will receive assignments of all beneficial interest in any loans purchased.

9. Purchase of Loans from Affiliates. The Fund may purchase loans from the Manager, or its Affiliates so long as it meets the lending requirements set forth above, or it is determined by the Manager or Investment Committee that it is in the best interest of the Fund.

10. Fractionalized Interests. The Fund may also invest in fractionalized interests in promissory notes secured by real property with other lenders (including other entities organized by the Manager or its affiliates), by providing funds for or by purchasing a fractional undivided interest in a loan that meets the requirements set forth above.

11. Non-Performing Loans. The Fund may, when commercially reasonable, purchase, take back, receive, or otherwise acquire non-performing Loans secured by real property located throughout the United States ("Nonperforming Notes" or "NPNs"). Nonperforming Notes are typically loans that are in default, behind in payments, or are secured by properties that have little to no equity remaining due to devaluation or excessive leverage. The Fund's primary intent, as it pertains to Nonperforming Notes is to acquire the Nonperforming Notes at a discount and subsequently refinance, modify or otherwise reform the Nonperforming Note to become a performing Note. Alternatively, the Fund may also foreclose and/or acquire the properties securing the Nonperforming Notes, using the general standards and criteria set forth below. The Fund will use an opportunistic investment strategy to identify and invest in Nonperforming Notes, unless the Manager and/or Investment Committee, in its sole and absolute discretion, determines it is no longer in the best interest of the Fund.

12. Mezzanine Position Loans. The Fund may fund Mezzanine loans as an alternative to loans secured by real property. Generally, a Mezzanine loan is a type of subordinate real estate financing that is secured by a pledge of One Hundred Percent (100%) of the equity ownership interests in the entity that owns the real property. The Manager shall authorize the Fund to make such a loan if the Manager and/or Investment Committee believes in its sole business judgment that it is in the best interest of the Fund to do so.

Credit Evaluations

The Manager and/or Investment Committee will generally look to the underlying property securing the loan and the loan-to-value ratios described above to determine whether to make the loan to the borrower and, to a lesser extent, may consider the income level and general creditworthiness of a borrower and secondary sources of security for repayment. The Fund may acquire loans made to borrowers who are in default under other obligations (e.g., to consolidate their debts) or who do not have sources of income that would be sufficient to qualify for loans from other lenders such as banks or savings and loan associations.

Sale of Loans

The Fund may invest in loans for the primary purpose of reselling such loans in the course of business. In doing so, the Fund may enjoy increased income through the generation of additional origination fees. The Fund may sell loans, or fractional interests in such loans, when the Manager and/or Investment Committee determines (in its sole and absolute discretion) that it appears to be advantageous for the Fund to do so, based upon then current interest rates, the length of time that the loan has been held by the Fund and the overall investment objectives of the Fund.

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XI. RISK FACTORS

General Business Risks

The Fund may suffer losses in its portfolio

There can be no assurance that cash flows will be sufficient to create EDC for the Fund even if the Manager believes in each investment's economic viability. Poor performance by a few of the investments could significantly affect the total returns to the Members. In addition, there is no guarantee that the Preferred Return will be paid on a quarterly basis, if at all. The Manager may choose not to make a quarterly distribution if it believes it is in the best interest of the Fund to do so. In the Fund's business as a lender, it faces the risk that borrowers may fail to pay their loans when due. If borrower defaults cause aggregate losses, it could have a material adverse impact on the Fund's business, profitability and financial condition and its ability to achieve the Fund's investment objectives.

The Manager will attempt to mitigate the risks inherent in extending credit by adhering to specific due diligence practices, managed by our professionals. Although the Manager believes that its due diligence criteria is appropriate for the various kinds of loans the Fund intends to make, the Fund may still incur losses on loans that meet the due diligence criteria. If the diligence practices prove to be ineffective, the Fund may incur losses in its portfolio, which could have a material and adverse effect on the Fund's financial condition and performance. Depending on the scope of losses, you could lose part or all of your investment in the Fund. In addition, to the extent the Fund makes any equity investment, the Manager cannot provide any assurance that the value of those equity investments will increase over time or that such investments will not experience a complete loss in value, resulting in substantial losses in the Fund's overall performance. For this reason, each prospective Member should read this PPM, Operating Agreement, and all documents in the Subscription Agreement carefully and should consult with his, her or its own legal counsel, accountant(s), or business advisor(s) prior to making any investment decision.

Poor economic conditions may cause the Fund to suffer higher default rates on its loans and decreased value of the assets it holds as collateral

Economic conditions in California, the United States or anywhere in the world can have a significant influence on the performance of the Fund's portfolio of investments. A deterioration in economic conditions may result in an increase in the level of our defaults and a decline in the value of the collateral securing our secured loans. As a result, the Fund may experience greater charge-offs and, similarly, our ability to recover on defaulted loans by foreclosing and selling collateral may be diminished and, as a result, the Fund is more likely to suffer losses on defaulted loans. Therefore, the Fund could experience reduced income, increased expenses and less cash available for lending and other activities, which could have a material adverse effect on our financial condition and results of operations and our ability to achieve our investment objectives. As a result, you could lose all or part of your investment in the Fund.

Investments are generally risky and offer no guarantee of success

All securities and investments generally bear the risk of loss of capital. There is no guarantee that any of the Fund's investment objectives will be achieved, that the Manager will be successful in executing the Fund's investment strategies, that the Fund's investments will generate a positive return, that the Fund's investments will appreciate in value, or that any of the Fund's investments will generate any return or be profitable.

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The Fund's performance is dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect the Fund's performance and prospects

The Fund's success depends to a significant degree upon the Manager's management team and the contributions of our Investment Committee, as well as our origination, finance, administrative, marketing and business development and technical personnel, and upon the continued contributions of our management and personnel and in particular, Mr. John Simonse, Mr. Mark Hanf, and Mr. Matthias Coordes. If management fails to attract and retain the necessary personnel, or if they lose key personnel, the Fund's performance, financial condition and results of operations may be materially and adversely affected.

The Fund may lack diversification or absolute loan size which could increase the negative impact of the performance of a small number of investments

The Fund is not subject to any diversification or absolute loan size requirements and may invest in a limited number of markets, countries, or regions. To the extent the Fund concentrates its investments in a particular market, country, or region, or individual or entity, its investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular market, country, or region. As a consequence, the aggregate return of the Fund may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which the Fund has invested.

The Fund cannot guarantee in conducting a successful operation of the Fund

This Offering is being conducted on a "best reasonable efforts" basis by the Manager only. No guarantee can be given that all or any of the securities will be repaid or sold, or that sufficient proceeds will be available to conduct successful operations. Receipt of a relatively small amount of capital contributions or large amounts of capital withdrawn may reduce the ability of the Fund to spread investment risks through diversification of its loan portfolio.

The Fund will make unspecified investments so Members must rely solely on the Manager

Although the Fund's investments will be made in a targeted group of loans, the Manager has not yet identified which loans will receive investments by the Fund or how much of the Fund's capital will be committed to such loans. An investor in the Fund must rely on the ability of the Manager to make portfolio investments. An investor will not have the opportunity to independently evaluate such investments. What this means is that the Fund is essentially a "blind pool" in so far as the Member has no knowledge of current or future investments the Fund will be making.

The Fund's portfolio will lack liquidity

The Fund's investment portfolio will, to a significant extent, consist of debt investments in residential and commercial real estate. The marketability and value of each such investment will depend upon many factors beyond the Manager's control. Generally, the investments made by the Fund will be illiquid.

The Fund has no operating history

The Fund is a newly organized entity with no history of operations or earnings. The Fund's proposed operations are subject to all business risks associated with new enterprises. There can be no assurance that the operations of the Fund will be profitable, that the Fund will generate any positive returns or that any

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investment in the Fund will be recouped. Although the Managers have prior fund management experience, the returns generated from the Managers prior mortgage funds have no bearing or influence on this Fund. Members cannot rely on the past performance of the Managers previous funds.

The Fund may seek leverage

As described in this Private Placement Memorandum, the Fund and/or any SPV(s) may choose from time to time to borrow funds pursuant to a credit facility. Although the purpose of leverage is to provide flexibility and additional liquidity options to the Fund, reduce required Fund equity, as well as potentially increase the overall Fund return, its use is inherently risky and can instead increase the risk of loss.

The interest rates at which the Fund is able to borrow funds will affect the Fund's operating results. While the use of borrowed funds will increase returns if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for the funds, the use of leverage will decrease returns if the Fund fails to earn as much on such incremental investments as it pays for the funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Fund than if the Fund was not so leveraged. The use of leverage has the potential to magnify the gains or the loss on the Fund's investments and to make the Fund's returns more volatile.

The Fund may be unable to meet its obligations to a lender under a credit facility. If this occurs, the Fund may be liable for increased payments and penalties to the lender. The lender may also foreclose on any Fund assets in which it holds a security interest. As such, the Fund's inability to perform under a credit facility could have significant negative effects on the Fund, its assets and ultimately the Fund.

The Fund could be in a position where it must borrow funds in order to cover its operating expenses, overhead or committed investments. In any of these events, it is uncertain whether debt financing will be available to the Fund on desirable terms, or at all. If the Fund is unable to secure debt financing in these circumstances, the Fund could end up in default of its obligations to third-parties and incur significant penalties and other negative consequences. If the Fund is able to secure debt financing in these circumstances, the Fund could be highly leveraged and would be subject to all the risks associated with borrowing.

If the Fund employs leverage, this may result in the Fund controlling substantially more assets than its equity capital. Leverage generally increases returns if the Fund earns a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds; however, the use of leverage exposes the Fund to a high degree of additional risk, including: (i) greater losses from investments than would otherwise have been the case had the Fund not used leverage to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions; (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of leverage related to such investment; and (iv) the risk of default by the Fund on margin or other financing and the potential consequences thereof, including the acceleration of borrowed amounts, the exercise of remedies by the lender (such as the forced liquidation of positions and/or the seizing or marshalling of collateral), the possibility of cross-defaults to other Fund agreements, and the potential for litigation against the Fund and/or for the Fund to be liable for additional damages. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings or post additional capital as required, further magnifying losses incurred by the Fund.

To the extent the Fund employs structured financial instruments to seek leverage, it should be noted that credit default swaps and other synthetic instruments and derivatives contain much greater leverage than a

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non-margined purchase of the underlying security or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security or instrument is required to be paid in order to make such investments. In light of this implicit leverage, such synthetic and derivative financial instruments bear many of the same heightened risks inherent in the use of leverage as described above.

Restrictive Covenants Relating to the Fund's Operations

In the event that the Fund obtains financing, a credit facility lender may impose restrictions on the Fund that would affect its ability to incur additional debt, make certain investments, reduce liquidity below certain levels, make distributions to the Fund's Members and impact the Fund's flexibility to determine its operating policies and investment strategies. For example, the Fund's loan agreements may contain negative covenants that limit, among other things, the Fund's ability to distribute more than a certain amount of the Fund's net cash flow to the Members, employ leverage beyond certain amounts, sell assets and enter into transactions with affiliates. If the Fund fails to meet or satisfy any of these covenants, it would be in default under such agreements, and a lender could elect to declare outstanding amounts due and payable, terminate its commitment, require the posting of additional collateral and enforce its interests against existing collateral.

Interest Rate and Related Risks of Leverage

To the extent the Fund borrows money to make investments, its net investment income will depend, in part, upon the difference between the rate at which the Fund borrows funds and the rate at which it invests those funds, known as the "spread". As a result, in the event the Fund uses debt to finance its investments, the Fund can offer no assurance that a significant change in market interest rates will not have a material adverse effect on net investment income. In periods of rising interest rates, the cost of funds on borrowed floating rate debt would increase, which could reduce net investment income. The Fund may issue floating rate loans and use other interest rate risk management techniques in an effort to limit its exposure to interest rate fluctuations.

A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to the Fund's debt investments. Accordingly, an increase in interest rates would make it easier for the Manager to meet or exceed the Incentive Allocation hurdle rate and may result in a substantial increase of the amount of the Incentive Allocation payable to the Manager with respect to pre-Incentive Allocation investment income.

The Fund's due diligence may not reveal all factors affecting an investment and may not reveal weaknesses in such investments

There can be no assurance that the Managers's due diligence processes will uncover all relevant facts that would be material to an investment decision. Before making an investment, the Manager will assess the strength of the underlying properties and any other factors that they believe are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the Manager will rely on the Borrower being honest, the resources available to them and, in many cases, investigations by third parties.

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There is a potential for volatility in Fund distributions at any time of the fiscal year due to potential portfolio impairments.

The Fund earnings and asset value attributable to each Member in accordance with the Members' respective percentage ownership interests in the Fund may change at any time of the fiscal year to account for losses and/or impairments. This may lead to the Fund's distributions being adjusted downwards.

Market and Interest Rate Risks

Portfolio investment selection may not fulfill investment objective

The Manager will seek to identify investments that it believes will produce attractive levels of current income for the Fund. A general description of the process by which the Manager will seek to identify such investments is included elsewhere in this memorandum. In determining whether to make an investment, the Manager, as indicated elsewhere above, will use whatever factors it deems appropriate. There can be no assurance that the Manager's analysis in this regard, as implemented, will take into considerations all appropriate factors or appropriately weigh the factors that are considered in its analysis. There can also not be any assurance that the loss made by the Fund will not suffer any principal loss or will produce any level of current income or capital appreciation.

Projections may have no relation to actual events

The Fund may rely upon projections, forecasts or estimates developed by the Manager, a borrower, or Portfolio Company which the Fund has made an investment concerning the issuer's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Fund's control. In real life, no one has a crystal ball. Actual events may differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include, among others, changes in: interest rates, domestic and foreign economies, business, markets, financial or legal conditions, worldwide political climate, levels of terrorism or weather patterns. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than those estimated therein.

Fund investments are subject to general credit and interest rate risk

Debt portfolios are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer or borrower will default in the payment of principal and/or interest on an instrument. Credit risk also includes the risk that a counterparty to a derivatives instrument (e.g., a swap counterparty) will be unwilling or unable to meet its obligations (see "Counterparty Risk" below). Financial strength and solvency of an issuer or borrower are the primary factors influencing credit risk. In addition, degree of subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. In evaluating the risk of principal loss, the Manager will take into account such factors as it deems appropriate in particular cases (including, where applicable, credit quality of the issuer and/or counterparty, expected performance of the underlying assets/referenced assets, and structure and level of subordination, if any). Such factors may differ from conventional criteria associated with the quality of investments. In the event that the credit quality of any Portfolio Investment is subsequently determined by the Manager to have declined, the Fund will not be required, based on that condition alone, to dispose of any such portfolio investments. Therefore, the Manager's capabilities in analyzing credit quality and associated risks will be particularly important, and there can be no assurance that the Manager will be successful in this regard.

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Interest rate risk refers to the risks associated with market changes in interest rates. In general, rising interest rates will negatively impact the price of fixed rate debt instruments and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Declines in market value, if not offset by any corresponding gains on hedging instruments, may ultimately reduce earnings or result in losses to the Fund.

Leverage at borrowing company level increases Fund's exposure

Because the Fund's investments will cause additional leverage at borrowing companies who may already have leveraged capital structures, such investments will be subject to increased exposure to adverse economic factors such as a rise in interest rates, a downturn in the economy, or further deterioration in the condition of such borrower companies or its industry. In addition, borrowing companies may experience an inability to generate sufficient cash flow to meet principal and interest payments despite our diligence process. Accordingly, the value of the Fund's investment in such a company could be significantly reduced or even eliminated due to further credit deterioration.

Lender liability and equitable subordination may impede the Fund's performance

In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Fund's investments, the Fund could be subject to allegations of lender liability.

In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court applying bankruptcy laws may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." The Fund could be subject to claims from creditors of an obligor that the Fund's investments in debt obligations of such obligor should be equitably subordinated. Alternatively, in bankruptcy a court may re-characterize the Fund's claims or restructure the debt using "cram down" or "lien stripping" provisions of the bankruptcy laws.

Risks Relating to Real Estate Investment

The Fund will be subject to the risks that generally relate to investing in real estate. Real estate historically has experienced significant fluctuations and cycles in performance that may result in reductions in the value of the Fund's real estate-related investments. The performance and value of its investments once originated or acquired depends upon many factors beyond the Fund's control. The ultimate performance and value of the Fund's investments are subject to the varying degrees of risk generally incident to the ownership and operation of the properties in which the Fund invests and which collateralize or support its investments.

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The ultimate performance and value of the Fund's investments will depend upon, in large part, the borrower's or the Fund's ability to operate any given property so that it produces sufficient cash flows necessary to pay the interest and principal due to the Fund on its loans and investments and/or to recover the Fund's equity investment in the case of real estate owned by the Fund. Revenues and cash flows may be adversely affected by: changes in national, worldwide or local economic conditions; changes in local real estate market conditions due to changes in national, worldwide or local economic conditions or changes in local property market characteristics, including, but not limited to, changes in the supply of and demand for competing properties within a particular local property market; competition from other properties offering the same or similar services; changes in interest rates and the credit markets which may affect the ability to finance, and the value of, investments; the ongoing need for capital improvements, particularly in older building structures; changes in real estate tax rates and other operating expenses; changes in governmental rules and fiscal policies, changes in the job market, civil unrest, acts of God, including earthquakes, hurricanes and other natural disasters, acts of war or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; changes in governmental rules and fiscal policies which may result in adverse tax consequences, unforeseen increases in operating expenses generally or increases in the cost of borrowing; decreases in consumer confidence; government taking investments by eminent domain; various uninsured or uninsurable risks; the bankruptcy or liquidation of major tenants; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws; the impact of lawsuits which could cause the Fund to incur significant legal expenses and divert management's time and attention from the day-to-day operations of the Fund; and other factors that are beyond the Fund's control and the control of the property owners.

Any of the foregoing factors as well as others could adversely impact the return on and cash flows and values of the Fund's investments. In addition, property values can decline below their acquisition price or below their appraised, assessed or perceived values after the acquisition. Appraisals, if obtained, are only the appraiser's opinion of the property values at a given point in time. Material declines in values could result in subsequent losses. The Fund's real estate based investments may be difficult to sell in an efficient and expeditious manner, and there can be no assurance that there will be a ready resale market if or when the Fund finds it necessary or otherwise elects to sell such investments.

The Fund is subject to general risks of real estate ownership

Investments in real estate can be difficult, slow, or impossible to realize. The Fund will be subject to the general risks incidental to the ownership of real estate, including changes in the supply of or demand for competing real estate in an area, changes in interest rates and the availability of mortgage funds, changes in the job market, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers and environmental factors. The marketability and value of any real estate will, therefore, depend on many factors beyond the control of the Fund and there is no assurance that there will be either a ready market for any real estate of the Fund or that such real estate will be sold or leased at a profit or will yield a positive cash flow.

The Fund may be subject to development risks

If the Fund invests, directly or indirectly through another fund or asset manager, in residential and/or commercial real estate prior to development, redevelopment and completion, the returns to Members will be subject to the risks associated with the development of real estate projects. These risks include:

- the risk that the developer of a site may become insolvent and be unable to complete the project. It is expected that developments in which the Fund will invest will be financed by a mixture of equity,

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deposits on pre-sales and bank financing. The release of bank financing will be staged and conditional on milestones in the development being reached. In the event that the development does not proceed as expected (due to unexpected factors such as landslip, accident, supplier default, planning or title disputes etc.), the bank may refuse to provide further financing. If the developer is unable to arrange alternative financing, it may not be possible to complete the development;

- the risk that planning consents are not obtained, or are delayed significantly, or are granted subject to uneconomic conditions;
- the risk that laws are introduced, which may be retrospective and affect existing building consents, which restrict development in certain areas;
- the risk that a development is significantly delayed, or costs exceed budget due to unforeseen factors.
- the risk of cost over run or bad contract arrangements;
- the risk of unforeseen construction constraints (including geological and archaeological factors);
- the risk of title disputes, legal disputes with neighboring landowners, and legal disputes with architects, project managers, suppliers, squatter and renters;
- the risk that building methods or materials prove to be defective or unavailable;
- if a construction company or subcontractor used on a development becomes insolvent, it may prove impossible to recover compensation; and
- the risk of fraud on the part of service providers, suppliers or anyone involved in the development.
- discovery of protected species, plants or wetlands.

Risks Associated with Buying Contaminated Properties

The Fund may make or buy loans secured by properties where it later discovers that such properties have environmental conditions that need remediation. The Manager would plan to sell the property "as is" or use contractors, consultants and/or service providers to help the Manager in evaluating the costs associated with remedying such environmental conditions, and who will be covered under their own insurance policies. While such properties may be resold after remediation, if the costs of remediation are substantially greater than the anticipated sale price of the property, the Fund may incur a substantial loss that could adversely affect distributions to the Fund.

Compliance with the Americans with Disabilities Act and Other Changes in Governmental Rules and Regulations

Under the Americans with Disabilities Act of 1990 (the "ADA"), all public properties are required to meet certain federal requirements related to access and use by disabled persons. Properties acquired by the Fund or in which the Fund makes a property investment may not be in compliance with the ADA. If a property is not in compliance with the ADA, then the Fund may be required to make modifications to such property to bring it into compliance, or face the possibility of imposition, or an award, of damages to private litigants. In addition, changes in governmental rules and regulations or enforcement policies affecting the use or operation of the properties, including changes to building, fire and life-safety codes, may occur which could have adverse consequences to the Fund.

The Fund's underwriting standards and procedures are more lenient than conventional lenders

The Fund will invest in loans secured by residential real estate with borrowers who will not be required to meet the credit standards of conventional mortgage lenders or banks, which is riskier than investing in loans made to borrowers who are required to meet those higher credit standards.
Because the Manager approves loans more quickly than some other lenders or providers of capital, there may be a risk that the due diligence the Manager performs as part of its underwriting procedures would not

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reveal the need for additional precautions. If so, the interest rate the Fund charges and the collateral the Fund requires may not protect the Fund adequately or generate adequate returns for the risk undertaken.

A borrower's ability to pay a loan balance in a large lump sum may depend on its ability to obtain suitable refinancing or otherwise raise a substantial cash amount or its ability to sell the secured property.

Risk of default on Loans / Non-performing Loans

The Fund's investment strategy includes the acquisition or origination of loans, secured by real estate, which are subject to the risk of default. At the time of their acquisition, origination or thereafter, loans may be non-performing for a wide variety of reasons. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of the principal of such loan, and/or the necessity of purchasing senior loans or borrowing additional capital to protect the Fund's interest in its investment.

The loans may become uncollectible or subject to a reduced return due to any voluntary or involuntary bankruptcy, insolvency or similar proceeding affecting any of the Fund's borrowers or guarantors. It is possible that the Manager may find it necessary or desirable to foreclose on collateral securing one or more loans purchased or originated by the Fund. The foreclosure process will vary from jurisdiction to jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation may create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. The collateral value could also be negatively impacted if a defaulting borrower were to damage the property, negligently or intentionally, while still in possession. Even if foreclosure can be avoided and a restructuring were successfully accomplished, a risk exists that, upon maturity of such mortgage loans, replacement "takeout" financing will not be available.

In certain circumstances, the Fund may lose priority of its liens to mechanic or materialmen's liens, by reason of the borrower's wrongful acts or the priority allowed to certain tax liens. It is possible that the total amount recovered by the Fund after a default may be less than the total amount of its Mortgage Loan, with resultant losses to the Fund. In such circumstances, the Manager may pursue deficiency judgments against borrowers, if available. Most, if not all, of the Fund's loans will be general obligations of the borrower or principals of the borrower. Properties held as collateral and foreclosed upon may not generate sufficient income from operations to meet associated expenses of the Fund. In addition, operation of foreclosed properties may require the Fund to spend money for an extended period, and subsequent income and capital appreciation from the foreclosed properties to the Fund may be less than competing investments available for the Fund to invest in.

The Fund may be required to rely totally on its interest in the collateral for repayment of a Mortgage Loan. The value of the collateral may be affected by general or local economic conditions, neighborhood values, interest rates, real estate tax rates and other operating expenses, the possibility of competitive over-building and of the inability to obtain or maintain full occupancy of the properties, governmental rules and fiscal policies, acts of God or casualties for which insurance is not available or obtainable for commercially reasonable premiums, and other factors which are beyond the Fund's or the Manager's control.

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The Fund may require transaction analysis reports for environmental screening or other environmental reports on the proposed collateral, which reports may not reveal actual conditions and risks associated with the collateral. The presence of hazardous substances or protected species to wetlands on such collateral may subject the Fund to substantial liability for the cost of removal, replacement and/or treatment, reduce the value of the collateral or make it unmarketable. That cost may substantially exceed the value of the collateral involved.

Further, under U.S. law, investments in properties or loans operating under bankruptcy laws are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of the Fund's original investment therein. In addition, under certain circumstances, payments to the Fund and distributions by the Fund to its Members may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law.

The Fund may have difficulty protecting its rights as a secured lender

The Fund believes that its Fund asset documents will enable it to enforce residential or commercial arrangements with borrowers and other counterparties. However, the rights of borrowers, counterparties, and other secured lenders may limit the Fund's practical realization of those benefits. For example:

- Judicial foreclosure is subject to the delays of protracted litigation. Although the Fund expects non judicial foreclosure to be generally quicker, the Fund's collateral may deteriorate and decrease in value during any delay in foreclosing on it.
- The borrower's right of redemption during foreclosure proceedings can deter the sale of the collateral and can for practical purposes require the Fund to manage the property.
- The Fund can make loans in different states, with varying foreclosure laws, procedures and timelines. Depending on which state a Fund asset is located, there may be more or less time, effort and cost associated with foreclosing on loans.
- Unforeseen environmental hazards may subject the Fund to unexpected liability and procedural delays in exercising its rights.
- The rights of junior or senior secured parties in the same property can create legal and procedural hurdles for the Fund when it forecloses on collateral.
- The Fund may not be able to pursue deficiency judgments after it forecloses on collateral.
- State and federal bankruptcy laws can prevent the Fund from pursuing any actions, regardless of the progress in any of these suits or proceedings.
- The courts, particularly the bankruptcy courts, may unilaterally alter the contractual terms of Fund assets and/or do a "cram down" or lien-stripping action, to the detriment of the Fund.

Care is exercised upon creation of the legal documents at the time of origination or acquisition to ensure that as many bases as possible have been covered in the documents. However, in the event of default, it can be very difficult to predict with any certainty how courts will respond or allow.

Risk of lack of knowledge in distant geographic markets

Although the Fund intends to focus its investments in locations with which the Manager and/or Investment Committee is generally familiar, the Fund runs a risk of experiencing underwriting challenges or issues associated with a lack of familiarity in some markets. Each market has nuances and idiosyncrasies that affect values, marketability, desirability, and demand for individual collateral that may not be easily understood from afar. While the Manager believes it can effectively mitigate these risks in a myriad of

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ways, there is no guarantee that investments in geographic markets outside California (or even inside) will perform as expected.

Risks of real estate ownership

When the Fund acquires real estate, either directly or through foreclosure, deed in lieu of foreclosure, or otherwise, it has economic and liability risks as the owner, including but not limited to:

- Earning less income on disposition of the property than costs incurred in purchasing, improving it, and maintaining it;
- Keeping the property leased by tenants;
- Potential damage to the property by any tenants or vandals;
- Lack of availability or lapse in insurance coverage for the property;
- Controlling operating expenses;
- Coping with general and local market conditions;
- Possible exposure to environmental risks such as contamination remediation, protected species or wetlands, geological and squatters, which in some cases could exceed the value of the property;
- Complying with the laws and regulations pertaining to taxes, use, zoning and environmental protection; and/or
- Possible liability for injury to persons and property.

The Fund intends to secure insurance against hazards and contingencies to the extent it can obtain such insurance as an owner at a reasonable cost.

Risks of participation or fractional interests in loans

When the Fund initially accepts in-kind contribution of fractional interests in loans, and therefore does not own an individual investment in its entirety, but rather owns some percentage interest in a transaction (a "Participation"), there are additional risks to that particular investment including, but not limited to, the following:

- Other owner(s) of a Participation in such an Asset may have different ideas, motivations, or desired outcomes than the Fund which may give rise to disputes in how to manage the Asset.
- There may be complications in disposing of Participation that require additional time, money, and cooperation of parties who may be adverse at the time of retirement of the loan or disposition of the property, which may reduce the amount recovered by the Fund on such loan.
- The Manager and/or the Fund may not control or have influence over the transaction involving the Asset subject to the Participation agreement. Such a scenario would subject the Fund to the decisions of another party, whose interests may be adverse to those of the Fund.
- There may be regulations or laws that govern or influence a Participation loan that are unknown at the time the loan is made, but which have a negative impact on the Asset at the time of maturity or disposition.

Risks of investing in subordinated (or second lien position) loans

Some of the Fund's investments may consist of junior loans. Such investments will be subordinated to the senior obligations of the property or issuer, either contractually, inherently due to the nature of equity securities, or both. In the event of default on the senior debt, the Fund as a holder of a junior loan may be at the risk of realizing a loss of up to all of its investment before the senior debt will suffer any loss.

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Consequently, greater credit risks are usually attached to these subordinated investments than to a borrower's first mortgage or other senior obligations. In addition, these securities may not be protected by financial or other covenants and may have limited liquidity. Adverse changes in the Borrower's financial condition and/or in general economic conditions may impair the ability of the borrower to make payments on the subordinated securities and cause them to default more quickly with respect to such securities than with respect to the borrower's senior obligations. In most cases, the Fund's management of its investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing investments, will be subject to the rights of the more senior lenders and contractual inter-creditor provisions.

Other risks related to real estate

The Fund's real estate related investments will be subject to the varying degrees of risk and significant fluctuations in their value. The value of the Fund's investments depends upon the real property owner's ability to repair or rehabilitate the property as projected, operate the real property in a manner sufficient to meet its commitments, including debt service, and/or maintain or increase revenues in excess of operating expenses or, in the case of real property leased to a single lessee, the ability of the lessee to make rental payments. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics; the financial condition of tenants, buyers and sellers of properties; competition from other properties offering the same or similar services; changes in interest rates and in the availability, cost and terms of various types of loans; the impact of present or future environmental legislation and compliance with environmental laws; the ongoing need for capital improvements (particularly in older structures); changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; civil unrest; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in zoning laws; and other factors that are beyond the control of the real property owners and the Fund. In the event that any of the properties underlying the Fund's investments experience any of the foregoing events or occurrences, the ability of the real property owner to pay the interest and principal on any debt securities would be negatively impacted.

Usury risk

State and federal usury laws limit the interest that lenders are entitled to receive on loans. Statutes differ in their provision as to the consequences of a usurious loan. One group of statutes requires the lender to forfeit the interest above the applicable limit or imposes a specified penalty. Under this statutory scheme, the borrower may have the recorded note or deed of trust canceled upon paying its debt with lawful interest, or the lender may foreclose, but only for the debt plus lawful interest. Under a second, more severe type of statute, a violation of the usury law results in the invalidation of the transaction, thereby permitting the borrower to have the recorded note or deed of trust canceled without any payment and prohibiting the lender from foreclosing.

Usury laws in the states where the Fund's investments are located may limit the ability of the Fund to charge interest and create the risk that the Fund may not be able to fully realize their investment in their loans. For example, some states make it unlawful for a lender to charge or collect interest at a rate exceeding a statutorily prescribed interest rate per annum, unless the lender falls into one or more exclusion categories which exempts it from such prohibition. The Manager and/or the Fund may not be eligible for such exemptions under the relevant usury restrictions, and moreover, exemptions may not be available in all states in which the Fund may invest. In addition, if a license were required in a state in order to avail the Fund of an exemption, and the Manager does not have or loses its license in that state, the Manager and

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hence the Fund may no longer be eligible for that state's exemptions from usury law relying on such licensing, which may in turn limit the Fund's ability to generate revenues. While the Manager and the Fund intend to fully comply with any usury laws affecting the Fund's investments, in the event the Fund does violate these laws, it may have a negative impact on the Fund's operations and ability to recover on its investments.

Investment in real estate can lead to substantial losses

If real estate prices in the U.S. residential real estate market fall by more than the discounts to current market value achieved by the Fund when it exchanges contracts, real estate held in the real estate portfolio may only be realizable at a loss and may prove difficult to sell at all. In these circumstances, the Fund or any funds or asset managers in which the Fund invests may close on the purchase of properties and lease them. The ability to close on purchases is dependent on the amount of equity available to the Fund or funds and managers in which the Fund invests, and on the borrowing terms available at the time, which may not be the same as are available today. Although, historically, rental yields have risen as capital values have fallen, there is no guarantee that this correlation will always exist. A combination of higher interest rates, a deteriorating economy (with higher unemployment) and prolonged deflationary conditions, may result in falling capital values combined with falling rents and/or void periods. The value of Interests in the Fund and hence the value of your investment may go down as well as up and you may receive back less than the full amount invested. In extreme circumstances you may receive nothing back.

The Fund may be subject to counterparty risk

If projected returns on real estate are not met or if development companies become insolvent, the Fund may lose some or all of its investment. Developers, as well as the funds or managers in which the Fund may invest, may become insolvent and fail to complete a development in which the Fund has invested. Although deposit amounts are generally held in escrow, they might not be in all cases and developer insolvency may result in loss to the Fund. Counterparties to whom the Fund sells real estate may default on payment of the purchase price and tenants to whom the Fund rents real estate may default on rental obligations.

Investment in real estate entails valuation risk

Real estate assets are inherently difficult to value due to the lack of marketability and the unavailability of suitable information for determining the current value of investments. This is due to the diversity of real estate which may cause delays when investments are realized in difficult market conditions. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after a real estate valuation date.

The Fund may invest in other funds, asset managers, and SPVs in which the Fund holds only a minority share

The Fund may invest in other real estate funds, in real estate asset managers, and in other special purpose vehicles (SPVs) in which the Fund is likely to hold only a minority share. The implication is that the Fund is unlikely to be able to control these other funds, managers, or SPVs (including their dividend policy) and consequently their underlying investments. As a minority investor in such funds, managers, and SPVs, the Fund has no authority to enter into transactions in respect of the real estate, for example by way of sale or otherwise, as such dealings are management functions which are the responsibility of the board of directors of the relevant fund, asset manager, or SPV.

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The markets in which we operate are subject to the risk of natural disasters

In addition to possibly sustaining damage to its own properties, if there is a major earthquake, flood or other natural disaster, the Fund faces the risk that many of its borrowers may experience uninsured property losses, or sustained job interruption and/or loss which may materially impair their ability to meet the terms of their loan obligations. Although the Fund will not engage in agricultural lending, the drought in California could have an impact on the State's economy and our customers. Therefore, the continuing drought or a major earthquake, flood or other natural disaster in California could have a material adverse effect on the business, financial condition, results of operations and cash flows.

The Fund and Manager are subject to government regulation

The Fund will be regulated as a lender under various federal, state and local statutes and regulations and these regulations extend, in part, to the Manager. These regulations affect the Fund's lending practices and business operations, among other things. Statutes and regulations affecting the Fund's business may be changed at any time and the interpretation of these statutes and regulations by examining authorities may also change. In addition, regulations may be adopted which increase the obligations and expense associated with running the Fund's business. There can be no assurance that such statutes and regulations, any changes thereto or to their interpretation will not adversely affect the Fund's business. In particular, these statutes and regulations, and any changes thereto, could subject the Fund to additional costs (including legal and compliance costs), limit the types of lending the Fund may perform or Interests the Fund may be able to sell. In addition, regulatory authorities have the authority to bring enforcement actions against the Fund for violations of any law, rule or regulation which could substantially increase operating costs and adversely affect the business such that the Fund is not able to achieve its objectives.

Substantial competition in the market could adversely affect the Fund

The Fund will compete actively for investments and other financial services business. Competitors include a large number of state and national banks, thrift institutions and credit unions, as well as many financial and non-financial firms that engage in businesses similar to that of the Fund. Other competitors include large financial institutions that have substantial capital, technology and marketing resources. Such large financial institutions may have greater access to capital at a lower cost than the Fund, which may adversely affect the Fund's ability to compete effectively.

The Fund is subject to systems, accounting and internal control risks

The accuracy of the Manager's judgments and estimates about financial and accounting matters will impact operating results and financial condition. Manager makes certain estimates and judgments in preparing the financial statements. The quality and accuracy of those estimates and judgments will impact the Fund's operating results and financial condition.

The Manager's information systems may experience an interruption or breach in security

The Manager relies on communications and information systems to conduct business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in customer relationship management and systems. The Manager cannot provide any assurance that such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately corrected. The occurrence of any such failures, interruptions or security breaches could damage reputations, result in a loss of customer business, subject the Fund to heightened regulatory scrutiny, or expose the Fund to

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litigation and possible financial liability, any of which could have a material adverse effect on the Fund's financial condition and results of operations.

Manager's controls and procedures may fail or be circumvented

Management regularly reviews and updates the internal control over financial reporting, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls and procedures, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on the Fund's business, results of operations and financial condition.

Management Risks

There is no Participation by Member Investors in the Management of the Fund

Members will have very limited rights and power to take part in the management of the Fund. All prospective investors must be willing to entrust all aspects of the operation and management of the Fund to the Manager, including the selection of loans, investments and loan borrowers.

The Manager and its Members Enjoy Limited Liability

The Operating Agreement includes exculpation and indemnification provisions that limit the circumstances under which the Manager, the management team and their respective affiliates can be held liable to the Fund and which obligate the Fund to indemnify them under certain circumstances. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

No Negotiation of Terms or Independent Legal Representation

The Manager has determined the terms of the Operating Agreement and the Subscription Agreement, which were not negotiated on an arm's-length basis. In addition, legal counsel for the Manager has not acted and will not in the future act as counsel for or represent the interests of the Members. The Fund has also not had independent legal counsel and is not expected to have independent legal counsel in the future. Prospective Members should consult with their own legal counsel regarding the Fund.

Valuations and Appraisals at Discretion of Manager

The Fund may from time to time obtain a third-party valuation or appraisal of one or more of the portfolio investments when determined to be appropriate, in its discretion; provided, however, that the Fund is under no obligation to do so. In lieu of obtaining an independent valuation or appraisal, the Manager will estimate the fair value of the Fund's portfolio investments. Any determination of the value of the Fund's assets may involve subjective analysis which provides no more than a speculative estimate of value. Valuations and appraisals may result in adjustments of the carrying value of Fund investments. Accordingly, there can be no assurance that the Fund's net asset value, as calculated based upon such valuation, appraisals and/or opinions, will be accurate on any particular date, nor can there be any assurance that the sale of any property or asset owned by the Fund would be at a price equivalent to the last estimated or appraised value of such property or asset.

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Risk that the Stated Value of Individual Fund Assets is Incorrectly Determined by the Manager

The Manager will develop and utilize a consistent methodology to calculate the stated value of each individual Fund asset on an ongoing basis, typically calculating this stated value for each Fund asset at the time of origination or acquisition and at the end of each calendar quarter. The Manager will use methodologies that it deems reasonable based on various valuation practices commonly used in similar businesses in the industry including Broker Price Opinions ("BPOs"), Comparative Market Analyses ("CMAs"), appraisals, comparable sales of other assets similar to Fund assets, historical data and trends from actual sales, disposition or performance of Fund assets, cash balances (in the case of cash assets), and other such methodologies generally used and accepted in the market. This being said, the determination of stated value of any given Fund asset may be highly subjective and may change continuously on an ongoing basis. There is no guarantee that any stated value as determined by the Manager of one or more of the Fund assets is an accurate representation of the true current value of any Fund asset. Furthermore, the Manager may be subject to certain conflicts of interest in determining the stated value of Fund assets since such stated value will be the basis for the calculation of its management fees.

Although the Manager will use methodologies that it believes are based on reasonable approaches to establishing value, it may modify, alter, or improve its methodologies in its sole discretion at any time during the life of the Fund. The Manager will make all determinations as to stated value of the Fund assets in its sole discretion.

Risk that the Price Charged for Membership Interests are Arbitrarily Determined.

The purchase price of the Membership Interests offered through this Memorandum has been arbitrarily determined and may not reflect their actual value. The purchase price of the Membership Interests has been arbitrarily determined and is not the result of arm's-length negotiations. It bears no relationship to any established criteria of value such as book value or earnings per share, or any combination thereof. Further, the price is not based on past earnings of the Fund, nor does the price necessarily reflect the current market value of the Fund. No valuation or appraisal of the Fund or the Fund's potential business has been prepared.

Incentive Allocation may Lead to Increased Risk-Taking by the Manager.

The Manager will receive an Incentive Allocation from the Fund based on a percentage of any realized gains above the Preferred Return hurdle in favor of the Members. As a result of the Incentive Allocation, the returns realized by the Members from the Fund's activities may be substantially less than the returns the Members would realize from engaging in the same activities directly, if they were able to make such investments directly without investing in the Fund. As is the case with most standard private investment funds, the Incentive Allocation may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements.

Risk if Manager Withdraws or is Terminated

The Fund presently only has one Manager. If the Manager, subject to its one (1) year notice requirement, withdraws from the Fund, is terminated by the Members, for cause or otherwise, or is terminated as Manager by dissolution or bankruptcy, it may be difficult or impossible for the Members of the Fund to locate a suitable replacement for winding up or winding down. If it is unable to replace the Manager, the Fund would proceed with liquidating the Fund's assets, which may or may not be able to be successfully executed.

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Digital Operations Risk

The Manager's operation is nearly paperless, with all documents secured and managed digitally. The Manager utilizes industry proven software that allows it to track and manage its investments with confidence and accuracy. However, there are risks associated with technology. Defects in software products and errors or delays in processing of electronic transactions could result in:

- transaction or processing errors;
- diversion of technical and other resources from other efforts;
- loss of credibility with current or potential customers;
- harm to reputation; or
- exposure to liability claims.

In addition, the servicing agent relies on technologies supplied by third parties that may also contain undetected errors, viruses or defects that could have a material adverse effect on the Fund's financial condition and results of operations.

Other Risks

No Registration: Limited Securities and Exchange Commission Review

This Offering has not been registered with, or reviewed by, the U.S. Securities and Exchange Commission or any state agency or regulatory body, nor is registration contemplated.

Limited transferability of the Membership Interests

Investors in the Fund Interests will be required to enter into the Operating Agreement, which limits the transferability of the Interests. Transferability of the Interests is further limited because the Interests have not been registered under the Securities Act or under any state securities laws.

Dilution

The Fund Interests offered in the Offering consist of Interests of the Members of the Fund. Members may experience dilution of their respective Membership Interests in the Fund as more investors are admitted as Members of the Fund. Further, under the Operating Agreement, the Manager has the right to cause the Fund to sell additional Membership Interests. Any such sale of additional Membership Interests would further dilute the percentage interests of the existing Members.

Long-term Nature of Investment and Illiquidity

Investors should be fully aware that an investment in the Fund is subject to a Lock-up Period as described above. During the Lock-Up Period, a Member cannot withdraw any funds from their Account other than by electing to receive cash distributions of realized gains income. After the Lock-Up Period, a Member can choose to withdraw from the Fund in full by making a redemption request. Notwithstanding the foregoing, a Member will not receive all amounts from the Operating Account in response to a redemption request if any such amounts are to be used by the Fund for (i) Fund investments with respect to which the Fund has entered into a binding commitment prior to the redemption request; (ii) binding follow-on investments; (iii) repayment of any advances made by a creditor of the Fund to fund existing Investments and secured by commitments of the Manager; or (iv) to cover Fund expenses and obligations.

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Additionally, Investors must be fully aware that (i) the Fund must maintain sufficient income and cash flow to sustain operations; (ii) withdrawals must not impair other Member's returns; (iii) Manager may limit withdrawals to no more than 5% of AUM per quarter; (iv) withdrawing Members will not be eligible to receive any portion of the Fund's Loan Loss Reserves; and (v) the Manager will not be obligated to sell assets or borrow funds in order to satisfy withdrawal requests.

Thereafter, all returns attributable to a Member from investments, including payments of preferred return, interest and payments of principal, will be paid out quarterly as they are received in the Operating Account. Accordingly, Members will be paid out as investments amortize. The maturity period of investments is generally between 12 and 24 months. Although it may be possible to dispose of the Interests under certain circumstances subject to the Operating Agreement and federal and state securities laws, no market currently exists for the Interests and it is highly unlikely that a market will exist at any time in the future. Investors who cannot remain as Members under these terms should not invest in the Fund. Moreover, there can be no assurance regarding the frequency or amount of distributions. Accordingly, an investment in the Fund is not appropriate for investors who seek liquidity in their investment.

There is Recourse to the Fund's Assets and Indemnification Liabilities which could Result in Losses to Members

The Fund's assets, including any investments made by the Fund and any funds held by it, are available to satisfy all liabilities and other obligations of the Fund, including indemnification obligations. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and may not be limited to any particular asset, such as the investment giving rise to the liability. The Manager and other indemnitees are entitled to indemnification, except under certain circumstances, from the Fund. The obligation to fund any indemnification will survive the dissolution of the Fund or a Member's withdrawal or exclusion from the Fund. Accordingly, Members may suffer losses of their investment in the Fund as a result of such obligations.

A Member may be Liable for the Return of Distributions

If the Fund is otherwise unable to meet its liabilities and obligations, the Members may under applicable law be required to return cash distributions previously received by them to the extent that such distributions are deemed to constitute a return of their contributed capital or are deemed to have been wrongfully paid to them. In addition, a Member may be liable under applicable federal and state bankruptcy laws to return a distribution made during the Fund's insolvency or within a certain period of time prior thereto.

Limited Withdrawal Rights

An investment in the Fund is suitable only for certain sophisticated investors who have no need for liquidity in the investment. Generally, Members may withdraw their funds from the Operating Account after the end of each fiscal quarter as detailed in the Operating Agreement. Further, distribution of proceeds upon a Member's withdrawal may be limited where, in the view of the Manager, the disposal of all or part of the Fund's assets, or the determination of the value of the Member's funds, among other reasons, would not be reasonable or practicable or would be prejudicial to the non-withdrawing Members.

Reserves may Reduce Members' Distributions and Expose Them to Additional Losses.

The Fund expects to establish a reserve by withholding a portion of distributions to Members, in which case the reserved portion would remain at the risk of the Fund's activities and may be reduced to account for

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Fund losses. In most cases, Members may also be responsible to pay income taxes on their pro-rated share of the amount set aside annually as reserves, even though they did not receive this pro-rated share as a distribution. Members should consult their tax advisors.

Regulations under Investment Company Act of 1940

The Fund's operations are similar to an investment company as defined under the Investment Company Act of 1940, as amended (the "Investment Company Act") because the Fund engages in the business of purchasing securities for investment. The Fund is currently not required to register under the Investment Company Act due to an exemption for an entity which is beneficially owned by less than 100 persons and which complies with certain other statutory provisions. Accordingly, the provisions and extensive regulations of the Investment Company Act, which might otherwise govern the activities of the Fund, will not be applicable and Members will not have any of the benefits provided under the Investment Company Act.

Risks for Certain Benefit Plan Investors Subject to ERISA

Prospective investors that are benefit plan investors subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Department of Labor Regulations issued thereunder should read the section hereof entitled "ERISA Considerations" in its entirety for a discussion of certain risks related to an investment by benefit plan investors in the Fund.

Recent and Anticipated Legislative and Regulatory Activity

The U.S. Congress, the SEC and other regulators have taken, or represented that they may take, action to increase or otherwise modify the laws, rules and regulations applicable to techniques and instruments in which the Fund may invest. New (or modified) laws, rules and regulations may prevent, or significantly limit the ability of, the Manager from using certain such instruments or from engaging in such transactions. This may impair the ability of the Manager to carry out the Fund's investment strategy and may otherwise have an adverse impact on the Fund's returns. Compliance with such new or modified laws, rules and regulations may also increase the Fund's expenses and therefore, may adversely affect the Fund's performance. It is not possible at this time to predict with certainty what, if any, impact the new or modified regulations will have on the Manager or the Fund, and it is possible that such impact could be adverse and material.

Risk of Increased Governmental Regulation

The industry in which the Fund will become an active participant may be highly-regulated at both state and Federal levels, both with respect to its activities as an issuer of securities and its investing activities. The Fund or the Fund assets may be subject to governmental regulations in addition to those discussed in this PPM, and new regulations or regulatory agencies may develop that affect the Fund's operations and ability to generate revenue. The Fund will attempt to comply with all applicable regulations affecting the markets in which it operates. However, such regulation may become overly burdensome and therefore may have a negative effect on the Fund's ability to perform as illustrated.

Ministerial Errors and Omissions

Any clerical mistakes or errors in the Memorandum should be considered ministerial in nature and not a factual misrepresentation or a material omission of fact.

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Compliance with Dodd-Frank Act and Similar Regulations

The U.S., state and foreign governments have taken or are considering extraordinary actions in an attempt to address real or perceived underlying causes of financial crisis and fraud and to prevent or mitigate the recurrence. These actions or other actions under consideration could result in unintended consequences or new regulatory requirements which may be difficult or costly to comply with. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act or the "Dodd-Frank Act," creates a Financial Services Oversight Council to identify emerging systemic risks and improve interagency communication, creates a Consumer Financial Protection Agency authorized to promulgate and enforce consumer protection regulations relating to financial products, which would affect both banks and non-bank finance companies, imposes a comprehensive new regulatory regime of financial markets, including derivatives and securitization markets and creates an Office of National Insurance within Treasury. While the bill has been signed into law, a number of provisions of the law remain to be implemented through the rulemaking process at various regulatory agencies. It is unforeseeable what the final form of these rules will be when implemented by the respective agencies, but certain aspects of the new legislation, including, without limitation, the additional cost of higher deposit insurance and the costs of compliance with disclosure and reporting requirements and examinations by the new Consumer Financial Protection Agency, could have a significant impact on the Fund's business, financial condition and results of operations. Additionally, it is unforeseeable whether there will be additional proposed laws or reforms that would affect the U.S. financial system or financial institutions, including the Fund, whether or when such changes may be adopted, how such changes may be interpreted and enforced or how such changes may affect the Fund. For example, bankruptcy legislation could be enacted that would hinder the ability to foreclose promptly on defaulted mortgage loans or permit limited assignee liability for certain violations in the mortgage origination process, any or all of which could adversely affect the Fund's business or result in the Fund and/or the Manager being held responsible for violations in the mortgage loan origination process even where the Fund was not the originator of the loan.

Other laws, regulations, and programs at the federal, state and local levels are under consideration that seek to address the economic climate and real estate and other markets and to impose new regulations on various participants in the financial system. It is unforeseeable the effect that these or other actions will have on the Fund's business, results of operations and financial condition. Further, the failure of these or other actions and the financial stability plan to stabilize the economy could harm the Fund's business, results of operations and financial condition.

Prevention of Money Laundering

As part of the Manager's responsibility for the prevention of money laundering under the Uniting and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act of 2001 (the "PATRIOT Act") and other laws, the Fund may require a detailed verification of a prospective Member's identity and the source of such prospective Member's capital contributions. In the event of delay or failure by a prospective Member to produce any such information required for verification purposes, the Fund may refuse to accept the subscription and any monies relating thereto. In addition, each prospective Member will be required to represent and warrant to the Fund, among other things, that (a) the proposed investment by such prospective Member will not directly or indirectly contravene U.S. federal, state, international or other laws or regulations, including the PATRIOT Act, (b) no capital contribution to the Fund by such prospective Member will be derived from any illegal or illegitimate activities, (c) such prospective Member is not a country, territory, person or entity named on a list promulgated by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibiting, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories,

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entities and individuals, nor is such prospective Member or any of its affiliates a natural person or entity with whom dealings are prohibited under any OFAC regulations or (d) such prospective Member is not otherwise prohibited from investing in the Fund pursuant to other applicable U.S. anti-money laundering, anti-terrorist and foreign asset control laws, regulations, rules or orders. Each Member will be required to promptly notify the Manager if any of the foregoing will cease to be true with respect to such Member.

As a result of the above-described money laundering regulations, the Manager may from time to time request (outside of the subscription process), and the Members will be obligated to provide to the Manager upon such request, additional information as from time to time may be required for it and the Fund to satisfy their respective obligations under these and other laws that may be adopted in the future. Also, the Manager may from time to time be obligated to file reports with various jurisdictions with regard to, among other things, the identity of the Members and suspicious activities involving the Interests.

In the event it is determined that any Member, or any direct or indirect owner of any Member, is a person identified in any of these laws as a prohibited person, or is otherwise engaged in activities of the type prohibited under these laws, the Manager may be obligated, among other actions to be taken, to withhold distributions of any funds otherwise owing to such Member or to cause such Member's Interest to be cancelled or otherwise redeemed (without the payment of any consideration in respect of such Interest).

Tax Risks

General Risks

The Manager intends that the Fund will be classified as a limited liability company ("LLC") for federal tax purposes. Each Member must take into account its allocable share of the LLC items of the Fund. The Fund is subject to a risk of audit by the IRS. Any adjustments made to the Fund's information return produced by such an audit might result in adjustments to the Member s' tax returns, with respect not only to items related to the Fund but also to unrelated items. Furthermore, federal, state and local tax laws are subject to change, and Member s could incur substantial tax liabilities as a result of changes thereto. Finally, various aspects of income taxation, including federal, state and local taxation and the alternative minimum tax, produce tax effects that can vary based on each taxpayer's particular circumstances. THEREFORE, INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS TO DETERMINE THE TAX EFFECTS OF AN INVESTMENT IN THE FUND, ESPECIALLY IN LIGHT OF THEIR PARTICULAR FINANCIAL SITUATIONS.

Tax Considerations; Distributions to Members and Payment of Tax Liability

It is not possible to provide here a description of all potential tax risks to a person considering investing in the Fund. Prospective investors are urged to consult their own legal counsel and tax advisors with respect thereto. The Fund will not seek a ruling from the Internal Revenue Service ("IRS") with respect to any tax issues affecting the Fund

All returns from the investments, including payments of interest and repayments of principal by borrowers and Portfolio Companies will be paid into the Fund's Operating Account. Unless a Member elects to receive cash distributions of realized gains income, such income will be used to fund subsequent investments by the Fund. A Member will be required each year, however, to pay applicable U.S. federal and state income taxes on its share of the Fund's taxable income and will have to obtain cash from other sources in order to pay such applicable taxes. The amount and timing of any distributions will be determined in the discretion of the Manager. The Manager may consider such possible tax liability of the

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Members when determining whether to make distributions, but no assurance is given that distributions, if made, will equal the amount of any Fund's tax liability. Members may also be subject to unrelated business taxable income ("UBTI") as well as additional taxes on their pro-rata share of capital placed into the Fund's reserves. Consult you tax advisor for additional information.

Differential Taxes for Investors

The Fund's investors may include both tax-exempt entities and taxable investors such as high net worth individuals and persons or entities organized in various jurisdictions. Certain conflicts of interest may arise in connection with decisions made by the Manager that may be more beneficial for one type of investor than for another type. In selecting investments appropriate for the Fund, the Manager will consider the investment objectives of the Fund as a whole and will not be required to consider the investment objectives or tax consequences to any specific investor.

Certain Deductions and Allocations

The IRS could challenge the deductibility of expenses the Fund incurs for several reasons, including that those expenses constitute capital expenditures that, among other things, should be added to the Fund's cost of acquiring its investments and amortized over a period of time or held in suspense until the Fund liquidates or dissolves. In addition, certain expenses the Fund incurs may constitute "miscellaneous itemized deductions," the deductibility of which by individual taxpayers is subject to a separate limitation as well as an overall limitation on itemized deductions. In this regard, the IRS also could attempt to challenge any allocations to the Manager pursuant to the Incentive Allocation and instead try to treat such amounts as a management fee. If the IRS were to prevail in such position, the Members would be allocated the profits otherwise allocable to the Manager and their ability to deduct the amounts re-characterized as a fee could be disallowed or limited as described above. See "Federal Tax Aspects."

Certain Tax Risks Related to Structured Investments

The Fund may enter into structured financial transactions to obtain leverage. For federal income tax purposes, such borrowing could be treated as a secured borrowing by the Fund, rather than as a sale and a subsequent repurchase of the collateral securities. Given the uncertainty and complexity of the tax laws, however, a federal, state, local or foreign tax authority may challenge the Fund's tax positions (including, but not limited to, the timing of income, the classification of income as capital or ordinary, and whether the Fund is subject to taxes or required to withhold tax on income). The tax positions taken by the Fund may not be accepted by such tax authorities. If any tax authority should successfully contest a tax position taken by the Fund, Members may need to amend their federal, state and local tax returns or the Fund may be subject to withholding or other taxes, interest and possibly penalties.

Unforeseen Changes

While the Fund has enumerated certain material risk factors herein, it is impossible to know all risks which may arise in the future. In particular, Members may be negatively affected by changes in any of the following: (i) laws, rules and regulations; (ii) regional, national and/or global economic factors and/or real estate trends; (iii) the capacity, circumstances and relationships of Members of Affiliates, the Fund or the Manager; (iv) general changes in financial or capital markets, including (without limitations) changes in interest rates, investment demand, valuations or prevailing equity or bond market conditions; or (v) the presence, availability or discontinuation of real estate and/or housing incentives.

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The Fund continuously encounters changes in its operating environment, and the Fund may have fewer resources than many of its competitors to continue to adjust to those changes. The operating environment of the Fund is undergoing rapid changes, with frequent introductions of laws, regulations, competitors, market approaches, and economic impacts. Future success will depend, in part, upon the ability of the Fund to address the needs of its borrowers, sponsors and clients by adapting to those changes and providing products and services that will satisfy the demands of their respective businesses and projects. Many of the competitors have substantially greater resources to adapt to those changes. The Fund may not be able to effectively react to all of the changes in its operating environment or be successful in adapting its products, services and approach.

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The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Members should read the entire Memorandum and the Operating Agreement and consult with their own advisers before deciding whether to invest in the Fund. In addition, as the Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors.

POTENTIAL CONFLICTS OF INTEREST

In connection with the management of the Fund, the Manager may be deemed to have a fiduciary relationship with the Fund and consequently the responsibility for dealing fairly with the Fund. However, affiliates of the Manager, and their respective officers, managers, directors, employees, consultants, Members and members (including the Principals) (the "Affiliated Persons") engage in activities that may conflict with the interests of the Members, or the Fund, notwithstanding the fact that the Manager and the Manager manage the Fund. The following discussion enumerates certain potential divergences and conflicts of interest.

Other Activities of the Manager

The Operating Agreement does not require the Manager or its managing members to devote all of their business time to managing the Fund's affairs. The Affiliated Persons will not be precluded from engaging directly or indirectly in any other business or other activity, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with investments for their own accounts, for the accounts of family members, for the accounts of other funds and for the accounts of individual and institutional clients (collectively, "Other Accounts").

Such Other Accounts may have investment objectives or may implement investment strategies similar to those of the Fund. The Affiliated Persons may also have investments in certain of the Other Accounts. Accordingly, the Manager and the Affiliated Persons will have conflicts of interest in allocating management time, services and functions among the Fund and other business endeavors, whether in existence now or in the future. The Manager, the Strategy Adviser, key personnel and those Affiliated Persons will only devote so much time to the business and affairs of the Fund as is reasonably required in their judgment. The Operating Agreement does not prohibit the Manager, the Principal or any of their Affiliated Persons from engaging in other existing or future business in which neither the Fund nor any Member will be entitled to have an interest. The Affiliated Persons will have no obligation to purchase or sell for the Fund any investment that the Affiliated Persons purchase or sell, or recommend for purchase or sale, for their own accounts or for any of the Other Accounts.

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The Other Accounts may invest in various investment opportunities similar or dissimilar to the Fund's activities and in which neither the Fund nor any Member will be entitled to have an interest. The Fund will not have any rights of first refusal, co-investment or other rights in respect of the investments made by Affiliated Persons for the Other Accounts, or in any fees, profits or other income earned or otherwise derived from them. No Member will, by reason of being a Member of the Fund, have any right to participate in any manner in any profits or income earned or derived by or accruing to the Affiliated Persons from the conduct of any business or from any transaction in investments effected by the Affiliated Persons for any account other than that of the Fund. Additionally, the Manager, the Strategy Adviser, the Principals or any of the other Affiliated Persons may also invest, directly or indirectly, in various investment opportunities similar or dissimilar to the Fund's activities and in which neither the Fund nor any Member will be entitled to have an interest. Circumstances may arise, however, in which an allocation of opportunities among the Fund, the Affiliated Persons and the Other Accounts could have adverse effects on the Fund with respect to the availability of transactions, the pricing of a transaction, collateral, priority of lien or of payment, or other matters. Furthermore, the Manager, the Strategy Adviser, the Principals, or any of the other Affiliated Persons may also invest in impaired deals in the Fund's portfolio and may assume a debtor position.

Receipt of Other Asset Level Fees by the Servicer and/or Strategy Adviser

The Manager and/or originator of the loans, which may include the Manager or an Affiliate of the Manager, will also receive as income a portion of origination fees collected from borrowers on loans, and an affiliated Servicer may be contracted to perform loan servicing duties on the loans the Manager originates or acquires. The servicing fee paid to any Servicer at the Manager's discretion will usually be below 1% (annually) of the unpaid principal balance of each loan it services. The Manager will expense servicing fees to the Fund prior to any calculation of Fund earnings and distributions to Members. Absent the existence of these fees, Members might receive a higher rate of return, and the interests of the Manager, the originator, and the Members could be considered adverse in this respect.

Incentive Allocation and Additional Compensation

Since the Manager will receive substantial additional compensation once Members have received their Preferred Return, the Manager may have incentive to invest in riskier opportunities that it might believe will produce a greater return, a portion of which the Manager and Members would keep. Since this potential additional return might result in additional risk and exposure, the interests of the Manager and the Members may be adverse in this respect.

Co-Investments

The Manager may in its sole discretion make available co-investment opportunities to strategic investors, lenders, and/or one or more Members. Co-investment opportunities may be made available through limited liability companies or other entities formed to make such investments.

Competition by the Fund with Other Affiliated Companies

The Manager, and its affiliates, and its originator and/or servicer may engage for their own accounts or for the accounts of others in other business ventures, including other public or private Member ships or limited liability companies. Neither the Fund nor any Members are entitled to an interest therein. The Manager's members and Fund's Investment Committee members may invest in real estate or other activities similar to those of the Fund for their own accounts and expect to continue to do so.

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The Manager intends, but cannot guarantee, that the Fund will receive the first opportunity to invest in potential loans available to the Manager (each an "Opportunity"). There is, however, no guarantee that the Fund will participate in all the opportunities that the Manager sees. The Manager further has the discretion to decide what opportunities are competitive with the Fund, and the factors the Manager may, but is not obligated to, consider in determining whether an Opportunity is offered to the Fund include, but are not limited to, whether the Opportunity meets the Fund's underwriting criteria, whether it is consistent with the Investment Objectives of the Fund, and whether the Fund has sufficient financial resources at the time to accommodate the Opportunity.

Other Investments

Personnel of the Manager and/or the Fund's Investment Committee members, and affiliates of the Manager involved in managing and executing responsibilities of the Manager have investments in other funds or accounts and real estate interests sponsored by or affiliated with the Manager as well as investments in non-affiliates. The performance of and financial returns on such other investments may be at odds with those of the Fund.

The Manager and its members may be members or managers of other entities which have investment objectives that have some similarities to the Fund, which may cause the Manager's members to pursue investments that are competitive with those of the Fund. However, the decision as to the suitability of the investment by the Fund will be determined by the Manager in its sole discretion and will be based upon a review of the Fund's investment portfolio and upon factors including but not limited to such as property location, investment size, net income, the effect of the investment on diversification of the Fund's portfolio, and the amount of Fund capital then available for investment.

Diverse Membership

The Investors may include taxable and tax-exempt persons and entities and may include persons or entities organized in various jurisdictions including foreign investors. As a result, conflicts of interest may arise in connection with decisions made by the Manager that may be more beneficial for one type of Member than for another type of Member. In addition, the Manager may make investments for the Fund that may have a negative impact on other investments made by certain Investors in separate transactions. In selecting investments appropriate for the Fund, the Manager will consider the investment objectives of the Fund as a whole, not the investment, tax or other objectives of any Member individually.

Related Parties

The Servicer and the Fund's Administrator may be a related party to the Manager.

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XI. LEGAL AND TAX MATTERS

United States Securities Act of 1933

Membership Interests in the Fund will not be registered under the 1933 Act and must be acquired for investment and not with a view to distribution within the meaning of the 1933 Act. Offers and sales of the Membership Interests in the United States will be made by the Fund only to prospective investors that satisfy, in the sole judgment of the Manager, certain suitability standards. Each United States investor must, at a minimum, meet the definition of "accredited investor" in Regulation D under the 1933 Act and the definition of "qualified client" in the Investment Advisers Act of 1940, as amended.

Each investor will be required to make certain other representations in the Operating Agreement and such investor's Subscription Agreement. The Manager will determine, in its sole and absolute discretion, which of the subscriptions received it will accept and whether, in the case of any particular investor, a limit will be placed on his, her or its maximum investment in the Fund.

Offers to non- United States investors must satisfy the requirements of Regulation S or Rule 506(c) of Regulation D under the 1933 Act. Accordingly, Interests in the Fund offered to or purchased by non-United States investors must not be offered or sold in the United States or to United States persons unless such offers or sales comply with Regulation S or Rule 506(c) of Regulation D under the 1933 Act.

United States Investment Company Act of 1940

The Fund intends to avoid becoming subject to the Investment Company Act of 1940, as amended (the "**1940 Act**"); however, the LLC cannot assure prospective Investors that under certain conditions, changing circumstances or changes in the law, the Fund may not become subject to the 1940 Act in the future as a result of the determination that the Fund is an "investment company" within the meaning of the 1940 Act that does not qualify for an exemption as set forth below. Becoming subject to the 1940 Act could have a material adverse effect on the Fund. Additionally, the Fund could be terminated and liquidated due to the cost of registration under the 1940 Act. In general, the 1940 Act provides that if there are 100 or more investors in a securities offering, then the 1940 Act could apply unless there is an exemption; however, the 1940 Act generally is intended to regulate entities that raise monies where the entity itself "holds itself out as being engaged primarily, or purposes to engage primarily, in the business of investing, reinvesting or trading in securities" (Section 3(a)(1)(A) of the 1940 Act).

The second key definition of an "investment company" under the 1940 Act considers the nature of an entity's assets. Section 3(a)(1)(C) of the 1940 Act defines "investment company" as any issuer that: "...is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis." Section 3(b)(1) of the 1940 Act provides that a company is not an "investment company" within the meaning of the 1940 Act if it is: "[An] issuer primarily engaged, directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities..."

Section 3(c) of the 1940 Act provides for the following relevant exemptions: "Notwithstanding subsection (a), none of the following persons is an investment company within the meaning of this title: (1) Any issuer whose outstanding securities (other than short- term paper) are beneficially owned ***by not more than one hundred persons*** [emphasis added] and which is not making and does not presently propose to make a

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public offering of its securities. Such issuer shall be deemed to be an investment company for purposes of the limitations set forth in subparagraphs (A)(i) and (B)(i) of section 12(d)(1) governing the purchase or other acquisition by such issuer of any security issued by any registered investment company and the sale of any security issued by any registered open-end investment company to any such issuer. For purposes of this paragraph: (A) Beneficial ownership by a company shall be deemed to be beneficial ownership by one person, except that, if the company owns 10 per centum or more of the outstanding voting securities of the issuer, and is or, but for the exception provided for in this paragraph or paragraph (7), would be an investment company, the beneficial ownership shall be deemed to be that of the holders of such company's outstanding securities (other than short-term paper). (B) Beneficial ownership by any person who acquires securities or interests in securities of an issuer described in the first sentence of this paragraph shall be deemed to be beneficial ownership by the person from whom such transfer was made, pursuant to such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title, where the transfer was caused by legal separation, divorce, death, or other involuntary event. (5) Any person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses: (A) Purchasing or otherwise acquiring notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services; (B) making loans to manufacturers, wholesalers, and retailers of, and to prospective purchasers of, specified merchandise, insurance, and services; and (C) ***purchasing or otherwise acquiring mortgages and other liens on and interests in real estate*** [emphasis added]."

Based on the foregoing, the Fund has been advised that the Offering is exempt under the 1940 Act and that the 3(c)(1) and/or 3(c)(5) exemptions will apply. However, there are no assurances that this will ultimately be the case.

Investment Advisers Act of 1940

Neither the Manager of the Fund nor any of its affiliated companies currently intend to register as an investment adviser under the Investment Advisers Act of 1940, as amended, or any equivalent state law. There can be no assurance that the Manager or any of its affiliated companies will not be subject to the registration requirements under the Investment Advisers Act in the future. If the Manager or any of its affiliated companies are required to register as an investment adviser under the Investment Advisers Act, there will be significant compliance burdens. Neither the Fund nor its counsel can assure investors that, under certain conditions, changing circumstances, or changes in the law, the Manager and its affiliated management company may not become subject to the Investment Advisers Act or similar laws in the future.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences associated with the purchase, ownership and disposition of the Interests. This summary is based upon various provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury Regulations, existing administrative rulings and practices of the Internal Revenue Service ("IRS"), and judicial decisions. Legislative, judicial or administrative changes may occur which could affect the accuracy of this summary.

This summary does not discuss all of the U.S. federal income tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the U.S. federal income tax laws (such as securities broker-dealers, insurance companies, financial institutions, persons whose "functional currency" is other than the U.S. dollar or persons that hold their Interests as part of a "straddle," "hedge,"

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"conversion transaction" or otherwise as part of a "synthetic asset") and is limited to Members that hold their Interests in the Fund as capital assets.

Accordingly, prospective investors are urged to consult their own tax advisors to determine the federal, state, local and foreign income and other tax consequences to them of acquiring, holding and disposing of Interests in the Fund.

Some of the investors in the Fund may not be citizens or residents of the United States. This summary does not attempt to address non-U.S. tax systems applicable to such potential investors.

Classification of the Fund

The Fund intends to operate as an LLC for federal income tax purposes that is not a publicly traded LLC taxable as a corporation. If it were determined that the Fund should be taxable as a corporation for federal income tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, a material adverse change in facts, or otherwise), the taxable income of the Fund would be subject to corporate income tax when recognized by the Fund; distributions of such income, other than in certain redemptions of Interests, would be treated as dividend income when received by the Members to the extent of the current or accumulated earnings and profits of the Fund; and Members would not be entitled to report profits or losses realized by the Fund.

As an LLC, the Fund is not itself subject to federal income tax. The Fund files an annual LLC information return with the IRS which reports the results of operations. Each Member is required to report separately on its income tax return its distributive share of the Fund's ordinary income or loss, any net long-term capital gain or loss, and net short-term capital gain or loss and all items entering into their computation. Each Member is taxed on its proportionate share of the LLC's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

Allocation of Profits and Losses

Under the Operating Agreement, items of Fund income, deduction, gain, loss or credit are to be allocated for income tax purposes among the Members in such manner as to cause the amounts credited or debited to each Member's Capital Account for each fiscal period to correspond to the economic effects of the Fund's activities during such fiscal periods. Such Allocations will be made pursuant to the principles of Sections 704(b) and 704(c) of the Code, and the Treasury Regulations promulgated thereunder, as applicable, or the successor provisions to such Code Sections and Treasury Regulations, and the Manager shall be authorized to make such allocations in such manager as it shall determine shall be necessary in order to comply with the requirements of such Code Sections 704(b) and 704(c) and Treasury Regulations.

Tax Elections; Returns; Tax Audits

The Manager decides how to report the LLC items on the Fund's tax returns, and all Members are required under the Code to treat the items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the IRS may not agree with the manner in which the Fund's items have been reported. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally is determined at the Member ship level in a single proceeding rather than by individual audits of the Members. The Manager, designated as the "Tax Matters Member," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Members. In addition, the Tax

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Matters Member has the authority to bind certain Members to settlement agreements and the right on behalf of all Members to extend the statute of limitations relating to the Members' tax liabilities with respect to Fund items.

The Code provides for optional adjustments to the basis of Membership property upon distributions of Membership property to a Member and transfers of Membership Interests (including by reason of death) provided that a Membership election has been made pursuant to Section 754. Under the Operating Agreement, the Manager, in its sole discretion, may cause the Fund to make such an election. Any such election, once made, cannot be revoked without the Service's consent. As a result of the complexity and added expense of the tax accounting required to implement such an election, the Manager presently does not intend to make such election.

Tax Consequences to a Withdrawing Member

A Member receiving a cash liquidating distribution from the Fund, in connection with a complete withdrawal from the Fund, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Member and such Member 's adjusted tax basis in its Membership Interest. Such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of the Member 's contributions to the Fund. However, a withdrawing Member will recognize ordinary income to the extent such Member 's allocable share of the Fund's "unrealized receivables" exceeds the Member 's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but unpaid interest, if any, on debt investments held by the Fund will be treated as an unrealized receivable, with respect to which a withdrawing Member would recognize ordinary income. A Member receiving a cash non-liquidating distribution will recognize income in a similar manner only to the extent that the amount of the distribution exceeds such Member's adjusted tax basis in its Membership Interest.

Tax Treatment of Fund Investments

The Fund expects most of its income to be interest income from its debt investments, which income is taxable as ordinary income.

To the extent that the Fund may buy and sell debt investments, it intends to act as a trader or investor, and not as a dealer, with respect to such transactions. A trader and an investor are persons who buy and sell securities for their own accounts. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation. Generally, the gains and losses realized by a trader or an investor on the sale of investments are capital gains and losses. Thus, the Fund expects that any gains and losses from its investment transactions typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term depending, in general, upon the length of time the Fund holds a particular investment. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. Currently, the maximum federal ordinary income tax rate for individuals is 39.6% and, in general, the maximum federal individual income tax rate for long-term capital gains is 20.0%, although in all cases the actual rates may be higher due to the Medicare 3.8% tax on net investment income above specified thresholds and the phase out of certain tax deductions, exemptions and credits. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of $3,000. For corporate taxpayers, the maximum income tax rate is 35% (although some marginal rates may be as high as 39%). Capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

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The Fund may realize ordinary income from accruals of interest on investments. The Fund may hold debt obligations with "original issue discount." In such case, the Fund would be required to include amounts in taxable income on a current basis even though receipt of such amounts may occur in a subsequent year. The Fund may also acquire debt obligations with "market discount." Upon disposition of such an obligation, the Fund generally would be required to treat gain realized as interest income to the extent of the market discount which accrued during the period the debt obligation was held by the Fund.

Property Held Primarily for Sale: Potential Dealer Status

Notwithstanding the above in *Tax Treatment of Fund Investments*, if the Fund were at any time deemed for federal tax purposes to be holding one or more Fund loans, notes or properties primarily for sale to customers in the ordinary course of business (a "dealer"), any gain or loss realized upon the disposition of such loans, notes or properties would be taxable as ordinary gain or loss rather than as capital gain or loss. As noted above, the federal income tax rates for ordinary income are currently higher than those for capital gains. In addition, income from sales of loans, notes and properties to customers in the ordinary course of business would also constitute unrelated business taxable income ("UBTI") to any Members which are tax-exempt entities. Under existing law, whether or not real property is held primarily for sale to customers in the ordinary course of business must be determined from all the relevant facts and circumstances. The Fund intends to make and hold the Fund loans, notes and properties for investment purposes only, and to dispose of Fund loans, notes and properties, by sale or otherwise, at the discretion of the Manager and as consistent with the Fund's investment objectives. It is possible that, in so doing, the Fund will be treated as a "dealer" in mortgage loans, notes and properties, and that profits realized from such sales will be considered UBTI to otherwise tax-exempt Investors in the Fund.

Limitation on Deductibility of Interest

For non-corporate taxpayers, Section 163(d) of the Code limits the deduction for "investment interest" (i.e. interest on "indebtedness properly allocable to property held for investment"). Investment interest is not deductible in the current year to the extent that it exceeds the taxpayer's "net investment income," consisting of net gain and ordinary income derived from investments in the current year less certain directly connected expenses (other than interest or short sale expenses). For this purpose, any long-term capital gain is excluded from net investment income unless the taxpayer elects to pay tax on such amount at ordinary income tax rates.

For purposes of this provision, the Fund's activities will be treated as giving rise to investment income for a Member, and the investment interest limitation would apply to a non-corporate Member's share of the interest expenses attributable to the Fund's operation. In such case, a non-corporate Member would be denied a deduction for all or part of that portion of its distributive share of the Fund's ordinary losses attributable to interest expenses, if any, unless it had sufficient investment income from all sources including the Fund. A Member that could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry forward such losses to future years, subject to the same limitation. The investment interest limitation would also apply to interest paid by a non-corporate Member on money borrowed to finance its investment in the Fund. Potential investors are advised to consult with their own tax advisers with respect to the application of the investment interest limitation in their particular tax situations.

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Deductibility of LLC Investment Expenditures and Certain Other Expenditures

Investment expenses (e.g. investment advisory fees) of an individual, trust or estate are deductible only to the extent they exceed 2% of adjusted gross income. In addition, the Code further restricts the ability of an individual with an adjusted gross income in excess of a specified amount to deduct such investment expenses. Under such provision, investment expenses in excess of 2% of adjusted gross income may only be deducted to the extent such excess expenses (along with certain other itemized deductions) exceed the lesser of (i) 3% of the excess of the individual's adjusted gross income over the specified amount or (ii) 80% of the amount of certain itemized deductions otherwise allowable for the taxable year. Moreover, such investment expenses are miscellaneous itemized deductions which are not deductible by a non-corporate taxpayer in calculating its alternative minimum tax liability.

Although the Fund intends to treat the Incentive Allocation to the Manager as not being subject to the foregoing limitations on deductibility, there can be no assurance that the Service may not treat such allocation as an investment expense which is subject to the limitations.

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, non-corporate Members should consult their tax advisers with respect to the application of these limitations.

A Member will not be allowed to deduct syndication expenses, including placement fees, paid by such Member or the Fund. Any such fees will be included in the Member's adjusted tax basis for its Interest.

Application of Rules for Income and Losses from Passive Activities

The Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the Fund's debt investment and trading activity generally will not constitute income or loss from a passive activity. Therefore, passive losses from other sources generally could not be deducted against a Member 's share of such income and gain from the Fund.

Application of Basis and "At Risk" Limitations on Deductibility

The amount of any loss of the Fund that a Member is entitled to include in its income tax return is limited to its adjusted tax basis in its Interest as of the end of the Fund's taxable year in which such loss occurred. Generally, a Member's adjusted tax basis for its Interest is equal to the amount paid for such Interest, increased by the sum of (i) its share of the Fund's liabilities, as determined for Federal income tax purposes, and (ii) its distributive share of the Fund's realized income and gains, and decreased (but not below zero) by the sum of (i) distributions made by the Fund to such Member and (ii) such Member 's distributive share of the Fund's realized losses and expenses.

Similarly, a Member that is subject to the "at risk" limitations (generally, non-corporate taxpayers and closely held corporations) may not deduct losses of the Fund to the extent that they exceed the amount such Member has "at risk" with respect to its Interest at the end of the year. The amount that a Member has "at risk" will generally be the same as its adjusted basis as described above, except that it will generally not include any amount attributable to liabilities of the Fund or any amount borrowed by the Member on a non-recourse basis.

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Losses denied under the basis or "at risk" limitations are suspended and may be carried forward in subsequent taxable years, subject to these and other applicable limitations.

Foreign Taxes

It is possible that certain interest received by the Fund from sources within foreign countries will be subject to withholding taxes imposed by such countries. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. It is impossible to predict in advance the rate of foreign tax the Fund will pay since the amount of the Fund's assets to be invested in various countries is not known.

The Members will be informed by the Fund as to their proportionate share of the foreign taxes paid by the Fund, which they will be required to include in their income. The Members generally will be entitled to claim either a credit (subject, however, to various limitations on foreign tax credits) or, if they itemize their deductions, a deduction (subject to the limitations generally applicable to deductions) for their share of such foreign taxes in computing their Federal income taxes.

Tax Shelter Reporting Requirements

Under Regulations, the activities of the Fund may include one or more "reportable transactions," requiring the Fund and, in certain circumstances, a Member to file information returns as described below. In addition, the Manager and other material advisors to the Fund may each be required to maintain for a specified period of time a list containing certain information regarding the "reportable transactions" and the Fund's investors, and the Service could inspect such lists upon request.

A "reportable transaction" of a Fund includes, among others, a transaction that results in a loss claimed under Section 165 of the Code (computed without taking into account offsetting income or gain items, and without regard to limitations on its deductibility) generally of at least $2 million in any one taxable year or an aggregate of at least $4 million over a period of six taxable years (beginning with the taxable year in which the transaction is entered into), unless the transaction has been exempted from reporting by the Service. Subject to certain significant exemptions as described below, a Member will be treated as participating in a LLC's "loss transaction," and thus be required to report the transaction, if (among other circumstances) the Member's allocable share of such a LLC's loss exceeds certain thresholds.

The IRS has published guidance exempting many of the Fund's transactions from the reporting requirements, provided that the LLC has a "qualifying basis" in the assets underlying the transaction. An asset with a "qualifying basis" includes, among others, an asset purchased by the Fund for cash. However, even if the Fund has a "qualifying basis" in the asset generating the loss, each of the following transactions is still subject to the reporting requirements unless it is marked to market under the Code (e.g. a Section 1256 Contract): (i) a transaction involving an asset that is, or was, part of a straddle (other than a mixed straddle), (ii) a transaction involving certain "stripped" instruments, (iii) the disposition of an interest in a pass-through entity, and (iv) a foreign currency transaction which generates an ordinary loss.

The Regulations require the Fund to complete and file Form 8886 ("Reportable Transaction Disclosure Statement") with its tax return for each taxable year in which the Fund participates in a "reportable transaction." Additionally, each Member treated as participating in a "reportable transaction" of the LLC is required to file Form 8886 with its tax return. The Fund and any such Member, respectively, must also submit a copy of the completed form with the Service's Office of Tax Shelter Analysis. The Fund intends to notify the Members that it believes (based on information available to the Fund) they are required to

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report a transaction of the Fund, and intends to provide such Members with any available information needed to complete and submit Form 8886 with respect to the Fund's transactions.

Under the above rules, a Member's recognition of a loss upon its disposition of an interest in the Fund could also constitute a "reportable transaction" for such Member. Investors should consult with their advisors concerning the application of these reporting obligations to their specific situations.

State and Local Taxation

In addition to the federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction, and credit. A Member's distributive share of the taxable income or loss of the Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident.

Unrelated Business Taxable Income ("UBTI")

In general, organizations that are exempt from United States federal income tax (e.g., qualified pension and profit-sharing plans, including Keogh or HR-10 Plans, individual retirement accounts, educational institutions and other investors exempt from taxation under Code Section 501) are generally exempt from United States federal income tax, except to the extent that they have UBTI.

Generally, a tax-exempt organization that incurs UBTI is taxed on such income at the regular trust or, in the case of certain entities, corporate United States federal income tax rates. Where a tax-exempt organization owns an interest in an entity classified for United States federal income tax purposes as a LLC, the activities of such LLC entity may be attributed to it for purposes of determining whether the tax-exempt organization's allocable share of income and gain is UBTI.

UBTI is generally defined as any gross income derived by a tax-exempt entity from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business. However, Code Section 512(b) provides that interest, dividends, certain rents from real property, gain from the sale of property that is not held for sale to customers in the ordinary course of business and certain other "passive" types of income generally are not treated as UBTI, except where such income is derived from debt-financed property (as defined in Code Section 514). Code Section 514 provides that UBTI includes a percentage of any gross income or gain not otherwise treated as UBTI (less the same percentage of applicable deductions) that is derived from any property that is subject to "acquisition indebtedness." Acquisition indebtedness includes (i) the amount of any mortgage or lien to which property is subject at the time of its acquisition and (ii) debt incurred after the acquisition or improvement of any property if (x) the debt would not have been incurred but for such acquisition or improvement and (y) the incurrence of the debt was reasonably foreseeable at the time of the acquisition or improvement. The calculation of a particular tax-exempt organization's UBTI is also affected if it incurs indebtedness to finance its investment in an entity classified for United States federal income tax purposes as an LLC.

The Manager may obtain a line of credit for use by the Fund to, among other things, employ leverage in its lending activities. Thus, it is possible that the Fund's interest, market discount and gain (or some portion thereof) derived from and/or in respect of any loan that is financed and/or funded, in whole or in part, with proceeds of the line of credit could constitute UBTI. In addition, the Fund may also derive a significant amount of non-interest income that could constitute UBTI.

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Accordingly, an investment in the Fund might be inappropriate for a prospective investor that is a tax-exempt organization that desires to avoid the recognition of UBTI, including a charitable remainder trust.

CERTAIN ERISA CONSIDERATIONS

ERISA PLANS AND IRAs THAT ARE PROSPECTIVE PURCHASERS OF AN INTEREST IN THE FUND SHOULD CONSULT WITH AND RELY UPON THEIR OWN ADVISORS IN EVALUATING THESE MATTERS IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

Before authorizing the purchase of a Membership Interests, fiduciaries of pension, profit-sharing or other employee benefit plans ("ERISA Plans") subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") should consider (i) the fiduciary standards under ERISA, (ii) whether the investment in the Fund satisfies the prudence and diversification requirements of ERISA, including whether the investment is prudent in light of limitations on the marketability of the Interests, (iii) whether such fiduciaries have authority to make the investment under the appropriate plan investment policies and governing instruments and under ERISA and (iv) the need to value plan assets at least annually. Fiduciaries of plans subject to Section 4975 of the Code ("IRC Plans"), which include Individual Retirement Accounts and certain welfare plan accounts in addition to ERISA Plans, also should consider whether the investment is authorized by the appropriate governing instrument.

Any ERISA Plan or IRC Plan fiduciary also should consider (i) prohibitions in ERISA relating to improper delegation of control over or responsibility for "plan assets," (ii) prohibitions in ERISA and the Code, relating to an ERISA Plan or an IRC Plan engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to the plan, and (iii) other provisions of ERISA regarding "plan assets." The prohibited transaction provisions are complex and may prohibit an investment in the Fund by certain ERISA Plans and IRC Plans, and the fiduciaries of ERISA Plans and the persons directing the investment of IRC Plans should determine whether an investment in the Fund would involve any transaction with a "party in interest" or "disqualified person."

Regulations promulgated under ERISA by the U.S. Department of Labor (the "Regulation") provide that the assets of an entity in which employee benefit plans acquire an equity interest (such as an interest in the Fund) may be deemed "plan assets" under certain circumstances. The Regulation generally provides that when an ERISA Plan acquires an equity interest in an entity like the Fund that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that the equity participation in the entity by "benefit plan investors" is not "significant" or that the entity is an "operating company," in each case as defined in the Regulation.

For purposes of the Regulation, equity participation in an entity by benefit plan investors is not significant if their aggregate interest is less than 25% of the value of each class of equity interests in the entity (i.e., less than 25% of the value of the Interests of the Members, other than the Interests owned by the Manager, and its affiliates). The 25% limit test applies continuously throughout the life of the Fund. Benefit plan investors, for these purposes, include ERISA Plans, IRC Plans, and any entity whose assets include plan assets by reason of ERISA Plans' and/or IRC Plans' investments in the entity, such as a group trust exempt from taxation under Section 501(a) of the Code, a common or collective trust fund of a bank or a separate account of an insurance company. The value of any Membership Interests held by the Manager, any person

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controlling the Manager, any entity for which the Manager exercises a controlling influence over its management and policies, or any entity under common control with the Manager is excluded from the total Interests outstanding for purposes of computing the percentage of equity investments held by benefit plan investors.

If the assets of the Fund were deemed to be "plan assets" of ERISA Plans or IRC Plans, whether as a result of the application of the Regulation or otherwise, Subtitle A and Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code would extend to investments made by the Fund. This would result, among other things, in: (i) the need to hold such assets in trust; (ii) the application of the prudence and other fiduciary standards of ERISA (which impose liability on fiduciaries) to investments made by the Fund, which could materially affect the operations of the Fund; (iii) potential liability of persons having investment discretion over the assets of ERISA Plans investing in the Fund should investments made by the Fund not conform to ERISA's prudence and fiduciary standards under Part 4 of Subtitle B of Title I of ERISA, unless certain conditions are satisfied; and (iv) the possibility that certain transactions that the Fund might enter into in the ordinary course of its business and operations might constitute "prohibited transactions" under ERISA and the Code. A prohibited transaction, in addition to imposing potential personal liability upon fiduciaries of ERISA Plans, may also result in the imposition of an excise tax under the Code upon the party in interest or disqualified person with respect to the ERISA Plan or IRC Plan.

The Manager will use its reasonable efforts to conduct the affairs of the Fund in such a way that the aggregate Interests of benefit plan investors in the Fund at all times will represent less than 25% of the Interests held by all investors other than the Manager and its affiliates, so that none of the Fund's assets will be deemed to be plan assets.

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WAREHOUSE REVOLVING LINE OF CREDIT AGREEMENT

This Warehouse Revolving Line of Credit Agreement ("Agreement") is entered into by and between **Pacific Private Money Inc.,** a California corporation ("Borrower") and **Pacific Freedom Fund LLC, a California limited liability company** ("Lender"), as of March 1, 2020.

DEFINITIONS

Advance	Total amount advanced by Lender to Borrower for the purpose of funding one or more specified mortgage loan transactions, each a separate Advance. Each Collateral Loan funded under this Agreement shall be funded in Borrower's name.
Assigned Collateral	The Collateral Documents; an Allonge to the Collateral Loan's Promissory Note; and an Assignment of the Collateral Loan's Deed of Trust.
Assigned Collateral Loan	Collateral Loan that is not purchased by Lender pursuant to Section 1.3 of this Agreement and which Borrower retains as a Portfolio Loan.
Business Day	9:00 a.m. to 5:00 p.m. Monday to Friday, except Federal Holidays.
Collateral Borrower	The borrower or Trustor in a Collateral Loan.
Collateral Documents	All documents of the original Collateral Loan that are being assigned to Lender as set forth in Exhibit "A" attached hereto, including, but not limited to the original of a Collateral Loan's Promissory Note secured by a Deed of Trust, the recorded original of the Deed of Trust, and Lender's Title Insurance Policy.
Collateral Loan	Loans originated or acquired by Borrower utilizing funds advanced pursuant to the terms of this Agreement.
Collateral Property	The property securing the Collateral Loan.
Collateral Value	The unpaid principal balance of a Collateral Loan.
Event of Default	The occurrence of any one or more of the conditions or events set forth in Article 8 of this Agreement.
Defect	Untrue, incomplete or inaccurate information in the Collateral Documents of a nature that is material to the Collateral Loan.
Funding Request	Borrower's request for an Advance to fund a mortgage loan that is pre-approved by Lender. A sample is attached Exhibit "B."
Maturity Date	The maturity date set forth in the Note. For each Advance, the maturity date of the Note will coincide with the maturity date of the underlying note plus an additional ten (10) days processing time.
Note	Promissory Note as set forth in Exhibit "C."

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Purchased Collateral Loan	Collateral Loan that is purchased by Lender pursuant to Section 1.3 of this Agreement.
Release Amount	The unpaid principal balance of a Collateral Loan; provided, however, that if the Collateral Loan is sold to a third party, then the Release Amount shall be the unpaid principal balance of the Collateral Loan less selling commissions and any discount Lender has approved.
Revolving Line of Credit	The revolving line of credit covered by this Agreement which shall be determined at Lender's discretion.
Term Sheet	Written statement issued by Borrower to a Collateral Borrower advising the Collateral Borrower that Borrower will make a loan to Collateral Borrower to fund a Collateral Loan and specifying the loan terms for the Collateral Loan.
Trustor	The borrower under any Collateral Loan.

TERMS AND CONDITIONS

ARTICLE 1 - THE SECURED REVOLVING LINE OF CREDIT

Subject to the terms and conditions of this Agreement and provided no Event of Default has occurred and is continuing, Lender agrees to make available to Borrower a Revolving Line of Credit for the purpose of funding mortgage loans originated by Borrower or purchasing performing loans originated by third parties that meet Lender's criteria as defined herein. The total amount extended by Lender to Borrower under the Revolving Line of Credit which shall be determined at Lender's discretion. As set forth in this Agreement, Borrower shall repay Lender for Advances made under the Revolving Line of Credit; and, the funds repaid by Borrower to Lender shall be available for future Advances.

Each Advance made by Lender to Borrower shall fund or purchase loans that meet Lender's then applicable funding criteria. Lender agrees to provide Borrower with a minimum of twenty (20) days advance notice in the event Lender changes, amends or alters its funding criteria. Each Advance under this Agreement shall constitute a single indebtedness, and Borrower shall execute a Promissory Note to Lender for each Advance. The Assigned Collateral shall be security for each Note. Upon delivery of the Assigned Collateral for a Purchased Collateral Loan to Lender, the Advance shall be deemed paid in full. In the event Lender does not take assignment of a Collateral Loan pursuant to Section 1.3, Borrower shall provide a Collateral Assignment of the Collateral Loan to secure the Note associated with the Collateral Loan.

1.1 Purpose of Advance. The Advances shall be used by the Borrower solely for the business purpose of funding the acquisition or origination of mortgage loans secured by deeds of trust or other security instruments encumbering real property (collectively herein "Deeds of Trust" or individually a "Deed of Trust"). Loans originated by Borrower and funded pursuant to an Advance shall be originated in Borrower's name, and Borrower shall be identified as the lender on all loan documents. Loans purchased by Borrower pursuant to an Advance shall be assigned to Lender within 48-hours of the completed purchase transaction.

1.2 Funding of Advance. For each Advance request approved by the Lender, Lender shall wire good funds to Borrower's trust account. Upon confirmation of receipt of the Advance, Borrower shall wire the funds to escrow for the funding of the approved loan to the Collateral Borrower. All loans originated by Borrower shall be funded in Borrower's name.

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1.3 Purchase Option. Lender shall, within five (5) Business Days after the date it made an Advance, give written notice to Borrower that Lender will purchase (servicing released), at the amount owed thereon, any Collateral Loan (and all appurtenant rights) that was the subject of a credit advance ("Purchase Notice"), in which case the purchase of the subject Collateral Loan shall be automatic. Borrower's liability under the Note shall be reduced by the purchase price. Lender will record an assignment of the note and deed of trust in its favor. In the absence of a purchase notice, Borrower shall retain ownership of each Collateral Loan and shall endeavor to sell it with commercially reasonable diligence.

All origination points and fees associated with the underlying loan are fully earned by Borrower at time of consummation of the Collateral Loan. Borrower shall retain all origination fees, inclusive of, but not limited to: lender's origination and/or discount points, application fee, administration fee, underwriting fee, flood search fee, credit report fees and other similar fees.

1.4 Borrower Portfolio. In the absence of a purchase notice, Borrower shall retain ownership of the loan, for the purpose of selling the loan to a third party ("Portfolio Loan"). Borrower shall serve as the Document Custodian for the originals of the note, recorded deed of trust and other Collateral Documents. As collateral for the repayment of the Advance, Borrower shall deliver to Lender recordable assignments of the note and deed of trust, which Lender shall not record unless and until there is a default under the terms of the Note. Upon Borrower's sale of the Collateral Loan to a third party, Borrower shall repay to Lender the amount of the Advance plus all interest that has accrued against the Advance. Upon receipt of the funds due and owing to Lender under the Note, Lender shall deliver to Borrower the unrecorded originals of the assignments of the note and deed of trust.

1.5 Expiration or Cancellation of Revolving Line of Credit. Unless there is a material breach or an event of default committed by Borrower or Lender under this Agreement, this Agreement shall expire upon Borrower or Lender's delivery to the other party of a letter of intent to terminate this Agreement. Such termination letter shall not affect Borrower's obligation to repay Advances on the Revolving Line of Credit made by Lender to Borrower prior to the effective date of the termination.

ARTICLE 2 - CONDITIONS PRECEDENT TO ADVANCE

2.1 Pre-Approval by Lender. The funding of each Advance under this Agreement is at the sole discretion of the Lender. Three (3) days prior to funding, the Lender shall have received copies of the following, all of which must be satisfactory in form and content to the Lender:

(a) Collateral Borrower's credit application;

(b) An appraisal of the Collateral Property, performed by an independent appraiser holding a current valid license to appraise property in the state where the property is located;

(c) Borrower's underwriting worksheet for the proposed Collateral Loan documenting that the Collateral Loan meets Lender's criteria;

(d) For a residential mortgage loan, documentation confirming the Collateral Borrower's ability to repay the loan obligation;

(e) The Note and this Agreement duly executed;

(f) A copy of the draft settlement statement for the transaction;

(g) The assignment of the Collateral Loan, and all other instruments or documents to be delivered by the Borrower pursuant to this Agreement; and

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(h) Evidence satisfactory to the Lender as to the making and/or continuation of any book entry or the due filing and recording in all appropriate offices of all financing statements and other instruments as may be necessary to perfect the security interest of the Lender in the Collateral Loan under the Uniform Commercial Code of California or other applicable law.

2.2 Term Sheet to Fund Collateral Loan. Borrower shall not issue to a Collateral Borrower a written term sheet to fund a mortgage loan until Borrower receives written approval of the loan transaction from Lender. The Term Sheet shall set forth the approved loan terms, any conditions that must be met by the Collateral Borrower prior to the closing of the Collateral Loan by escrow.

2.3 Cancellation of Lender Approval. Following Lender's delivery of the written approval, Borrower must advise Lender within 24-hours of Borrower's receipt of notice from any source that there has been a material change in circumstances in either Collateral Borrower's financial condition or the condition of the property (real and/or personal) that will secure the Collateral Loan. Lender may, at Lender's sole discretion, cancel or withdraw its approval of the proposed Collateral Loan if the change in circumstances is material to the transaction and/or if the change in circumstance results in a lessening of Lender's security.

ARTICLE 3 - THE CREDIT LINE

3.1 Note. For each individual Advance made by Lender pursuant to this Agreement, Borrower's obligations shall be evidenced by this Agreement and a promissory note which shall be delivered by Borrower to Lender, substantially in the form of Exhibit "C" attached hereto.

3.2 Interest. In the event Lender fails to provide a timely Purchase Notice to Borrower, Borrower shall make monthly payments to Lender as follows:

3.2.1 Each Advance to Borrower shall bear interest at the rate of the underlying Collateral Loan for which the Advance was made.

3.2.2 Interest shall be payable monthly in arrears on the first day of each following month. Payments shall be made regardless of whether the Collateral Borrower has paid Borrower.

3.2.3 Interest on the amount of Advance shall terminate upon the occurrence of any one of the following events:

i. The purchase of the Collateral Loan by Lender, and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
ii. Borrower's sale of the Collateral Loan to a third party and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower;
iii. The Collateral Borrower's repayment of the Collateral Loan note in full and Lender's receipt of the amount of the Advance plus any applicable interest due to Lender from Borrower.

3.3 Payments.

3.3.1 The Advance, all interest due thereon and accrued costs, if any, shall be payable in full on the Note's Maturity Date (which shall coincide with the maturity date of the underlying Collateral Loan note plus five (5) additional days to process the payment and transmit funds to Lender) unless that date is extended by Lender.

3.3.2 The Borrower shall have the right to prepay any and all of the Advance in whole or in part, from time to time, without premium or penalty.

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3.3.3 The Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the Release Amount of any Assigned Collateral upon maturity, or other disposition, of the Assigned Collateral.

3.3.4 If the principal amount of any Assigned Collateral is prepaid in whole or in part, the Borrower shall be obligated to pay to the Lender, without the necessity of prior demand or notice from the Lender, the amount received within five (5) Business Days. The amount of such payment shall be applied to the Advance.

3.4 Method of Making Payments. Except as otherwise specifically provided herein, all payments due shall be made to the Lender by the close of business on the date due, unless such date is not a Business Day in which case such payment shall be due on the first Business Day thereafter, and shall be made in lawful money of the United States of America or in immediately available funds transferred via wire to accounts designated by the Lender from time to time.

3.5 Application of Payments. Payments made under this Agreement shall be applied: first, to the payment of any attorney's fees; second, to any costs or expenses of collection; third, to any interest due on the Advance; and fourth, to the Advance.

ARTICLE 4 – COLLATERAL

4.1 Document Custodian.

4.1.1 In the event Lender elects not to purchase a Collateral Loan, Borrower shall serve as the Document Custodian for the following original Collateral Loan documents: Collateral Loan Note; Collateral Loan Deed of Trust; Lender's Title Insurance Policy; and Certified Copy of the Settlement Statement.

4.1.2 If a Collateral Loan is sold to Lender or a third party, Borrower shall forward all original loan documents to the Document Custodian designated by the Lender or third party.

4.2 Grant of Security Interest. As security for the repayment of the Advance and for the performance of all of the Borrower's obligations, the Borrower hereby assigns and transfers to the Lender all right, title and interest in and to and grants a security interest to the Lender in:

(a) All Collateral Documents evidencing or securing loans, which from time to time are delivered or caused to be delivered to (including delivery to a third party on behalf of Lender), come into the possession, custody or control of the Lender for the purpose of assignment.

(b) All escrow accounts, documents, instruments, files, surveys, certificates, correspondence, appraisals, computer programs, tapes, discs, cards, accounting records (including all information, records, tapes, data, programs, discs, and cards necessary or helpful in the administration or servicing of the Collateral Loan) and other information and data of the Borrower relating to the Assigned Collateral.

(c) All now existing or hereafter acquired moneys delivered to or otherwise in the possession of the Borrower or its agent, bailee or custodian or designated on the books and records of the Borrower relating to Assigned Collateral assigned and pledged to the Lender.

4.3 Release of Security Interest in Collateral Loan.

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4.3.1 Any Assigned Collateral Loan not purchased by Lender shall be released from the Lender's security interest only upon payment to the Lender of the Release Amount. Upon receipt of payment of the Release Amount, all Collateral Documents relating to the redeemed Assigned Collateral Loan shall be released by the Lender to the Borrower.

4.3.2 Prior to the occurrence of an Event of Default, the Borrower may redeem an Assigned Collateral Loan from the Lender by notifying the Lender of its intention to redeem such Assigned Collateral Loan by either:

i. Paying, or causing a third party to pay, to the Lender, for application to the Advance the Release Amount; or

ii. Delivering substitute Assigned Collateral which, in addition to being acceptable to the Lender in its sole discretion, will when included with the other Assigned Collateral result in an aggregate Collateral Value held by the Lender to be at least equal to 100% of the Advance.

4.3.3 Following the occurrence of an Event of Default, the Lender may, without liability to the Borrower or any person, continue to release its security interest in any Assigned Collateral Loan upon payment of the Release Amount.

4.4 Collection and Servicing Rights. So long as no Event of Default shall have occurred and be continuing, the Borrower shall be entitled to service, receive and collect directly all sums payable to the Borrower in respect to the Collateral Loan, other than proceeds of the sale of any Collateral Loan. All sums received by the Borrower shall be deposited into the Borrower's Trust Account for the benefit of the Lender by no later than the next Business Day.

4.5 Return of Collateral Documents Upon Termination.

4.5.1 If the Agreement shall have expired or been terminated, and no Advance, interest or other obligations shall be outstanding and unpaid, the Lender shall release its security interest and shall deliver all Assigned Collateral in its possession to the Borrower at the Borrower's expense.

4.5.2 Any Assigned Collateral released or delivered to the Borrower pursuant to any provision of this Agreement shall be a complete and full discharge, and the Lender shall thereafter be relieved from any liability or responsibility therefore.

4.6 Duties With Respect to Portfolio Loans.

4.6.1. Borrower will make all payments and do all acts which Lender may hereafter deem necessary to perfect or protect Lender's security interest in the Assigned Collateral Loan, including without limitation, maintaining in good shape and repair, paying all taxes, charges, assessments or liens levied or imposed on the property described in the Collateral Documents.

4.6.2. Borrower will appear in and defend any and all actions and proceedings, which purport to affect title to the Collateral Loan, or to affect Lender's security interest therein.

4.6.3. Lender shall be the sole judge of the acceptability of any encumbrance or lien against the Collateral Loan or any part thereof, and the amount necessary to discharge the same.

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4.6.4. Lender agrees that retaining the possession of Collateral Documents for more than five (5) Business Days is a commitment to accept such Collateral Loan for assignment per the terms of this Agreement.

4.6.5. All rejected Collateral Loans by Lender shall be returned to Borrower within five (5) Business Days after rejection by Lender.

ARTICLE 5 – FUNDING

5.1 Condition of Funding. The obligation of the Lender to make the initial and subsequent funding under this Agreement is subject to the satisfaction of the Lender of the following additional conditions:

(a) The approval of all Collateral Documents and loan terms must occur at least three (3) Business Days before a Funding Request will be processed.

(b) The Collateral Documents delivered to the Lender shall be satisfactory to the Lender in form and content, and the Lender may reject any of them which in the Lender's sole opinion do not meet the requirements of this Agreement.

(c) The Borrower is in compliance with all the conditions of this Agreement and no Event of Default exists.

(d) The Borrower shall not have incurred any substantial liabilities, direct or contingent, other than in the ordinary course of its business, since the date of this Agreement.

(f) Delivery of a Funding Request by the Borrower shall be deemed a representation, affirmation, or re-affirmation that all conditions set forth in this Agreement and the Note are satisfied as of the date of such funding.

5.2 Procedures for Obtaining Funding.

5.2.1. Funding Requests shall be initiated by the Borrower by delivering to the Lender, no later than one (1) Business Day prior to any Business Day that the Borrower desires funding, a completed and signed Funding Request on the then current form approved by the Lender.

5.2.2. The Borrower will deliver the Collateral Documents to the Lender, and any additional documents relating to an Assigned Collateral which the Lender may reasonably request.

5.2.3. Lender shall then fund the Funding Request to Borrower's trust account. Borrower shall wire the funds to the closing agent for the new loan.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender, as of the date of this Agreement and as of the date of each Funding Request, that:

6.1 This Agreement is a valid, binding, and legally enforceable obligation of the Borrower.

6.2 That any Collateral Loan was made in compliance with all applicable state and federal laws, rules and regulations.

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6.3 The Borrower is the legal and absolute owner and holder of the Assigned Collateral, free and clear of all liens other than the liens granted hereunder or disclosed to, and approved in writing by, the Lender. Each Collateral Loan has been duly authorized and validly issued to the Borrower, and complies with all of the requirements of this Agreement, and have been and will continue to be validly pledged to the Lender, subject to no other liens.

6.4 The Borrower has the full right, power and authority to assign each Collateral Loan to Lender.

6.5 That no Defect has occurred, and has continued for more than fifteen (15) days, without a written waiver by Lender, in any Collateral Loan without the Release Amount having been paid.

6.6 Borrower has obtained and shall maintain a fire and casualty insurance policy covering the premises encumbered by each Assigned Collateral Loan, which names, and will continue to name, the Borrower and its successors and assigns as the insured under a standard mortgagee clause and will continue to be in full force and effect so long as the Collateral Loan remains pledged.

6.7 The obligations of the Trustor under the Collateral Loan is not subject to any claim for credits, allowances, adjustments, or offsets, unless disclosed by Borrower on the Collateral Documents and waived in writing by Lender.

6.8 No notice of bankruptcy, insolvency, or financial embarrassment of any Trustor under the Collateral Loan has been received by the Borrower. Upon Borrower's receipt of any such notice, the Borrower will immediately give the Lender written notice of same.

6.9 No action has been taken or threatened by any taxing authority that would impose a lien on any Collateral Loan.

6.10 Borrower has filed all required federal, state, and local tax returns, and all taxes owing to any such governmental agencies have been paid as they have become due, except that so long as Borrower contests any claim pertaining to the foregoing in good faith and final action by the taxing authority is deferred or stayed, and the liability therefore is appropriately reflected in reserves set aside on Borrower's balance sheet, then it shall not constitute a breach of this representation and warranty.

6.11 No approvals, consents or authorizations of, or filings or registrations with, any federal or state governmental authority or body are necessary for the consummation of the transactions contemplated by this Agreement or for the performance by any such party of any of the terms and conditions thereof, except for such approvals, consents, or authorizations as have already been obtained and copies of which have been delivered to Lender.

6.12 All information furnished or to be furnished, including but not limited to, each document, instrument, invoice, and paper of every kind heretofore or hereafter presented to Lender by Borrower in connection with the funding of the Advance is genuine and the information contained therein is true and correct.

6.13 Each representation and warranty as to Borrower in this Agreement shall be true and correct as of the date of each disbursement of each Advance as if made again on such dates.

6.14 Except as otherwise disclosed on the Term Sheet, neither Borrower nor anyone on its behalf has engaged in any conduct which would give rise to any fee or commission of any broker, finder, or other person. Borrower hereby agrees to indemnify and to hold harmless, Lender, against any and all claims, demands, causes of action, liabilities, losses, judgments, costs, and expenses

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(including without limitation attorney's fees) asserted with respect to fees or commissions of brokers, finders, or others in connection with any of the transactions referred to herein or contemplated hereby, and shall pay in full any such claims on demand by Lender.

If Lender elects to purchase a Collateral Loan, Borrower hereby makes the representations and warranties to Lender set forth on Exhibit "D" as of the date of each Advance is made to fund a Collateral Loan.

ARTICLE 7 - AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that, so long as any Advance is outstanding, the Borrower shall:

7.1 Payment of Note. Punctually pay or cause to be paid all payments called for in Article 3 of this Agreement and the Note.

7.2 Lender's Right to Hypothecate Assigned Collateral. Borrower hereby authorizes Lender to hypothecate or repledge Lender's interest in any or all of the Collateral Loan, subject to the terms of this Agreement.

7.3 Compliance with Applicable Laws. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which could adversely affect Borrower's business, operations, assets, or financial condition, except where contested in good faith and by appropriate proceedings.

7.4 Indemnity.

7.4.1. Indemnify and hold the Lender harmless from and against any loss, including actual attorneys' fees and costs, attributable to the failure of a title insurance company, its agent or approved attorney to comply with the disbursement or instruction letter or letters of the Borrower relating to any Assigned Collateral.

7.4.2. Indemnify and hold the Lender harmless from and against any claims arising out of the origination of any loan associated with any Assigned Collateral (e.g., fraud, TILA, etc.).

7.4.3. Indemnify and hold Lender harmless from and against any claims arising out of the servicing of any Collateral Loan.

7.5 Prohibition of Modification Without Lender Approval. Not amend or modify, or waive any of the terms and condition of, or settle or compromise any claim in respect of, any Assigned Collateral without written approval from Lender.

ARTICLE 8 – DEFAULTS

8.1 Events of Default.

Borrower shall be in default if:

8.1.1 Borrower's Default.

i. Borrower fails to pay the principal of the Advance when due, whether at stated maturity, by acceleration, or otherwise; or failure to pay any installment of interest on the Advance

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or any other amount due under this Agreement within twenty (20) days after the due date; or failure to pay, within any applicable grace period, the principal or interest on any other indebtedness of the Borrower due the Lender; or

ii. Borrower fails to perform or comply with all terms or conditions applicable to Borrower or arising out of this Agreement: or

iii. Borrower's representations or warranties made or deemed made herein or in any Collateral Document, or in any statement or certificate at any time given by the Borrower shall be inaccurate or incomplete in any respect on the date as of which made or deemed made; or

8.1.2 Defect in Collateral Loan.

Any Trustor or Trustors in any Collateral Loan fails to perform, unless Borrower:

i. Promptly notifies the Lender of such failure; and

ii. Retains the services of a foreclosing trustee, and a notice of default pursuant to law is recorded on the non-performing Collateral Loan.

8.1.3 Defects in Collateral Documents.

i. Any Assigned Collateral is determined to have been originated based on untrue, incomplete or inaccurate information, and Borrower had knowledge of such untruth, incomplete or inaccurate information; and such default shall not have been cured, or waived in writing by Lender, within fifteen (15) days of written notice.

ii. A Defect or failure having been discovered in any Collateral Document, and such defect or failure shall not have been cured, or waived in writing by Lender, within thirty (30) days of written notice.

ARTICLE 9 - REMEDIES

9.1 Effect of Event of Default. Upon the occurrence of an Event of Default, the Lender may, at its sole discretion, do any one or more of the following:

(a) Notify Borrower who shall after said written notice hold in trust for the benefit of the Lender, and within two (2) Business Days pay to the Lender at its office designated by notice hereunder, all amounts thereafter received by the Borrower upon or in respect of any Assigned Collateral, advising the Lender as to the source of such funds.

(b) By written notice to the Borrower, terminate this Agreement and the Revolving Line of Credit and/or declare all outstanding Advances to be immediately due and payable, whereupon the same shall forthwith become due and payable, together with all accrued interest thereon. The promise of the Lender to fund any Advance shall thereupon terminate.

(c) Require the Borrower to assemble the books and records relating to all Collateral Loan and make such available to the Lender at a place to be designated by the Lender.

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(d) Enter onto property where the books and records relating to any Collateral Loan is located and take possession thereof with or without judicial process.

(e) Notify any Trustor that the Collateral Loan has been assigned to the Lender and that all payments thereon are to be made directly to the Lender or such other party as may be designated by the Lender; and

1) Lender or its designee shall thereafter be entitled to service, receive and collect all sums payable in respect of any Assigned Collateral, including endorsing payments;

2) Contract with a third party to act as servicer or subservicer of any and all Assigned Collateral and perform all acts required in connection with such Servicing Contract, and pay the fees of such third party on account of the Borrower;

3) Demand, collect or receive any money or property at any time payable or receivable on account of, or in exchange for, any Assigned Collateral;

4) Where any such Assigned Collateral is in default, foreclose upon or otherwise enforce Lender's security interest in any manner as permitted by law or as provided for in this Agreement;

5) Settle or compromise any amounts owing on any Assigned Collateral;

6) Release, in whole or in part, any obligor or investor under any Assigned Collateral;

7) Prior to the disposition of any Collateral Loan, prepare the underlying security for disposition in any manner and to the extent the Lender deems appropriate.

8) Process and sell property acquired as a result of any foreclosure.

9.2 Application of proceeds of sale or redemption of Collateral Loan and payments

(a) So long as the Advance remains unpaid, all advances, charges, costs and expenses, including reasonable attorney's fees, incurred or paid by Lender in maintaining its security interest in any Assigned Collateral Loan, in exercising any right, power, or remedy conferred by this Agreement, or in the enforcement thereof, shall be applied:

1) First to the cost and expenses of preparation and sale of the underlying security of any Assigned Collateral Loan;

2) Second, to attorneys' fees incurred to perfect and protect Lender's security interest in any Assigned Collateral Loan; and

3) Third, if the proceeds are greater then the costs, expenses and fees as set forth above, the overage shall be applied as agreed by Borrower and Lender.

(b) Upon payment of the Advance in full, Lender shall reassign all remaining Collateral Loans, and return the Collateral Documents associated with the remaining Collateral Loans.

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9.3 Proceed against the Borrower under the Note.

ARTICLE 10 - WAIVERS

10.1 No Waiver by Lender. No failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default, shall constitute a waiver thereof. No waiver of any past Event of Default shall constitute a waiver of any future Event of Default. No failure to accelerate the Advance by reason of an Event of Default hereunder, or acceptance of a past due payment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or shall be deemed to be a novation or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Lender may have, whether by the laws of the state governing this Agreement. Borrower hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

10.2 Waiver by Borrower. Borrower, for itself and for its successors and assigns, hereby waives any requirement that Lender give Borrower any notice of any Event of Default, including without limitation, failure to make payment, except to the extent notice is specifically required elsewhere in this Agreement. All demands of performance, notices of sale, advertisements and manner of any Collateral Loan after and Event of Default, except only as provided by California Commercial Code Section 9504(3), are hereby specifically waived by Borrower.

ARTICLE 11 - NOTICES

11.1 All notices, demands, consents, requests and other communications required or permitted to be given or made shall, except as otherwise expressly provided, shall be in writing and shall be delivered in person or faxed or mailed, first class or delivered by overnight courier, return receipt requested, postage prepaid, addressed to the respective parties hereto at their respective addresses hereinafter set forth or, as to any such party, at such other address as may be designated by it in a written notice to the other. All notices shall be conclusively deemed to have been properly given or made when duly delivered, in person, by telecopy or by overnight courier, or if mailed, on the date of receipt as noted on the return receipt, addressed as follows:

If to the Lender: Pacific Freedom Fund LLC
1555 Grant Avenue
Novato, California 94945

If to the Borrower: Pacific Private Money Inc.
1555 Grant Avenue
Novato, California 94945

11.1.1 Required Notices. Within twenty (20) days of the event requiring the notice, Borrower shall give written notice to the Lender of:

i. All litigation affecting Borrower.

ii. Any Event of Default as defined in this Agreement or any other event which constitutes or, upon the lapse of time or notice or both, would become, an Event of Default.

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iii. Any other matter which has resulted in a substantial adverse change in the financial condition or results of operations of Borrower or in Borrower's financial condition.

11.1.2. Twenty (20) days prior to a change in Lender's criteria for loan approval, Lender shall give written notice to Borrower of any change, amendment or alteration of its funding criteria.

ARTICLE 12 – MISCELLANEOUS

12.1 Terms Binding Upon Successors: Survival of Representatives. The terms and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All representations, warranties, covenants and agreements herein contained on the part of the Borrower shall survive the making of any funding and the execution of the Note, and shall be effective so long as any Advance is outstanding or there remain any obligations to be paid or performed.

12.2 Amendments. Except as otherwise provided in this Agreement, this Agreement may not be amended, modified or supplemented unless such amendment, modification or supplement is set forth in writing signed by the parties hereto.

12.3 Governing Law. This Agreement and the Collateral Documents shall be governed by the laws of the State of California.

12.4 Severability. If any provision of this Agreement shall be declared to be illegal or unenforceable in any respect, such illegal or unenforceable provision shall be and become absolutely null and void and of no force and effect as though such provision were not in fact set forth herein, but all other covenants, terms, conditions and provisions hereof shall nevertheless continue to be valid and enforceable.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

12.6 Entire Agreement. This Agreement, the Note and the Collateral Documents represent the final agreement between Borrower and Lender, and may not be contradicted by evidence of prior or contemporaneous oral agreements among the parties.

12.7 Arbitration Agreement.

12.7.1. The parties agree, not only for them but for successors, assigns, heirs, executors, administrators or any other person, firm or organization acting on their behalf, that any claim or controversy of whatever nature arising out of this Agreement shall be resolved through a final and binding arbitration in accordance with the then-existing rules of the American Arbitration Association and not by a lawsuit or resort to court process except as California law provides for judicial review or enforcement of arbitration proceedings.

12.7.2. The laws of the State of California, including its statute of limitations applicable to the commencement of a lawsuit, shall apply to this arbitration and to the commencement of arbitration.

12.7.3. In rendering the award the arbitrator shall determine the rights of the parties according to the substantive law of the State of California. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

12.7.4. BY INITIALING BELOW, BOTH THE LENDER AND BORROWER ACKNOWLEDGE, UNDERSTAND AND AGREE TO SUBMIT TO ARBITRATION AND FREELY WAIVE

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THE RIGHT TO TRIAL BY JUDGE OR JURY, THE RIGHT TO APPEAL, PRETRIAL DISCOVERY AND APPLICATION OF THE RULES OF EVIDENCE.

MH
Lender's Initials

MH
Borrower's Initials

12.8 No Assignment. This Agreement may not be sold, transferred or otherwise hypothecated by Borrower without the express prior written consent of Lender.

12.9 Power of Attorney. Borrower hereby irrevocably constitutes and appoints Lender its true and lawful attorney with full power of substitution, to do any and all acts which Borrower is obligated by this Agreement to do, and to exercise all rights of Borrower in and to all Assigned Collateral, to make collections and to sign and endorse Borrower's name on any and all papers, instruments or documents, and to do all other things necessary to preserve and protect any Collateral Loan, and to perfect and protect Lender's security interest therein in the Event of Default set forth in this Agreement. Such power of attorney is coupled with an interest and shall remain effective and irrevocable for so long as any Advance remains unpaid.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed as of the date first above written.

BORROWER:

Pacific Private Money Inc.
a California corporation

By:
Name: Mark Hanf
Its: President

LENDER:

Pacific Freedom Fund LLC,
a California limited liability company

By:
Name: Mark Hanf
Its: Manager

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WELLS FARGO

Business Banking Deposit Account Application

REDACTED2242

Business Information

Customer Name 1: Pacific Mortgage Capital, LLC	Customer Name 2:
Account Relationship: 001 Sole Owner	Account Relationship:
Tax Responsible Customer Name: Pacific Mortgage Capital, LLC	Taxpayer Identification Number (TIN): REDACTED

New Account Information

Account Product Name: Analyzed Business Checking	Account Number: REDACTED2242	Purpose of Account: Accounts Receivable

Statement/Mailing Name and Address

Statement Line 1: (tax responsible customer legal name)	Pacific Mortgage Capital, LLC
Statement Line 2: (Optional)	
Statement line 3: (Optional)	
Statement line 4: (Optional)	
Address Line 1:	1555 Grant Ave
Address Line 2:	
City:	Novato
State:	California - CA
ZIP/Postal Code:	94945
Country:	UNITED STATES - US

FC01-000BBG595017-01

Taxpayer Certification

REDACTED2242

Please provide a copy of the most current version of IRS form:

- [x] US entity: W-9
- [ ] Non US entity: W-8

Enter your TIN on the appropriate line above. The TIN provided must belong to the Customer whose full legal name is provided in the Tax Responsible Customer Name field and match the W-9 provided. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Form W-9 Part I instructions for additional information. For other entities, it is your employer identification number (EIN). The number provided above applies to all accounts listed on this signature card. **Tax forms are subject to review and withholding could apply if forms are incomplete or inaccurate.**

Certification of Authority

Each person who signs the "Certified/Agreed to" section of this Application certifies that:

A. The Customer's use of any Wells Fargo Bank, N.A. ("Bank") deposit account, product or service will confirm the Customer's receipt of, and agreement to be bound by, the Bank's applicable fee and information schedule and account agreement that includes the Arbitration Agreement under which any dispute between the Customer and the Bank relating to the Customer's use of any Bank deposit account, product or service will be decided in an arbitration proceeding before a neutral arbitrator as described in the Arbitration Agreement and not by a jury or court trial.

B. Each person who signs the "Certified/Agreed To" section of this Application, or whose name, any applicable title and specimen signature appear in the "Authorized Signers" section of this Application, below, is authorized on such terms as the Bank may require to:

(1) Enter into, modify, terminate and otherwise in any manner act with respect to accounts at the Bank and agreements with the Bank or its affiliates for accounts and/or services offered by the Bank or its affiliates (other than letters of credit or loan agreements);

(2) Authorize (by signing or otherwise) the payment of Items from the Customer's account(s) listed on this Business Account Application (including without limitation any Item payable to (a) the individual order of the person who authorized the Item or (b) the Bank or any other person for the benefit of the person who authorized the Item) and the endorsement of Deposited Items for deposit, cashing or collection (see the Bank's applicable account agreement for the definitions of "Item" and "Deposited Item");

(3) Give instructions to the Bank in writing (whether the instructions include the manual signature or a signature that purports to be the facsimile or other mechanical signature including a stamp of an Authorized Signer as the Customer's authorized signature without regard to when or by whom or by what means or in what ink color the signature may have been made or affixed), orally, by telephone or by any electronic means in regard to any Item and the transaction of any business relating to the Customer's account(s), agreements or services, and the Customer shall indemnify and hold the Bank harmless for acting in accordance with such instructions; and(4) Delegate the person's authority to another person(s) or revoke such delegation, in a separate signed writing delivered to the Bank.

C. If a code must be communicated to the Bank in order to authorize an Item, and the code is communicated, the Item will be binding on the Customer regardless of who communicated the code.

D. Each transaction described in this Certificate of Authority conducted by or on behalf of the Customer prior to delivery of this Certificate is in all respects ratified.

E. If the Customer is a tribal government or tribal government agency, the Customer waives sovereign immunity from suit with respect to the Customer's use of any Bank account, product or service referred to in this Certificate.

F. The information provided in this application is correct and complete, each person who signs the "Certified/Agreed To" section of this Application and each person whose name appears in the "Authorized Signers" section of this application holds any position indicated, and the signature appearing opposite the person's name is authentic.

G. The Customer has approved this Certificate of Authority or granted each person who the "Certified/Agreed To" section of this Application the authority to do so on the Customer's behalf by:

(1) resolution, agreement or other legally sufficient action of the governing body of the Customer, if the Customer is not a trust or a sole proprietor;

(2) the signature of each of the Customer's trustee(s), if the Customer is a trust; or

(3) the signature of the Customer, if the Customer is a sole proprietor.

Authorized Representative

At least one individual owner, partner, or key executive with authority and control over the business must sign. For jointly owned sole proprietorships, both owners must sign

Certified/Agree to Signature:	Date: 5/4/2020
Full Legal Name: Hanf,Mark	Title/Position: Manager
Phone Number: 4158832150	Email Address: Mark@PacificPrivateMoney.com

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Authorized Account Signers

REDACTED2242

Authorized Signer Name: Mark Hanf	Title/Position: Manager
ECN: 8986101105	Relationship: Authorized Signer (802)
Signature:	Date: 5/4/2020

Bank Internal Use

Date & Time: 05/01/2020 9:56:25	Requestor ID: A158341	Reference #: BBG39116
Officer/Portfolio #: RM564	Banker Phone #: 415/482-4218	
Banker Name: Rico,Joseph	Banker email: Joseph.Rico@wellsfargo.com	
BA Name: Figueroa-Ruiz,Maria Alma	BA email: alma.figueroa@wellsfargo.com	
Account AU: 71634	RAU:	
Branch Number: 6445		
Line of Business: Business Banking Managed Relationships	Business Type: Limited Liability Company (LLC)	
Line of Business 3rd Level Domestic Commercial Customer		
Ownership <Funds Owner code> Commercial (02)	Sub Ownership <Funds Owner code> Limited Liability Company (73)	
Acct Sub Product: Analyzed Business Checking (C3)		
Acct COID: California 114	Acct number: 1942452242	
Family Number:	Foundation Name:	
Key Acct COID:	Key Acct number:	
Funding Acct COID:	Funding Acct Number:	Funding Deposit Amount:
Interest Type:	Term Type:	Term - # of Months:
Interest Payment Cycle:	Interest Payment Method:	TT COID: / TT DDA:
NAK# BD-006817576	☐ Wholesale Disclosure	
Customer 1 WCIS ID: 246706617	Customer 1 ECN: 126530922151116	
Customer 2 WCIS ID:	Customer 2 ECN:	
Customer Contact: Mark Hanf		
Customer Contact Phone: 4158832150		
Customer Contact Email: Mark@PacificPrivateMoney.com		
Signer ECN: 8986101105		

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Commercial Account Signature Card e-Form

Customer Information		
Customer Name	Customer ECN	Reg. GG
Pacific Opportunity Fund LLC	REDACTED 4517	No

Account Summary	Total
REDACTED 3243, REDACTED 3029	2

Account Information				Signer Information		
#	CoID	Account	Act Type	Signer Full Name	Signer's Role	Signer's ECN
1	114	REDACTED 3243	DDA	Mark Hanf	Authorized Signer	

Account Information				Signer Information		
#	CoID	Account	Act Type	Signer Full Name	Signer's Role	Signer's ECN
2	114	REDACTED 3029	DDA	Mark Hanf	Authorized Signer	

Authorized Representative Info:
Name: Mark Hanf
mark@pacificprivatemoney.com
Date: 01/26/2023 11:54 AM PST

Banker Info (RA/RM):
Name:Vance Barnes
vance.k.barnes@wellsfargo.com

Commercial Account Signature Card e-Form

Customer Information		
Customer Name	Customer ECN	Reg. GG
Pacific Private Money Partners LLC	REDACTED 511	No

Account Summary	Total
1242073276	1

Account Information				Signer Information		
#	CoID	Account	Act Type	Signer Full Name	Signer's Role	Signer's ECN
1	114	3276	DDA	Mark Hanf	Authorized Signer	

Authorized Representative Info:
Name: Mark Hanf
mark@pacificprivatemoney.com
Date: 01/24/2023 01:44 PM PST

Banker Info (RA/RM):
Name:Vance Barnes
vance.k.barnes@wellsfargo.com

Acct. #[redacted]3943

WELLS FARGO

Business Banking Deposit Account Application

Business Information

Customer Name 1: PACIFIC PRIVATE MONEY GROUP LLC	
Account Relationship: 001 Sole Owner	
Customer Name 2:	
Account Relationship: -Select-	
Tax Responsible Customer Name: PACIFIC PRIVATE MONEY GROUP LLC	Taxpayer Identification Number (TIN): [redacted]758

New Account Information

Account Product Name: Analyzed Business Checking (C3)	Account Number: [redacted]3943	Purpose of Account: Accounts Payable

Add | Remove

Statement/Mailing Name and Address

Statement Line 1: (tax responsible customer legal name, except in case of Disregarded Entity)	PACIFIC PRIVATE MONEY GROUP LLC
Statement Line 2: (Optional)	
Statement line 3: (Optional)	
Statement line 4: (Optional)	
Address Line 1:	1555 GRANT AVE
Address Line 2:	
City:	NOVATO
State:	CA
ZIP/Postal Code:	94945-3120
Country:	UNITED STATES

PCFG_0000903799 - SignatureCards_Account_Last_Four_Numbers_3943_Doc_ID_24344478_1.pdf

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Taxpayer Certification

Acct. REDACTED 3943

Please provide a copy of the most current version of IRS form:

- ☒ US entity: W-9
- ☐ Non US entity: W-8

Enter your TIN on the appropriate line above. The TIN provided must belong to the Customer whose full legal name is provided in the Tax Responsible Customer Name field and match the W-9 provided. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Form W-9 Part I instructions for additional information. For other entities, it is your employer identification number (EIN). The number provided above applies to all accounts listed on this signature card. **Tax forms are subject to review and withholding could apply if forms are incomplete or inaccurate.**

Certification of Authority

Each person who signs the "Certified/Agreed to" section of this Application certifies that:

A. The Customer's use of any Wells Fargo Bank, N.A. ("Bank") deposit account, product or service will confirm the Customer's receipt of, and agreement to be bound by, the Bank's applicable fee and information schedule and account agreement that includes the Arbitration Agreement under which any dispute between the Customer and the Bank relating to the Customer's use of any Bank deposit account, product or service will be decided in an arbitration proceeding before a neutral arbitrator as described in the Arbitration Agreement and not by a jury or court trial.

B. Each person who signs the "Certified/Agreed To" section of this Application, or whose name, any applicable title and specimen signature appear in the "Authorized Signers" section of this Application, below, is authorized on such terms as the Bank may require to:

(1) Enter into, modify, terminate and otherwise in any manner act with respect to accounts at the Bank and agreements with the Bank or its affiliates for accounts and/or services offered by the Bank or its affiliates (other than letters of credit or loan agreements);

(2) Authorize (by signing or otherwise) the payment of Items from the Customer's account(s) listed on this Business Account Application (including without limitation any Item payable to (a) the individual order of the person who authorized the Item or (b) the Bank or any other person for the benefit of the person who authorized the Item) and the endorsement of Deposited Items for deposit, cashing or collection (see the Bank's applicable account agreement for the definitions of "Item" and "Deposited Item");

(3) Give instructions to the Bank in writing (whether the instructions include the manual signature or a signature that purports to be the facsimile or other mechanical signature including a stamp of an Authorized Signer as the Customer's authorized signature without regard to when or by whom or by what means or in what ink color the signature may have been made or affixed), orally, by telephone or by any electronic means in regard to any Item and the transaction of any business relating to the Customer's account(s), agreements or services, and the Customer shall indemnify and hold the Bank harmless for acting in accordance with such instructions; and(4) Delegate the person's authority to another person(s) or revoke such delegation, in a separate signed writing delivered to the Bank.

C. If a code must be communicated to the Bank in order to authorize an Item, and the code is communicated, the Item will be binding on the Customer regardless of who communicated the code.

D. Each transaction described in this Certificate of Authority conducted by or on behalf of the Customer prior to delivery of this Certificate is in all respects ratified.

E. If the Customer is a tribal government or tribal government agency, the Customer waives sovereign immunity from suit with respect to the Customer's use of any Bank account, product or service referred to in this Certificate.

F. The information provided in this application is correct and complete, each person who signs the "Certified/Agreed To" section of this Application and each person whose name appears in the "Authorized Signers" section of this application holds any position indicated, and the signature appearing opposite the person's name is authentic.

G. The Customer has approved this Certificate of Authority or granted each person who the "Certified/Agreed To" section of this Application the authority to do so on the Customer's behalf by:

(1) resolution, agreement or other legally sufficient action of the governing body of the Customer, if the Customer is not a trust or a sole proprietor;

(2) the signature of each of the Customer's trustee(s), if the Customer is a trust; or

(3) the signature of the Customer, if the Customer is a sole proprietor.

Authorized Representative

At least one individual owner, partner, or key executive with authority and control over the business must sign. For jointly owned sole proprietorships, both owners must sign

Certified/Agree to Signature:	Date: 5/29/2020
Full Legal Name: MARK HANF	Title/Position: MANAGER
Phone Number: 415-883-2150	Email Address: mark@pacificprivatemoney.com

Add | Remove

Authorized Account Signers

Acct. #[REDACTED]3943

Authorized Signer Name:	Title/Position:
MARK HANF	MANAGER
ECN:	Relationship:
8986101105	Authorized Signer (802)
Signature:	Date: 5-29-2020

Add | ~~Remove~~

Bank Internal Use

Date & Time: 05/29/2020 7:00 AM	Requestor ID: A158341	Reference #: BBG43544
Officer/Portfolio #: RM564		Banker Phone #: 415-482-4218
Banker Name: JOSEPH RICO		Banker Email: Joseph.Rico@wellsfargo.com
BA Name: Maria A. Figueroa-Ruiz		BA Email: alma.figueroa@wellsfargo.com
Account AU: 0071634	RAU:	
Branch Number: 6445		
Line of Business: Business Banking Managed Relationships		Business Type: Limited Liability Company (LLC)
Line of Business 3rd Level Domestic Commercial Customer		
Ownership <Funds Owner code> Commercial (02)		Sub Ownership <Funds Owner code> Limited Liability Company (73)
Acct Sub Product: Analyzed Business Checking (C3)		
Acct COID: California 114		Acct number: [REDACTED]3943
☒ Regional DDA		
NAK# BD-006818209	☐ Wholesale Disclosure	
Customer 1 WCIS ID: 246999070		Customer 1 ECN: [REDACTED]46260
Customer 2 WCIS ID:		Customer 2 ECN:
Customer Contact: MARK HANF		
Customer Contact Phone: 415-883-2150		
Customer Contact Email: mark@pacificprivatemoney.com		
Signer ECN: [REDACTED]1105		

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Commercial Account Signature Card e-Form

Customer Information		
Customer Name	Customer ECN	Reg. GG
Pacific Freedom Fund, LLC	REDACTED 9119	No

Account Summary	Total
REDACTED 4079	1

Account Information				Signer Information		
#	CoID	Account	Act Type	Signer Full Name	Signer's Role	Signer's ECN
1	114	REDACTED 4079	DDA	Nam Phan	Authorized Signer	
				Mark Hanf	Authorized Signer	REDACTED 1105
				Jan Rune Sandell	Authorized Signer	

Authorized Representative Info:
Name: Nam Phan
nam@pacificprivatemoney.com
Date: 10/24/2022 02:07 PM PDT

Banker Info (RA/RM):
Name:Vance Barnes
vance.k.barnes@wellsfargo.com

Business Account Application

Bank Name:	Store Name:
WELLS FARGO BANK, N.A.	NOVATO

Banker Name:	Officer/Portfolio Number:	Date:
DUENAS,JOSE RAMON	B2650	04/01/2013

Banker Phone:	Store Number:	Banker AU:	Banker MAC:
415/892-1638	04156	0000264	A0644-011

To help the government fight the funding of terrorism and money laundering activities, U.S. Federal law requires financial institutions to obtain, verify, and record information that identifies each person (individuals and businesses) who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

New Account Information

☒ New Deposit Account(s) Only ☐ New Deposit Account(s) and Business Credit Card

Account 1 Product Name:
Business Checking

COID:	Product:	Account Number:	Opening Deposit:	Type of Funds:
114	DDA	REDACTED4524	$100.00	CKS

Account 2 Product Name:
Business Checking

COID:	Product:	Account Number:	Opening Deposit:	Type of Funds:
114	DDA	REDACTED5091	$100.00	CKS

New Account Kit:
Printed

Related Customer Information

Customer 1 Name:	Account Relationship:
PACIFIC PRIVATE MONEY FUND I LLC	Sole Owner

Enterprise Customer Number (ECN):
495223512230360

Customer 2 Name:	Account Relationship:
MARK HANF	Signer

Enterprise Customer Number (ECN):
8986101105

PCFG_0000903803 - SignatureCards_Account_Last_Four_Numbers_4524_Doc_ID_2434372_1.pdf
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Checking/Savings Statement Mailing Information

Name(s) and Information Listed on Statement:	Statement Mailing Address:		
PACIFIC PRIVATE MONEY FUND I LLC	1604 GRANT AVE		
	Address Line 2:		
	City:	State:	
	NOVATO	CA	
	ZIP/Postal Code:	Country:	
	94945-2212	US	

Customer 1 Information

Customer Name:			Street Address:		
PACIFIC PRIVATE MONEY FUND I LLC			1604 GRANT AVE		
Account Relationship:			Address Line 2:		
Sole Owner					
Taxpayer Identification Number (TIN):	TIN Type:		Address Line 3:		
REDACTED1895	EIN				
Business Type:			City:		State:
Corporation Type S			NOVATO		CA
Business Sub-Type/Tax Classification:		Non-Profit:	ZIP/Postal Code:		Country:
Corporation		No	94945-2212		US
Date Originally Established:	Current Ownership Since:	Number of Employees:	Business Phone:	Fax:	
03/07/2012		1	415/883-2150		
Annual Gross Sales:	Year Sales Reported:	Fiscal Year End:	Cellular Phone:	Pager:	
$150,000.00	01/01/2013				
Primary Financial Institution:	Number of Locations:		e-Mail Address:		
	1				
Primary State 1:	Primary State 2:	Primary State 3:	Website:		
CA					
Primary Country 1:	Primary Country 2:	Primary Country 3:	Sales Market:		
			NATIONAL		

Industry:
Real Estate, Rental and Leasing

Description of Business:

Major Suppliers/Customers:

Bank Use Only

Name/Entity Verification:		Address Verification:		BACC Reference Number:
Cert of Formation				613BAC5205091
Document Filing Number/Description:	Filing Country:	Filing State:	Filing Date:	Expiration Date:
130289886-5299731	US	DE	03/07/2013	
Country of Registration:	State of Registration:	International Transactions:		Check Reporting:
US	DE			NO RECORD
Customer 1 Name:		Internet Gambling Business?:		
PACIFIC PRIVATE MONEY FUND I LLC		No		

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Owner/Key Individual 1 Information

Customer Name: MARK HANF			Residence Address: 96 PINHEIRO CIR
Position/Title: OWNER	Date of Birth: 12/16/1959	Enterprise Customer Number (ECN): 8986101105	Address Line 2:
Taxpayer Identification Number (TIN): REDACTED	TIN Type: SSN		Address Line 3:
Primary ID Type: DLIC	Primary ID Description: N6002144		City: NOVATO / State: CA
Primary ID St/Ctry/Prov: CA	Primary ID Issue Date: 04/12/2008	Primary ID Expiration Date: 12/16/2013	ZIP/Postal Code: 94945-6805 / Country: US
Secondary ID Type: OTHR DC	Secondary ID Description: WFB		Check Reporting: NO RECORD
Secondary ID State/Country:	Secondary ID Issue Date:	Secondary ID Expiration Date: 04/01/2015	
Country of Citizenship: US			

PCFG-0000903803 - SignatureCards_Account_Last_Four_Numbers_4524_Doc_ID_24344372_1.pdf
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Certificate of Authority

Each person who signs the "Certified/Agreed To" section of this Application certifies that:

A. The Customer's use of any Bank deposit account, product or service will confirm the Customer's receipt of, and agreement to be bound by, the Bank's applicable fee and information schedule and account agreement that includes the Arbitration Agreement under which any dispute between the Customer and the Bank relating to the Customer's use of any Bank deposit account, product or service will be decided in an arbitration proceeding before a neutral arbitrator as described in the Arbitration Agreement and not by a jury or court trial.

B. Each person who signs the "Certified/Agreed To" section of this Application or whose name, any applicable title and specimen signature appear in the "Authorized Signers - Signature Capture" section of this Application is authorized on such terms as the Bank may require to:

(1) Enter into, modify, terminate and otherwise in any manner act with respect to accounts at the Bank and agreements with the Bank or its affiliates for accounts and/or services offered by the Bank or its affiliates (other than letters of credit or loan agreements);

(2) Authorize (by signing or otherwise) the payment of Items from the Customer's account(s) listed on this Business Account Application (including without limitation any Item payable to (a) the individual order of the person who authorized the Item or (b) the Bank or any other person for the benefit of the person who authorized the Item) and the endorsement of Deposited Items for deposit, cashing or collection (see the Bank's applicable account agreement for the definitions of "Item" and "Deposited Item");

(3) Give instructions to the Bank in writing (whether the instructions include the manual signature or a signature that purports to be the facsimile or other mechanical signature including a stamp of an Authorized Signer as the Customer's authorized signature without regard to when or by whom or by what means or in what ink color the signature may have been made or affixed), orally, by telephone or by any electronic means in regard to any Item and the transaction of any business relating to the Customer's account(s), agreements or services, and the Customer shall indemnify and hold the Bank harmless for acting in accordance with such instructions; and

(4) Delegate the person's authority to another person(s) or revoke such delegation, in a separate signed writing delivered to the Bank.

C. If a code must be communicated to the Bank in order to authorize an Item, and the code is communicated, the Item will be binding on the Customer regardless of who communicated the code.

D. Each transaction described in this Certificate of Authority conducted by or on behalf of the Customer prior to delivery of this Certificate is in all respects ratified.

E. If the Customer is a tribal government or tribal government agency, the Customer waives sovereign immunity from suit with respect to the Customer's use of any Bank account, product or service referred to in this Certificate.

F. The information provided in this Application is correct and complete, each person who signs the "Certified/Agreed To" section of this Application and each person whose name appears in the "Authorized Signers-Signature Capture" section of this Application holds any position indicated, and the signature appearing opposite the person's name is authentic.

G. The Customer has approved this Certificate of Authority or granted each person who signs the "Certified/Agreed To" section of this Application the authority to do so on the Customer's behalf by:

(1) resolution, agreement or other legally sufficient action of the governing body of the Customer, if the Customer is not a trust or a sole proprietor;
(2) the signature of each of the Customer's trustee(s), if the Customer is a trust; or
(3) the signature of the Customer, if the Customer is a sole proprietor.

Certified/Agreed To

Owner/Key Individual 1 Name: MARK HANF

Position/Title: OWNER

Owner/Key Individual 1 Signature

MARK HANF

☐ Submit manually
☐ Signature not required

Date: 04/01/2013

Authorized Signers - Signature Capture

Authorized Signer 1 Name: MARK HANF

Position/Title: OWNER

Authorized Signer 1 Signature

MARK HANF

☐ Submit manually
☐ Signature not required

Date: 04/01/2013

PCFG 0000903803 - SignatureCards_Account_Last_Four_Numbers_4524_Doc_ID_2434372_1.pdf
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Business Account Application

Bank Name:	Store Name:		
Wells Fargo Bank, N.A.	Novato		
Banker Name:	**Officer/Portfolio Number:**	**Date:**	
MICHAEL KHOURY	A2131	02/17/2011	
Banker Phone:	**Store Number:**	**Banker AU:**	**Banker MAC:**
415/892-1637	04156	0000264	A0644-011

To help the government fight the funding of terrorism and money laundering activities, U.S. Federal law requires financial institutions to obtain, verify, and record information that identifies each person (individuals and businesses) who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

New Account Information

☒ New Deposit Account(s) Only ☐ New Deposit Account(s) and Business Credit Card

Account 1 Product Name

Choice IV Commercial Checking

COID:	Product:	Account Number:	Opening Deposit:	Type of Funds:
114	DDA	REDACTED 44634	$100.00	CKS

Authorized Signers

Business Name:	Other Related Customer Name:
PACIFIC PRIVATE MONEY INC	

Authorized Signer Name(s):

MARK HANF	

BGC1307 (8/09/07) SWBC-0010-4ast4Four6Numb Wells Fargo Confidential

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Checking/Savings Statement Mailing Information

Name(s) and Information Listed on Statement:	Statement Mailing Address:		
PACIFIC PRIVATE MONEY INC	1604 GRANT AVE		
	Address Line 2:		
	City:	State:	
	NOVATO	CA	
	ZIP/Postal Code:	Country:	
	94945-2212	US	

Business Information

Business Name:			Street Address:		
PACIFIC PRIVATE MONEY INC			1604 GRANT AVE		
Taxpayer Identification Number (TIN):	TIN Type:		Address Line 2:		
27-4684932	EIN				
Business Type:			Address Line 3:		
Corporation Type S					
Business Sub-Type:		Non-Profit:	City:		State:
Corporation		No	NOVATO		CA
Date Originally Established:	Current Ownership Since:	Number of Employees:	ZIP/Postal Code:		Country:
01/01/2009		1	94945-2212		US
Annual Gross Sales:	Year Sales Reported:	Fiscal Year End:	Business Phone:	Fax:	
$150,000.00	12/31/2010		(415) 883-2150		
Primary Financial Institution:	Number of Locations:		Cellular Phone:	Pager:	
	1				
Sales Market:			e-Mail Address:		
LOCAL					
Primary State 1:	Primary State 2:	Primary State 3:	Website:		
Primary Country 1:	Primary Country 2:	Primary Country 3:			

Industry:
Real Estate, Rental and Leasing

Description of Business:

Major Suppliers/Customers:

Bank Use Only

Name/Entity Verification:		Address Verification:		BACC Reference Number:
Articles of Incorporation				611BAC1668048
Document Filing Number/Description:	Filing Country:	Filing State:	Filing Date:	Expiration Date:
3344505	US	CA	12/28/2010	
Country of Registration:	State of Registration:	International Transactions:		Check Reporting:
US	CA			NORECORD

Internet Gambling Business:
No

BCFG - 0000903804 - SignatureCards_Account_Last_Four_Numbers_4634_Doc_ID_24344465_1.pdf
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Owner/Key Individual 1 Information

Customer Name:	Primary ID Type:	Primary ID Description:	
MARK HANF	DLIC	REDACTED	
Position/Title:	**Primary ID St/Cty/Prov:**	**Primary ID Issue Date:**	**Primary ID Expiration Date:**
OWNER	CA	04/12/2008	12/16/2013
Check Reporting:	**Secondary ID Type:**	**Secondary ID Description:**	
None	OTHR DC	WELLS FARGO BANK	
	Secondary ID State/Country:	**Secondary ID Issue Date:**	**Secondary ID Expiration Date:**
			04/01/2012

Certificate of Authority

Each person who signs the "Certified/Agreed To" section of this Application certifies that:

A. The Customer's use of any Bank deposit account, product or service will confirm the Customer's receipt of, and agreement to be bound by, the Bank's applicable fee and information schedule and account agreement that includes the Arbitration Agreement under which any dispute between the Customer and the Bank relating to the Customer's use of any Bank deposit account, product or service will be decided in an arbitration proceeding before a neutral arbitrator as described in the Arbitration Agreement and not by a jury or court trial.

B. Each person who signs the "Certified/Agreed To" section of this Application or whose name, any applicable title and specimen signature appear in the "Authorized Signers-Signature Capture" section of this Application is authorized on such terms as the Bank may require to:

(1) Enter into, modify, terminate and otherwise in any manner act with respect to accounts at the Bank and agreements with the Bank or its affiliates for accounts and/or services offered by the Bank or its affiliates (other than letters of credit or loan agreements);

(2) Authorize (by signing or otherwise) the payment of Items from the Customer's account(s) listed on this Business Account Application (including without limitation any Item payable to (a) the individual order of the person who authorized the Item or (b) the Bank or any other person for the benefit of the person who authorized the Item) and the endorsement of Deposited Items for deposit, cashing or collection (see the Bank's applicable account agreement for the definitions of "Item" and "Deposited Item");

(3) Give instructions to the Bank in writing (whether the instructions include the manual signature or a signature that purports to be the facsimile or other mechanical signature including a stamp of an Authorized Signer as the Customer's authorized signature without regard to when or by whom or by what means or in what ink color the signature may have been made or affixed), orally, by telephone or by any electronic means in regard to any Item and the transaction of any business relating to the Customer's account(s), agreements or services, and the Customer shall indemnify and hold the Bank harmless for acting in accordance with such instructions; and

(4) Delegate the person's authority to another person(s) or revoke such delegation, in a separate signed writing delivered to the Bank.

C. If a code must be communicated to the Bank in order to authorize an Item, and the code is communicated, the Item will be binding on the Customer regardless of who communicated the code.

D. Each transaction described in this Certificate of Authority conducted by or on behalf of the Customer prior to delivery of this Certificate is in all respects ratified.

E. If the Customer is a tribal government or tribal government agency, the Customer waives sovereign immunity from suit with respect to the Customer's use of any Bank account, product or service referred to in this Certificate.

F. The information provided in this Application is correct and complete, each person who signs the "Certified/Agreed To" section of this Application and each person whose name appears in the "Authorized Signers-Signature Capture" section of this Application holds any position indicated, and the signature appearing opposite the person's name is authentic.

G. The Customer has approved this Certificate of Authority or granted each person who signs the "Certified/Agreed To" section of this Application the authority to do so on the Customer's behalf by:

(1) resolution, agreement or other legally sufficient action of the governing body of the Customer, if the Customer is not a trust or a sole proprietor;
(2) the signature of each of the Customer's trustee(s), if the Customer is a trust; or
(3) the signature of the Customer, if the Customer is a sole proprietor.

Certified/Agreed To

Owner/Key Individual 1 Name	Position/Title:
MARK HANF	OWNER

Owner/Key Individual 1 Signature

MARK HANF

☐ Submit manually
☐ Signature not required

Date: 02/17/2011

BG1307 (8-09-10) SWAC-0001154F0426-0203 Wells Fargo Confidential
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Authorized Signers - Certificate of Authority Cross Reference

Existing Customers- New Accounts

For use when persons identified as authorized signers on the customer's existing Business Account Application/Certificate of Authority are identical to the persons designated as authorized signers for the accounts listed on this Business Account Application. Please refer to the Business Account Application/Certificate of Authority currently on file for the following account.

Existing Account Number to be Cross Referenced:

REDACTED1599

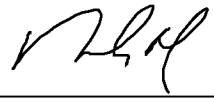
Authorized Signers - Signature Capture

Authorized Signer 1 Name: MARK HANF

Position/Title: OWNER

Authorized Signer 1 Signature

MARK HANF



☐ Submit manually

☐ Signature not required

Date: 02/17/2011



BGC1307 (8-09-10) SWAC-0001154F0461-04 Wells Fargo Confidential

PGEG-0000903804 - SignatureCards_Account_Last_Four_Numbers_4634_Doc_ID_24344465_1.pdf

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Business Account Application

Bank Name:	Store Name:
WELLS FARGO BANK, N.A.	NOVATO

Banker Name:	Officer/Portfolio Number:	Date:
DUENAS,JOSE RAMON	B2650	04/01/2013

Banker Phone:	Store Number:	Banker AU:	Banker MAC:
415/892-1638	04156	0000264	A0644-011

To help the government fight the funding of terrorism and money laundering activities, U.S. Federal law requires financial institutions to obtain, verify, and record information that identifies each person (individuals and businesses) who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

New Account Information

☒ New Deposit Account(s) Only ☐ New Deposit Account(s) and Business Credit Card

Account 1 Product Name:
Business Checking

COID:	Product:	Account Number:	Opening Deposit:	Type of Funds:
114	DDA	REDACTED489	$100.00	CKS

New Account Kit:
Printed

Related Customer Information

Customer 1 Name:	Account Relationship:
PRIVATE MONEY MANAGEMENT GROUP LLC	Sole Owner

Enterprise Customer Number (ECN):
204867912204112

Customer 2 Name:	Account Relationship:
MARK HANF	Signer

Enterprise Customer Number (ECN):
8986101105

PCFG_0000903805 - SignatureCards_Account_Last_Four_Numbers_5489_Doc_ID_24344227_1.pdf
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Checking/Savings Statement Mailing Information

Name(s) and Information Listed on Statement:	Statement Mailing Address:		
PRIVATE MONEY MANAGEMENT GROUP LLC	1604 GRANT AVE		
OPERATING ACCOUNT	Address Line 2:		
	City:	State:	
	NOVATO	CA	
	ZIP/Postal Code:	Country:	
	94945-2212	US	

Customer 1 Information

Customer Name:			Street Address:		
PRIVATE MONEY MANAGEMENT GROUP LLC			1604 GRANT AVE		
Account Relationship:			Address Line 2:		
Sole Owner					
Taxpayer Identification Number (TIN):	TIN Type:		Address Line 3:		
REDACTED270	EIN				
Business Type:			City:	State:	
Corporation Type S			NOVATO	CA	
Business Sub-Type/Tax Classification:	Non-Profit:		ZIP/Postal Code:	Country:	
Corporation	No		94945-2212	US	
Date Originally Established:	Current Ownership Since:	Number of Employees:	Business Phone:	Fax:	
03/19/2013		1	415/883-2150		
Annual Gross Sales:	Year Sales Reported:	Fiscal Year End:	Cellular Phone:	Pager:	
$150,000.00	01/01/2013				
Primary Financial Institution:	Number of Locations:		e-Mail Address:		
	1				
Primary State 1:	Primary State 2:	Primary State 3:	Website:		
CA					
Primary Country 1:	Primary Country 2:	Primary Country 3:	Sales Market:		
			NATIONAL		

Industry:
Real Estate, Rental and Leasing

Description of Business:

Major Suppliers/Customers:

Bank Use Only

Name/Entity Verification:		Address Verification:		BACC Reference Number:
Articles of Organization				613BAC5011091
Document Filing Number/Description:	Filing Country:	Filing State:	Filing Date:	Expiration Date:
130289525-5299679	US	DE	03/07/2013	
Country of Registration:	State of Registration:	International Transactions:		Check Reporting:
US	DE			NO RECORD
Customer 1 Name:		Internet Gambling Business?:		
PRIVATE MONEY MANAGEMENT GROUP LLC		No		

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Owner/Key Individual 1 Information

Customer Name: MARK HANF			Residence Address: 96 PINHEIRO CIR
Position/Title: OWNER	Date of Birth: 12/16/1959	Enterprise Customer Number (ECN): 8986101105	Address Line 2:
Taxpayer Identification Number (TIN): REDACTED	TIN Type: SSN		Address Line 3:
Primary ID Type: DLIC	Primary ID Description: REDACTED		City: NOVATO / State: CA
Primary ID St/Ctry/Prov: CA	Primary ID Issue Date: 04/12/2008	Primary ID Expiration Date: 12/16/2013	ZIP/Postal Code: 94945-6805 / Country: US
Secondary ID Type: OTHR DC	Secondary ID Description: WFB		Check Reporting: NO RECORD
Secondary ID State/Country:	Secondary ID Issue Date:	Secondary ID Expiration Date: 04/01/2015	
Country of Citizenship: US			

PCFG-0000903805 - SignatureCards_Account_Last_Four_Numbers_5489_Doc_ID_24344227_1.pdf
Case: 26-30538 Doc# 183-3 Filed: 11/04/26 Entered: 11/04/26 17:22:31 Page 636 of 647

Certificate of Authority

Each person who signs the "Certified/Agreed To" section of this Application certifies that:

A. The Customer's use of any Bank deposit account, product or service will confirm the Customer's receipt of, and agreement to be bound by, the Bank's applicable fee and information schedule and account agreement that includes the Arbitration Agreement under which any dispute between the Customer and the Bank relating to the Customer's use of any Bank deposit account, product or service will be decided in an arbitration proceeding before a neutral arbitrator as described in the Arbitration Agreement and not by a jury or court trial.

B. Each person who signs the "Certified/Agreed To" section of this Application or whose name, any applicable title and specimen signature appear in the "Authorized Signers - Signature Capture" section of this Application is authorized on such terms as the Bank may require to:

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(2) Authorize (by signing or otherwise) the payment of Items from the Customer's account(s) listed on this Business Account Application (including without limitation any Item payable to (a) the individual order of the person who authorized the Item or (b) the Bank or any other person for the benefit of the person who authorized the Item) and the endorsement of Deposited Items for deposit, cashing or collection (see the Bank's applicable account agreement for the definitions of "Item" and "Deposited Item");

(3) Give instructions to the Bank in writing (whether the instructions include the manual signature or a signature that purports to be the facsimile or other mechanical signature including a stamp of an Authorized Signer as the Customer's authorized signature without regard to when or by whom or by what means or in what ink color the signature may have been made or affixed), orally, by telephone or by any electronic means in regard to any Item and the transaction of any business relating to the Customer's account(s), agreements or services, and the Customer shall indemnify and hold the Bank harmless for acting in accordance with such instructions; and

(4) Delegate the person's authority to another person(s) or revoke such delegation, in a separate signed writing delivered to the Bank.

C. If a code must be communicated to the Bank in order to authorize an Item, and the code is communicated, the Item will be binding on the Customer regardless of who communicated the code.

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F. The information provided in this Application is correct and complete, each person who signs the "Certified/Agreed To" section of this Application and each person whose name appears in the "Authorized Signers-Signature Capture" section of this Application holds any position indicated, and the signature appearing opposite the person's name is authentic.

G. The Customer has approved this Certificate of Authority or granted each person who signs the "Certified/Agreed To" section of this Application the authority to do so on the Customer's behalf by:

(1) resolution, agreement or other legally sufficient action of the governing body of the Customer, if the Customer is not a trust or a sole proprietor;
(2) the signature of each of the Customer's trustee(s), if the Customer is a trust; or
(3) the signature of the Customer, if the Customer is a sole proprietor.

Certified/Agreed To

Owner/Key Individual 1 Name: MARK HANF

Position/Title: OWNER

Owner/Key Individual 1 Signature



☐ Submit manually
☐ Signature not required

Date: 04/01/2013

Authorized Signers - Signature Capture

Authorized Signer 1 Name: MARK HANF

Position/Title: OWNER

Authorized Signer 1 Signature



☐ Submit manually
☐ Signature not required

Date: 04/01/2013

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Commercial Account Signature Card e-Form

Customer Information		
Customer Name	Customer ECN	Reg. GG
Arrival Home Loans, LLC	REDACTED 6514	No

Account Summary	Total
REDACTED 6033	1

Account Information				Signer Information		
#	CoID	Account	Act Type	Signer Full Name	Signer's Role	Signer's ECN
1	114	REDACTED 6033	DDA	Mark Hanf	Authorized Signer	
				Hoai-Nam C Phan	Authorized Signer	

Authorized Representative Info:
Name: Mark Hanf
mark@pacificprivatemoney.com
Date: 06/07/2022 02:02 PM PDT

Banker Info (RA/RM):
Name:Vance Barnes
vance.k.barnes@wellsfargo.com

Commercial Account Signature Card e-Form

Customer Information		
Customer Name	Customer ECN	Reg. GG
Arrival Fund I, LLC	REDACTED 52514	No

Account Summary	Total
REDACTED 9532	1

Account Information				Signer Information		
#	CoID	Account	Act Type	Signer Full Name	Signer's Role	Signer's ECN
1	114	REDACTED 9532	DDA	Hoai-Nam C Phan	Authorized Signer	
				Jan Rune Sandell	Authorized Signer	
				Mark D Hanf	Authorized Signer	

Authorized Representative Info:
Name: Mark Hanf
mark@pacificprivatemoney.com
Date: 09/10/2024 10:55 PM UTC

Banker Info (RA/RM):
Name:Wen Wen
wen.wen@wellsfargo.com

Commercial Account Signature Card e-Form

Customer Information		
Customer Name	Customer ECN	Reg. GG
Pacific Southwest Note Fund LLC	REDACTED1516	No

Account Summary	Total
4156749764	1

Account Information				Signer Information		
#	CoID	Account	Act Type	Signer Full Name	Signer's Role	Signer's ECN
1	182	REDACTED9764	DDA	Hoainam C Phan	Authorized Signer	
				Mark D Hanf	Authorized Signer	

Authorized Representative Info:
Name: Mark Hanf
mark@pacificprivatemoney.com
Date: 03/21/2025 06:22 PM UTC

Banker Info (RA/RM):
Name:Cooper Tomkovicz
cooper.tomkovicz@wellsfargo.com

[redacted]

ACCOUNT NAME AND ADDRESS
Pacific Private Money INC.
Loan Servicing Trust Account
1604 Grant Ave
Novato, CA 94945

See Address Change

Date: 11/01/2011
Number of Signatures Required for Withdrawal: 1

Officer 3001

ACCOUNTS/SERVICES

Account Type	Account Number	Opening Deposit	Opened by/ Date	Approved by	Reason Closed/Date	Account Owner Initials / Date
1100	[redacted] 180-1	9138.91	11/01/2011	[illegible]		

Ownership CORPORATION

The undersigned acknowledge having read and agree to the terms and conditions and policy disclosures they have received today. The ownership type and beneficiary designation specified on this document will remain the same for all accounts listed on this document.

(1): X Signature [signature] Mark Dieter Hanf Broker as Trustee Name/Title

(2): X Signature Name/Title

(3): X Signature Name/Title

(4): X Signature Name/Title

Special Instructions N/A

THE INDIVIDUAL SIGNING ABOVE ON LINE(S) N/A IS SIGNING AS:

☐ Power of Attorney - agreement on file ☐ A Successor Custodian of a UTMA account ☐ Parent/Guardian
☐ Authorized Signer ☐ N/A

All New Accounts are verified through Chex Systems OFAC VID

BACKUP WITHHOLDING CERTIFICATIONS

TIN: [redacted]2

☒ TAXPAYER I.D. NUMBER - The Taxpayer Identification Number shown above (TIN) is my correct taxpayer identification number.

☒ BACKUP WITHHOLDING - I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

☐ EXEMPT RECIPIENTS - I am an exempt recipient under the Internal Revenue Service Regulations.

☐ NONRESIDENT ALIENS - I am not a United States person, or if I am an individual, I am neither a citizen nor a resident of the United States.

SIGNATURE - I certify under penalties of perjury the statements checked in this section.

X [signature] 11/10/11 (Date)

©1995 Bankers Systems, Inc., St. Cloud, MN Form MPMM-AZ 4/25/96

ACCOUNT NAME AND ADDRESS
Pacific Private Money INC.
Fund 1 Distribution Account (Special Text)
1604 Grant Ave
Novato, CA 949 See Address Change

Date: 12/02/2013
Number of Signatures Required for Withdrawal: 1

Officer 3001

ACCOUNTS/SERVICES

Account Type	Account Number	Opening Deposit	Opened by/ Date	Approved by	Reason Closed/Date	Account Owner Initials / Date
1100	REDACTED19-7	0	12/02/2013			

Ownership CORPORATION

The undersigned acknowledge having read and agree to the terms and conditions and policy disclosures they have received today. The ownership type and beneficiary designation specified on this document will remain the same for all accounts listed on this document.

(1): X Signature — Mark Dieter Hanf Name/Title

(2): X Signature — Name/Title

(3): X Signature — Name/Title

(4): X Signature — Name/Title

Special Instructions N/A

THE INDIVIDUAL SIGNING ABOVE ON LINE(S) N/A IS SIGNING AS:

☐ Power of Attorney - agreement on file ☐ A Successor Custodian of a UTMA account ☐ Parent/Guardian

☐ Authorized Signer ☐ N/A

All New Accounts are verified through Chex Systems , OFAC, ID Checked

BACKUP WITHHOLDING CERTIFICATIONS

TIN: REDACTED932

☒ TAXPAYER I.D. NUMBER - The Taxpayer Identification Number shown above (TIN) is my correct taxpayer identification number.

☒ BACKUP WITHHOLDING - I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

☐ EXEMPT RECIPIENTS - I am an exempt recipient under the Internal Revenue Service Regulations.

☐ NONRESIDENT ALIENS - I am not a United States person, or if I am an individual, I am neither a citizen nor a resident of the United States.

SIGNATURE - I certify under penalties of perjury the statements checked in this section.

X _____ (Date) 12/2/13

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ACCOUNT NAME AND ADDRESS
Pacific Private Money INC.
General Account (Special Text)
1604 Grant Ave
Novato, CA 94945

See Address Change

Date: 03/26/2015
Number of Signatures Required for Withdrawal: 1
Officer 3001

ACCOUNTS/SERVICES

Account Type	Account Number	Opening Deposit	Opened by/ Date	Approved by	Reason Closed/Date	Account Owner Initials / Date
1100	REDACTED655-2		03/26/2015			

Ownership BUSINESS ACCOUNT Corporation

The undersigned acknowledge having read and agree to the terms and conditions and policy disclosures they have received today. The ownership type and beneficiary designation specified on this document will remain the same for all accounts listed on this document.

(1): X Signature Mark Dieter Hanf Name/Title

(2): X Signature Name/Title

(3): X Signature Name/Title

(4): X Signature Name/Title

Special Instructions N/A

THE INDIVIDUAL SIGNING ABOVE ON LINE(S) N/A IS SIGNING AS:

☐ Power of Attorney - agreement on file ☐ A Successor Custodian of a UTMA account ☐ Parent/Guardian
☐ Authorized Signer ☐ N/A

All New Accounts are verified through Chex Systems , OFAC, ID Checked

BACKUP WITHHOLDING CERTIFICATIONS

TIN: REDACTED1932

☒ TAXPAYER I.D. NUMBER - The Taxpayer Identification Number shown above (TIN) is my correct taxpayer identification number.

☒ BACKUP WITHHOLDING - I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

☐ EXEMPT RECIPIENTS - I am an exempt recipient under the Internal Revenue Service Regulations.

☐ NONRESIDENT ALIENS - I am not a United States person, or if I am an individual, I am neither a citizen nor a resident of the United States.

SIGNATURE - I certify under penalties of perjury the statements checked in this section.

X 3/26/15 (Date)

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©1995 Bankers Systems, Inc., St. Cloud, MN Form MPMP-DAZ 4/25/96

Account Agreement

This card supersedes previous card for this account as of Date: 12/15/2022

Institution Name & Address

Poppy Bank
Petaluma Office
100 Second St.
Petaluma, CA 94952
(707) 636-9030

Internal Use 03-1001884-8 Officer

Account Title & Address

Pacific Private Money Inc
FBO: Saluda Grade 2020 Pac1
1555 Grant Ave
Novato, CA 94945

Owner/Signer Information 1

Name	Mark Dieter Hanf
Relationship	AuthSign/BP/CP
Address	325 Marin Oaks Dr Novato, CA 94949
Mailing Address (if different)	1555 Grant Ave Novato, CA 94945
Gov't Issued Photo ID (type, number, state, issue date, exp. date)	Drivers License N[redacted] Issued: 10/23/2018 Expires: 12/16/2023
Other ID (description, details)	?
Employer	SELF/Mortgage Broker, SELF/Mortgage Broker
Previous Financial Inst.	
E-Mail	
Work Phone	(415) 883-2150
Home Phone: [redacted]	Mobile Phone: (415) 850-5555
Birth Date: [redacted]	SSN/TIN: [redacted]

Enter **Non-Individual Owner Information** on page 2. There is additional **Owner/Signer Information** space on page 2.

[ ] If checked, this is a temporary account agreement.

Number of signatures required for withdrawal: 1.

Ownership of Account

The specified ownership will remain the same for all accounts.

[ ] Individual
[ ] Joint Account
[ ] Joint - Spouses (With right of survivorship)
[ ] Community Property (Spouses)
[ ] Tenancy in Common

[ ] Sole Proprietorship or Single Member LLC [ ] Partnership
[ ] LLC-enter tax classification ([ ] C Corp [ ] S Corp [ ] Partnership)
[x] C Corporation [ ] S Corporation [ ] _____
[ ] Trust-Separate Agreement Dated: _____
[ ] _____

Beneficiary Designation

(Check appropriate ownership above.)

[ ] Totten Trust [ ] Pay-On-Death (POD)
[ ] _____

Beneficiary Name(s), Address(es), and SSN(s)

(Check appropriate beneficiary designation above.)

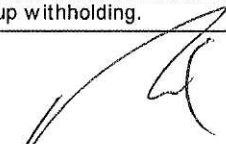
Signature(s)

The undersigned authorize the financial institution to investigate credit and employment history and obtain reports from consumer reporting agency(ies) on them as individuals. Except as otherwise provided by law or other documents, each of the undersigned is authorized to make withdrawals from the account(s), provided the required number of signatures indicated above is satisfied. The undersigned personally and as, or on behalf of, the account owner(s) agree to the terms of, and acknowledge receipt of copy(ies) of, this document and the following:

[x] Terms & Conditions [x] Truth in Savings [x] Funds Availability
[x] Electronic Fund Transfers [x] Privacy [x] Substitute Checks
[ ] Common Features [ ] _____

[ ] Authorized Signer (See Owner/Signer Information for Authorized Signer designation(s).)

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

(1): [X ]
Mark Dieter Hanf
I.D. # [redacted] D.O.B. [redacted]

(2): [X ]
Jan R Sandell
I.D. # [redacted] D.O.B. [redacted]

(3): [X XXXXXXXXXXXXXXXXXX]
I.D. # _____ D.O.B. _____

(4): [X XXXXXXXXXXXXXXXXXX]
I.D. # _____ D.O.B. _____

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Owner/Signer Information 2

Name	Jan R Sandell
Relationship	Authorized Signer
Address	REDACTED
Mailing Address (if different)	1555 Grant Ave Novato, CA 94945
Gov't Issued Photo ID (type, number, state, issue date, exp. date)	Drivers License Issued: 06/30/2020 REDACTED Expires: 05/26/2025
Other ID (description, details)	?
Employer	Pacific Private Money, Cheif Financial Officer
Previous Financial Inst.	
E-Mail	JR@pacificprivatemoney.com
Work Phone	
Home Phone:	Mobile Phone:
Birth Date: REDACTED	SSN/TIN: REDACTED

Owner/Signer Information 3

Name	
Relationship	
Address	
Mailing Address (if different)	
Gov't Issued Photo ID (type, number, state, issue date, exp. date)	
Other ID (description, details)	
Employer	
Previous Financial Inst.	
E-Mail	
Work Phone	
Home Phone:	Mobile Phone:
Birth Date:	SSN/TIN:

Owner/Signer Information 4

Name	
Relationship	
Address	
Mailing Address (if different)	
Gov't Issued Photo ID (type, number, state, issue date, exp. date)	
Other ID (description, details)	
Employer	
Previous Financial Inst.	
E-Mail	
Work Phone	
Home Phone:	Mobile Phone:
Birth Date:	SSN/TIN:

Important Account Opening Information. Federal law requires us to obtain sufficient information to verify your identity. You may be asked several questions and to provide one or more forms of identification to fulfill this requirement. In some instances we may use outside sources to confirm the information. The information you provide is protected by our privacy policy and federal law.

Non-Individual Owner Information

Name	Pacific Private Money Inc
State/Country & Date of Organization	CA, US
Nature of Business	NAICS Code 52231
Address	1555 Grant Ave Novato, CA 94945
Mailing Address (if different)	
Authorization/ Resolution Date	
Previous Financial Inst.	
E-Mail	mark@pacificprivatemoney.com
Phone	
EIN: 27-4684932	Mobile Phone:

Account Description	Account #	Initial Deposit/Source
ANALYSIS CHECKING	REDACTED 384-8	$ _____ ☐ Cash ☐ Check ☐ _____
		$ _____ ☐ Cash ☐ Check ☐ _____
		$ _____ ☐ Cash ☐ Check ☐ _____

Services Requested

☐ ATM ☐ Debit/Check Cards (No. Requested: _____)
☐ _____ ☐ _____
☐ _____ ☐ _____

Backup Withholding Certifications

(If not a "U.S. Person", certify foreign status separately)

☒ By signing signature field (1) on this document, I certify under penalties of perjury that the statements made in this section are true and that I am a U.S. citizen or other U.S. person (as defined in the instructions).

☒ **Taxpayer I.D. Number - TIN:** REDACTED 932
The Taxpayer Identification Number (TIN) shown is my correct taxpayer identification number.

☒ **Backup Withholding.** I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

☐ **Exempt Recipients.** I am an exempt recipient under the Internal Revenue Service Regulations. Exempt payee code (if any) _____

FATCA Code. The FATCA code entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Other Terms/Information

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Account Agreement

This card supersedes previous card for this account as of Date: 12/15/2022

Institution Name & Address

Poppy Bank
Petaluma Office
100 Second St.
Petaluma, CA 94952
(707) 636-9030

Internal Use 03-1002077-8 Officer

Account Title & Address

Pacific Private Money Inc
CFL
1555 Grant Ave
Novato, CA 94945

Owner/Signer Information 1

Name	Mark Dieter Hanf
Relationship	AuthSign/BP/CP
Address	325 Marin Oaks Dr Novato, CA 94949
Mailing Address (if different)	1555 Grant Ave Novato, CA 94945
Gov't Issued Photo ID (type, number, state, issue date, exp. date)	Drivers License Issued: 10/23/2018 REDACTED Expires: 12/16/2023
Other ID (description, details)	?
Employer	SELF/Mortgage Broker, SELF/Mortgage Broker
Previous Financial Inst.	
E-Mail	
Work Phone	(415) 883-2150
Home Phone:	Mobile Phone: (415) 850-5555
Birth Date: REDACTED	SSN/TIN: REDACTED

Ownership of Account

The specified ownership will remain the same for all accounts.

[ ] Individual
[ ] Joint Account
[ ] Joint - Spouses (With right of survivorship)
[ ] Community Property (Spouses)
[ ] Tenancy in Common

[ ] Sole Proprietorship or Single Member LLC [ ] Partnership
[ ] LLC-enter tax classification ([ ] C Corp [ ] S Corp [ ] Partnership)
[x] C Corporation [ ] S Corporation [ ] _____
[ ] Trust-Separate Agreement Dated: _____
[ ] _____

Beneficiary Designation

(Check appropriate ownership above.)

[ ] Totten Trust [ ] Pay-On-Death (POD)
[ ] _____

Beneficiary Name(s), Address(es), and SSN(s)

(Check appropriate beneficiary designation above.)

Enter **Non-Individual Owner Information** on page 2. There is additional **Owner/Signer Information** space on page 2.

[ ] If checked, this is a temporary account agreement.
Number of signatures required for withdrawal: 1 .

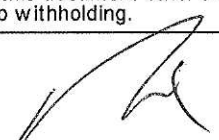
Signature(s)

The undersigned authorize the financial institution to investigate credit and employment history and obtain reports from consumer reporting agency(ies) on them as individuals. Except as otherwise provided by law or other documents, each of the undersigned is authorized to make withdrawals from the account(s), provided the required number of signatures indicated above is satisfied. The undersigned personally and as, or on behalf of, the account owner(s) agree to the terms of, and acknowledge receipt of copy(ies) of, this document and the following:

[x] Terms & Conditions [x] Truth in Savings [x] Funds Availability
[x] Electronic Fund Transfers [x] Privacy [x] Substitute Checks
[ ] Common Features [ ] _____

[ ] Authorized Signer (See Owner/Signer Information for Authorized Signer designation(s).)

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

(1): [X ]
Mark Dieter Hanf
I.D. # REDACTED D.O.B. REDACTED

(2): [X ]
Jan R Sandell
I.D. # REDACTED D.O.B. REDACTED

(3): [X XXXXXXXXXXXXXXXXXX]
I.D. # _____ D.O.B. _____

(4): [X XXXXXXXXXXXXXXXXXX]
I.D. # _____ D.O.B. _____

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Owner/Signer Information 2

Name	Jan R Sandell
Relationship	Authorized Signer
Address	REDACTED
Mailing Address (if different)	1555 Grant Ave Novato, CA 94945
Gov't Issued Photo ID (type, number, state, issue date, exp. date)	Drivers License REDACTED Issued: 06/30/2020 Expires: 05/26/2025
Other ID (description, details)	?
Employer	Pacific Private Money, Cheif Financial Officer
Previous Financial Inst.	
E-Mail	JR@pacificprivatemoney.com
Work Phone	
Home Phone:	Mobile Phone:
Birth Date: REDACTED	SSN/TIN: REDACTED

Owner/Signer Information 3

Name	
Relationship	
Address	
Mailing Address (if different)	
Gov't Issued Photo ID (type, number, state, issue date, exp. date)	
Other ID (description, details)	
Employer	
Previous Financial Inst.	
E-Mail	
Work Phone	
Home Phone:	Mobile Phone:
Birth Date:	SSN/TIN:

Owner/Signer Information 4

Name	
Relationship	
Address	
Mailing Address (if different)	
Gov't Issued Photo ID (type, number, state, issue date, exp. date)	
Other ID (description, details)	
Employer	
Previous Financial Inst.	
E-Mail	
Work Phone	
Home Phone:	Mobile Phone:
Birth Date:	SSN/TIN:

Important Account Opening Information. Federal law requires us to obtain sufficient information to verify your identity. You may be asked several questions and to provide one or more forms of identification to fulfill this requirement. In some instances we may use outside sources to confirm the information. The information you provide is protected by our privacy policy and federal law.

Non-Individual Owner Information

Name	Pacific Private Money Inc
State/Country & Date of Organization	CA, US
Nature of Business	NAICS Code 52231
Address	1555 Grant Ave Novato, CA 94945
Mailing Address (if different)	
Authorization/ Resolution Date	
Previous Financial Inst.	
E-Mail	mark@pacificprivatemoney.com
Phone	
EIN: 27-4684932	Mobile Phone:

Account Description	Account #	Initial Deposit/Source
ANALYSIS CHECKING	REDACTED 077-8	$ 2,360,817.32 ☐ Cash ☐ Check ☐
		$ ☐ Cash ☐ Check ☐
		$ ☐ Cash ☐ Check ☐

Services Requested

☐ ATM ☐ Debit/Check Cards (No. Requested: _____)
☐ _____ ☐ _____
☐ _____ ☐ _____

Backup Withholding Certifications

(If not a "U.S. Person", certify foreign status separately)

☒ By signing signature field (1) on this document, I certify under penalties of perjury that the statements made in this section are true and that I am a U.S. citizen or other U.S. person (as defined in the instructions).

☒ **Taxpayer I.D. Number - TIN:** REDACTED 32
The Taxpayer Identification Number (TIN) shown is my correct taxpayer identification number.

☒ **Backup Withholding.** I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

☐ **Exempt Recipients.** I am an exempt recipient under the Internal Revenue Service Regulations. Exempt payee code (if any) _____

FATCA Code. The FATCA code entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Other Terms/Information

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