PRIVATE PLACEMENT MEMORANDUM DATED DECEMBER 6, 2023

Cityfunds Yield, LLC

1315 Manufacturing St
Dallas, TX 75207
nada.co

$10,000,000
100,000 Membership Interests
$5,000 Minimum Investment Amount

Cityfunds Yield, LLC ("**we**," "**us**," "**our**," or the "**Company**") is a Delaware limited liability company that has been formed to provide financing in the form of collateralized real estate loans to multiple series of Cityfunds I, LLC, a Delaware series limited liability company (each, individually, a "**Cityfunds Series**," and collectively, "**Cityfunds**"), Cityfunds Portfolio Fund, LLC, and Nada Investments, LLC. The Company may also purchase mortgage loans originated by third parties. The Company will be managed by Cityfunds Yield Manager, LLC, a Delaware limited liability company (the "**Manager**"). Our primary investment objectives are the payment of current returns to investors and the preservation of its invested capital.

We are offering up to 100,000 membership interests (the "**Interests**") in the Company on a "best efforts" basis to qualified investors who meet the Investor Qualification Standards set forth herein (*See "Investor Qualification Standards" below*). From the commencement of this Offering, the purchase price per Interest shall be $100.00 per Interest. The minimum investment by an investor in this offering is $5,000, or 50 Interests.

We are offering the Interests in transactions exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**"), in accordance with Regulation D Rule 506(c) thereunder and exempt from registration under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") in accordance with 3(c)(5) thereunder, as well as applicable state law. We expect to offer the Interests until we sell 100,000 Interests for a maximum aggregate offering amount of up to $10,000,000 unless we terminate the Offering earlier. The Company may accept subscriptions in excess of this amount in the sole discretion of the Manager.

The Interests offered hereby are highly speculative in nature and involve a high degree of risk. See "*Risk Factors*" below for a discussion of other material risks of investing in the Interests.

Neither the U.S. Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this offering memorandum. Any representation to the contrary is a criminal offense.

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EXHIBITS

FORWARD-LOOKING STATEMENTS

Investors should not rely on forward-looking statements because forward-looking statements 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. This Memorandum 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.

NOTICES

This private placement memorandum (this "**Memorandum**") of Cityfunds Yield, LLC is being furnished on a confidential basis solely to eligible accredited investors (each, an "**Investor**") in connection with the offering of the Interests (such offering of Interests, the "**Offering**").

This Memorandum is not to be reproduced or distributed to others without the prior written consent of the Company. Each recipient, by accepting delivery of this Memorandum, agrees to keep all information contained in this Memorandum confidential (except as provided in this "*Notices*" section) and to use this Memorandum for the sole purpose of evaluating a possible investment in the Company.

The terms of the Offering and the Interests described in this Memorandum are subject to change, and the Interests are being offered subject to the Company's ability to reject any subscription, in whole or in part, in its sole discretion.

Each Investor in the Offering will be required to execute a subscription agreement (the "**Subscription Agreement**"), and provide the documentation requested by the Subscription Agreement, to subscribe for the Interests.

Each Investor should carefully review this Memorandum, the Subscription Agreement and the Limited Liability Company Operating Agreement of the Company (the "**Operating Agreement**") (collectively, the "**Offering Documents**") for information concerning the rights, privileges, and obligations of investors in the Company. If any of the terms, conditions or other provisions of such agreements are inconsistent with or contrary to the descriptions or terms in this Memorandum, such agreements control.

No representations or warranties of any kind are made or intended, and none should be inferred, with respect to: (i) the potential business performance of the Company or (ii) the economic return of, or tax consequences from, an investment in the Company. No assurance can be given that existing laws will not be changed or interpreted adversely with respect to the Company and/or its Investors.

Investors are not to construe any of the contents of this Memorandum as legal, tax, or investment advice. Prospective investors are urged to consult their own advisors with respect to the legal, tax, regulatory, financial, and accounting consequences of their investment in the Company.

In making an investment decision, Investors must rely on their own examination of the Company and the Offering Documents, including the risks involved. The Interests have not been recommended by any U.S. or non-U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

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 any applicable state or other securities laws, pursuant to registration or an exemption. The transferability of the Interests is further restricted by the terms and conditions of the Offering. There will be no public market for the Interests and one is not expected to develop. There is no obligation on the part of any person to register the Interests under the Securities Act or any state or other securities law. Investors will be required to bear the financial risks of this investment for an indefinite time.

Each Investor will be required to make representations in the Subscription Agreement that such Investor: (i) has

such knowledge and experience in financial and business matters that the Investor is capable of fully evaluating the merits and risks of this investment; and (ii) is able to bear the economic risks including a total loss of the Investor's investment.

Each Investor must acquire the Interests solely for such Investor's own account, for investment purposes only and not with an intention of distribution, transfer or resale, either in whole or in part, unless such Investor has notified the Company otherwise in writing and has provided such information and/or documentation as may be requested or required by the Company, as further described in the Subscription Agreement.

This Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any state or other jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such state or such jurisdiction.

No person has been authorized to give any information or to make any representation concerning the Company or the Offering other than the information contained in this Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Company. Neither the delivery of this Memorandum nor the issue of the Interests will under any circumstances create any implication or constitute any representation that the affairs of the Company have not changed since the date of this Memorandum.

An investment in the Interests involves significant risks. Investors should pay particular attention to the information included under "*Risk Factors*". An investment in the Company is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risks inherent in an investment in the Company. No assurance can be given that the Company will be successful or that investors will receive any return of their capital.

Each Investor is invited to meet with representatives of the Company and to discuss with, ask questions of and receive answers from such representatives concerning the terms and conditions of the Offering and to obtain additional information about the Interests. A prospective Investor should not subscribe for the Interests unless satisfied that it and/or its representative has asked for and received all information which would enable it to evaluate the merits and risks of investing in the Interests.

This Memorandum does not contain or purport to contain a complete description of the Offering Documents. Each prospective investor should review the Offering Documents carefully, in addition to consulting appropriate legal, investment, and tax advisers. To the extent of any inconsistency between this Memorandum and the Offering Documents, the terms of the Offering Documents control.

Notwithstanding anything in this Memorandum to the contrary, to comply with Treasury Regulations Section 1.6011-4(b)(3)(i), each Investor (and each employee, representative or other agent of the Investor) may disclose to any tax advisor the tax treatment and tax structure of an investment in the Company and all materials of any kind (including opinions or other tax analyses) that are provided to the Investor relating to such tax treatment and tax structure; it being understood and agreed for this purpose that: (i) the name of, or any other identifying information regarding (a) the Company or any existing or future member (or any affiliate) of the Company or (b) any investment or transaction entered into by the Company; or (ii) any performance information relating to the Company or its investments, does not constitute such tax treatment or structure information. Acceptance of this Memorandum by a recipient constitutes an agreement to be bound by the foregoing terms.

Except as otherwise noted, all references in this Memorandum to "**$**" or monetary amounts refer to United States dollars.

Any notice or other communication from a potential Investor that is intended for the Company in respect of this Memorandum may be sent electronically by email to compliance@nada.co.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY OTHER THAN THE INTERESTS OFFERED IN THIS MEMORANDUM, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SUCH INTERESTS BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OF SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. IN ADDITION, THE OFFERING MATERIALS CONSTITUTE AN OFFER ONLY IF A NAME AND IDENTIFICATION NUMBER APPEAR IN THE APPROPRIATE SPACES PROVIDED ON THE COVER PAGE AND CONSTITUTE AN OFFER ONLY TO THE PERSON WHOSE NAME APPEARS IN THOSE SPACES.

THE SALE OF INTERESTS DESCRIBED BY THIS MEMORANDUM HAS NOT BEEN REGISTERED WITH THE SEC UNDER THE SECURITIES ACT, IN RELIANCE UPON THE EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS SET FORTH IN SECTION 4(A)(2) OF THE ACT AND RULE 506(C) OF REGULATION D THEREUNDER. THE INTERESTS HAVE NOT BEEN QUALIFIED OR REGISTERED IN ANY STATE IN RELIANCE UPON THE EXEMPTIONS FROM SUCH QUALIFICATION OR REGISTRATION UNDER STATE LAW. THE INTERESTS ARE “RESTRICTED SECURITIES” AND MAY NOT BE RESOLD OR OTHERWISE DISPOSED OF UNLESS A REGISTRATION STATEMENT COVERING DISPOSITION OF SUCH INTERESTS IS THEN IN EFFECT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THERE IS NO PUBLIC MARKET FOR THE INTERESTS AND NONE MAY BE EXPECTED TO DEVELOP IN THE FUTURE. ANY SUMS INVESTED IN THE FUND ARE ALSO SUBJECT TO SUBSTANTIAL RESTRICTIONS UPON WITHDRAWAL AND TRANSFER. THE INTERESTS OFFERED HEREBY SHOULD BE PURCHASED ONLY BY INVESTORS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT.

SUMMARY OF THE OFFERING

This summary highlights some of the information in this Memorandum. It does not contain all of the information that you should consider before investing in the Interests. You should read carefully the detailed information set forth under "Risk Factors" and the other information included in the Memorandum. Except where the context suggests otherwise, the terms "Company," "we," "us" and "our" refer to Cityfunds Yield, LLC, a Delaware limited liability company, references in this Memorandum to "our Manager" refer to Cityfunds Yield Manager, LLC, a Delaware limited liability company, and the Manager of the Company; and references in this Memorandum to "Nada" refer to Nada Holdings, Inc.

	Price to Investors[1]	*Estimated Selling Commissions*[2]	*Estimated Fund Proceeds*[3]
Minimum Investment Amount[4]	*$5,000*	*$0*	*$5,000*
Maximum Offering Amount[5]	*$10,000,000*	*$0*	*$10,000,000*

1. *The offering price to Investors was arbitrarily determined by the Manager.*

2. *No commissions for selling Interests will be paid to the Company, the Manager, or the Company's or the Manager's respective officers or employees on Interests offered and sold directly by the Company, the Manager, and the Company and the Manager's respective officers and employees. While most Interests are expected to be offered and sold directly by the Company, the Manager and their respective officers and employees, the Company or the Manager will also offer and sell Interests through the services of broker-dealers and their registered representatives who are member firms of the Financial Industry Regulatory Authority ("**FINRA**") and who will be entitled to receive customary and standard commissions based on the proceeds received from the sale of such Interests. These commissions will be paid by the Investor admitted to the Company through such broker-dealer (and such payment may reduce the investment of the Investor). The amount and nature of commissions payable to the broker-dealers will be established as agreed upon between the Company and the respective broker-dealer. (See "The Broker Dealer" below). Notwithstanding the foregoing, the Manager may pay finders' fees to finders who introduce and/or refer Investors to the Company, provided that such compensation complies with applicable federal and/or state requirements and/or laws.*

3. *Net proceeds to the Company are calculated before deducting organization and offering expenses. The expenses relating to this Offering include without limitation, legal, organizational, printing, binding, and miscellaneous expenses. The remaining Offering proceeds will be available for investment in assets pursuant to the business plan of the Company. The Manager will receive its compensation from a variety of sources, including, without limitation, a portion of the net profits of the Company. (See "Manager's Compensation" below). 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 or reimbursement of such expenses incurred to the Company.*

4. *Assumes the sale of the Minimum Investment Amount. Notwithstanding the foregoing, the Company 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, require a higher amount, or reject any subscription(s). The Company may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Minimum Investment Amount.*

5. *Assumes sale or ownership of the Maximum Offering Amount. It is possible that the Company will sell less than the Maximum Offering Amount. The Company may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Maximum Offering Amount.*

Company Overview

The Company has been formed to provide debt financing to multiple series of Cityfunds I, LLC, Cityfunds Portfolio Fund, LLC, and Nada Investments, LLC, which invest in residential real estate through home equity investments ("**HEIs**"). The Company may also purchase mortgage loans from third-party originators, some of which may also be owned by, managed by and/or affiliated with Jeremy Males, the managing member of JM Yield Management, LLC, a co-owner of the Manager. The debt financing through HEI's and the purchase of mortgage loans will be secured by deeds of trust and/or mortgages in 1st or 2nd lien position.

Investment Objective and Strategy

The Company will focus on providing financing in the form of collateralized real estate loans to the Cityfunds Series, Cityfunds Portfolio Fund LLC, and Nada Investments, LLC (the "**HEI Borrowers**"). These loans will typically be secured by HEIs (the "**HEI Notes**"). The Company will also focus on purchasing mortgage loans originated by third parties (the "**Mortgages**"). The Company's primary investment objectives are the payment of current returns to investors and the preservation of its invested capital. There can be no assurance that the Company will attain this objective or that the value of the Company's investments and the Investors' investment will not decrease.

The **HEI Notes** will each have the following terms:

Term:	3 Years
Interest Rate:	Ranging from 8.0% up to 9.0% fixed per annum
Payment/Repayment:	Interest only payments in monthly installments with a balloon payment comprised of the outstanding principal balance together with any other amounts then due under the loan payable upon maturity date
Prepayment:	Prepayment of the balance permitted at any time without penalty
Maximum Target LTV:	80%

The **HEI Borrowers** shall make payments on the HEI Notes, out of the net proceeds of each of their respective real estate operations and investments quarterly, beginning three (3) months following the funding of each HEI Note.

The **HEI Notes** will be secured by a UCC lien filed against all of the specific real estate assets held by the **HEI Borrowers** that are borrowing from the Company (the "**Collateralized Assets**"). Upon any event of default, the Company may foreclose on the Collateralized Assets.

The **Mortgages** will each have the following terms:

Term:	3 to 5 Years
Interest Rate:	Ranging from 9.0% up to 12.0% fixed per annum
Payment/Repayment:	Interest only payments in monthly installments with a balloon payment comprised of the outstanding principal balance together with any other amounts then due under the loan payable upon maturity date
Prepayment:	Prepayment of the balance permitted at any time without penalty
Maximum Target LTV:	80%

The **Mortgages** will be serviced by a third party, the mortgagors shall make payments on the Mortgages to the third-party servicer(s) monthly. The third-party servicer(s) shall make payments to the Company quarterly, beginning three (3) months following the funding of each Mortgage acquired.

The **Mortgages** will be secured by a deed of trust or mortgage type of lien, filed with the county clerk of the specific property's county (the "**Collateralized Mortgage Assets**"). Upon any event of default, the Company may foreclose on the Collateralized Mortgage Assets.

Loans to Third Parties

The Company may make loans to third parties. The terms of such loans will be negotiated according to prevailing market terms, which the Company anticipates will be substantially similar to the loans the Company makes to the HEI Borrowers, but which may or may not reflect the terms described above for such loans if prevailing market terms change.

Liquidity Transactions

The Company may engage in one or more liquidity transactions, consisting of a sale or partial sale of its assets, a sale or merger of the Company, a consolidation transaction with an affiliate, a listing of the Interests on a national securities exchange, merger or consolidation with another entity, or a similar transaction (each, a "**Liquidity Transaction**"). Subject to the terms of the Operating Agreement, the Manager has the discretion to consider Liquidity Transactions at any time.

Disposition of Assets

To maximize the value of our assets, the Company may, from time to time in the Manager's sole discretion, dispose of loans or properties and utilize the net proceeds of such dispositions to make distributions to the Investors, or to reinvest in new assets.

The Manager

The Company is managed by Cityfunds Yield Manager, LLC a joint venture between Cityfunds Manager, LLC and JM Yield Management, LLC. Pursuant to the terms of the Operating Agreement, the Manager will provide certain management, advisory and support services to the Company. Cityfunds Manager, LLC also serves as the manager for Cityfunds I, LLC and each of the Cityfunds Series. The principals of the Manager have prior experience in real estate finance and lending industries (*See "Management" below*).

The responsibilities of the Manager include, but are not limited to the following:

Offering Services

● the development of this Offering, including the determination of its specific terms;

● the preparation and approval of all marketing materials relating to this Offering;

● the negotiation and coordination of the receipt, collection, processing and acceptance of subscription agreements, commissions, and other administrative support functions;

● the creation and implementation of various technology and electronic communications related to this Offering; and

● all other services related to this Offering.

Asset Management Services

● To investigate, select, and, on the Company's behalf, engage and conduct business with such persons as the Manager deems necessary to the proper performance of its obligations under the Operating Agreement, including but not limited to consultants, accountants, lenders, technical managers, attorneys, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents, developers, construction companies and any and all persons acting in any other capacity deemed by the Manager necessary or desirable for the performance of any of the services under the Operating Agreement;

● to monitor applicable markets and obtain reports (which may be prepared by the Manager or its affiliates) where appropriate, concerning the value of the Company's investments; to monitor and evaluate the performance of the Company's lending portfolio and perform and supervise the various management and operational functions related to the Company's lending activities investments; provided, that certain of these services may be performed by a third party other than the Manager on behalf of the Company in connection with certain investments;

● to formulate and oversee the implementation of strategies for the administration, promotion, management, operation, maintenance, improvement, financing and refinancing, marketing, leasing and disposition of investments on an overall portfolio basis; and

● to coordinate and manage relationships between the Company and any joint venture partners.

Accounting and Other Administrative Services

● To manage and perform the various administrative functions necessary for the Company's day-to-day operations; provide or arrange for administrative services, including without limitation engagement of legal services,

office space, office furnishings, personnel and other overhead items necessary and incidental to the Company's business and operations;

● to provide financial and operational planning services and portfolio management functions; maintain accounting data and any other information concerning the Company's activities;

● to maintain all appropriate company books and records;

● to oversee tax and compliance services and risk management services and coordinate with appropriate third parties, including independent accountants and other consultants, on related tax matters; to make, change, and revoke such tax elections on behalf of the Company, including, without limitation, (i) making an election to be treated as a REIT or to revoke such status and (ii) making an election to be classified as an association taxable as a corporation for U.S. federal income tax purposes;

● to supervise the performance of such ministerial and administrative functions as may be necessary in connection with the daily operations of the Company;

● cash management services;

● at its election, to open bank accounts in the name of the Company, of which the Manager shall be the sole signatory thereon, unless the Manager determines otherwise in its sole discretion;

● to manage and coordinate with the transfer agent (if any) or other provider for the process of making distributions and payments to Investors;

● to evaluate and obtain adequate insurance coverage for the Company based upon risk management determinations;

● to provide timely updates related to the overall regulatory environment affecting the Company, as well as managing compliance with regulatory matters;

● to evaluate the corporate governance structure of the Company and appropriate policies and procedures related thereto;

● to oversee all reporting, record keeping, internal controls and similar matters in a manner to allow the Company to comply with applicable law; and

● to do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business, including without limitation establishing, setting aside and/or allocating reserves.

Investor Services

● To determine the Company's distribution policy and authorize distributions from time to time;

● to approve amounts available for redemptions;

● to manage communications with the Investors, including answering phone calls, preparing and sending written and electronic reports and other communications; and

● to establish technology infrastructure to assist in providing Member support and services.

Financing Services

● To identify and evaluate potential financing and refinancing sources, engaging a third-party broker if necessary;

● to negotiate financing agreements;

● to manage relationships between the Company and financing parties, if any; and

● to monitor and oversee compliance by the Company with the terms of any financings.

Disposition Services

● To evaluate and approve potential asset dispositions, sales or Liquidity Transactions; and

● structure and negotiate the terms and conditions of transactions pursuant to which the Company's assets may be sold.

Investment Advisory, Origination and Acquisition Services

● To oversee the Company's lending strategy, which will consist of elements such as investment selection criteria, diversification strategies and asset disposition strategies;

● to adopt and periodically review the Company's investment strategy;

● if applicable, to negotiate leases and service contracts for the Company's properties and other investments;

● to approve and oversee debt financings;

● to approve any potential Liquidity Transactions;

● to obtain market research and economic and statistical data in connection with the Company's investments and investment objectives and policies;

● to oversee and conduct the due diligence process related to prospective mortgage lending opportunities; and

● to negotiate investments and other transactions on behalf of the Company.

Shared Services

Pursuant to the Operating Agreement, the Manager is provided with access to, among other things, Nada Holdings, Inc.'s ("**Nada**") portfolio management, asset valuation, risk management and asset management services as well as administration services addressing legal, compliance, investor relations and information technologies necessary for the performance by the Manager of its duties under the Operating Agreement in exchange for a fee representing the Manager's allocable cost for these services. The fee paid by the Manager for access to the Nada services does not constitute a reimbursable expense under the Operating Agreement. However, under the Operating Agreement, Nada is entitled to receive reimbursement of expenses incurred on behalf of the Company or the Manager that the Company is required to pay to the Manager under the Operating Agreement.

The Broker Dealer

While most Interests are expected to be offered and sold directly by the Company, the Manager and their respective officers and employees, the Company has also entered into an agreement (the "**Broker Dealer Agreement**") with Finalis Securities LLC, a broker-dealer registered with the SEC and a member of FINRA (the "**Broker Dealer**") to offer and sell some of the Interests. The Broker Dealer Agreement has a twelve (12) month term and may be terminated at any time by either party upon thirty (30) days prior written notice of termination to the other party. Under the Broker Dealer Agreement, the Broker Dealer's role in this Offering, through the Broker Dealer's registered representative (the "**BD Representative**"), who is also an employee of Nada, is limited to serving as the broker-dealer of record for Investors that purchase Interests through the Broker Dealer, including, but not limited to, processing transactions for potential investors and providing investor qualification recommendations (e.g., "Know Your Customer" and anti-money-laundering checks) and coordinating with third-party providers to ensure adequate review and compliance. The Broker Dealer will have access to the subscription information provided by Investors for this Offering by processing transactions by Investors through the Nada Platform or other subscription portals. The Broker Dealer will not solicit any Investors on the Company's behalf, act as underwriter or provide investment advice or investment recommendations.

As compensation for the services listed above, the Broker Dealer will be paid a commission of five percent (5%) of the total purchase price of the Interests sold through the Broker Dealer (as outlined in the Broker Dealer Agreement). This commission will only be paid by the Investors that acquire the Interests through the Broker Dealer (and such payment may reduce the investment of the Investor). The commission will be split between the Broker Dealer and the BD Representative according to the terms of the Broker Dealer Agreement. Since the BD Representative is a related party to the Company and the Manager, the Broker Dealer Agreement and the commission for the services under the Broker Dealer Agreement are not a result of arm's length negotiation. The Interests will not be offered or sold in

states where the Broker Dealer is not registered as a broker-dealer pursuant to the applicable state law or in any jurisdictions where it is not lawful to offer and sell the Interests.

Operating Expenses

The Company shall be responsible for all operating expenses related to achieving the Company's investment objectives and strategies.

Portfolio Construction Policy

The Company will seek to construct its investment portfolio so that the Company will be exempt from registration under the Investment Company Act. Section 3(c)(5)(C) thereunder excludes from investment company registration companies primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on or interests in real estate. The Section 3(c)(5)(C) exemption is available to companies with assets consisting of at least fifty-five percent (55%) in mortgages and other liens on real estate, or Qualifying Interests (as such assets are referred to in various SEC no-action letters), not more than forty-five percent (45%) in other kinds of real estate interests, or "real estate-type interests", and not more than twenty percent (20%) assets that have no relationship to real estate. At least eighty percent (80%) of total assets must consist of Qualifying Interests and "real estate-type interests".

The Company anticipates that the targeted investments will be deemed Qualifying Interests. The underlying assets of the HEI Borrowers include fee interests, installment land contracts, leaseholds, mortgage loans, deeds of trust, and other interests secured by real estate, condominiums, and cooperative housing loans, real estate and portfolios that the HEI Borrowers control consisting of different types of these interests. The Manager will review its investment portfolio construction regularly to anticipate any changes required to maintain exemption from registration under the Investment Company Act.

The Company may invest up to forty-five percent (45%) of its assets in "real estate-type interests". These assets include securities backed by mortgages or other interests in real estate, or interests in companies that invest in mortgages or other interests in real estate.

The Company may invest up to twenty percent (20%) of its assets in non-real estate assets without restriction. The Company anticipates that any such investments will be in cash and cash equivalents.

Restrictions on Transferability and Withdrawal

The Company is offering the Interests in reliance upon certain exemptions from registration under the Securities Act and applicable state securities laws. As a consequence, Investors may not sell, transfer, pledge or otherwise dispose of the Interests without the prior written consent of the Manager, whose consent may be withheld if the Manager has determined such transfer could result in the Company's assets becoming "plan assets" (within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) or require the Company to register as an investment company under the Investment Company Act, and unless such sale, transfer, pledge or other disposition is exempt from registration under the Securities Act and applicable state securities laws. (*See "Summary of Principal Terms – Restrictions on Transfer" below*).

In addition, Investors may not withdraw or redeem their Interests until twelve (12) months from the purchase of said Interests. (*See "Summary of Principal Terms –Withdrawal" below*).

Distribution Rights

The Manager has sole discretion in determining what distributions, if any, are made to Investors except as otherwise limited by law or the Operating Agreement. The Company expects the Manager to make distributions on a quarterly basis. However, except in the case of Manager Guaranteed Minimum Yield Distributions, the Manager may change the timing of distributions or determine that no distributions shall be made in its sole discretion.

Company Contact Information

The Company's principal executive offices are located at 1315 Manufacturing Street, Dallas, Texas 75207.

SUMMARY OF PRINCIPAL TERMS

The Operating Agreement and the Subscription Agreement govern the terms and conditions of this offering of Interests, the rights, preferences, and restrictions with respect to the Interests and the rights and liabilities of the Company, the Manager and the Investors. The description of any of such matters in this Memorandum is subject to and qualified in its entirety by reference to the Operating Agreement and the Subscription Agreement. Defined terms shall have the meanings set forth herein, or, if not defined herein, such terms shall have the meanings set forth in the Operating Agreement. Each of the aforementioned documents should be read carefully by any prospective investor prior to subscribing for the Interests.

The Company:

Cityfunds Yield, LLC is a newly organized Delaware limited liability company.

The Company's office is located at 1315 Manufacturing Street, Dallas, TX 75207. The Company's email address is investing@nada.co. Information regarding the Company is also available at www.nada.co.

The Manager:

Cityfunds Yield Manager, LLC, a Delaware limited liability company, acts as the manager of the Company. The Manager is a joint venture between Cityfunds Manager, LLC, which is controlled by Nada, and JM Yield Management, LLC, which is controlled by Jeremy Males.

Investment Strategy:

The Company initially intends to provide loans primarily in related party transactions to affiliated entities specifically and exclusively to be used for the acquisition of real estate investments. Such borrowers are managed by affiliates of the Manager, which in turn are managed by Nada Asset Manager, LLC, which is a wholly owned subsidiary of Nada. In addition, the Company will also focus on purchasing mortgage loans originated by third parties. The Manager's real estate team has experience investing in real estate across different cycles, property types and risk profiles. Thus, the Company's investments may include loans to a variety of residential investments including single-family, HEIs, and other real properties.

The Company currently intends to use substantially all of the net proceeds from this Offering to acquire and structure its investment portfolio.

The description of the Company's strategies above is not intended to be exhaustive. The exact details may vary over time. There is no assurance that the investment strategy to be adopted will be profitable or that an Investor will not lose some or all of its investment in the Company.

Investment Objectives:

The Company's investment objectives are:

- to grow net cash from operations so that an increasing amount of cash flow is available for distributions to Investors;
- to enable Investors to realize returns on their investments by making distributions to Investors; and
- to preserve, protect and return Investors' initial investments. The Company may also seek to realize growth in the value of its investments by timing their liquidation to maximize value.

As with any investment, there can be no assurance that the investment objectives will be achieved or that an Investor will not lose a portion or all of its investment in the Company. The Company is designed for investors who do not require current liquidity.

Shared Services:	Pursuant to the Operating Agreement, the Manager is provided with access to, among other things, Nada's portfolio management, asset valuation, risk management and asset management services as well as administration services addressing legal, compliance, investor relations and information technologies necessary for the performance by the Manager of its duties under the Operating Agreement in exchange for a fee representing the Manager's allocable cost for these services. The fee paid by the Manager for access to the Nada services does not constitute a reimbursable expense under the Operating Agreement. However, under the Operating Agreement, Nada is entitled to receive reimbursement of expenses incurred on behalf of the Company or the Manager that the Company is required to pay to the Manager under the Operating Agreement.
Term:	The term of the Company (the "**Term**") will be five (5) years from the date of this Memorandum, subject to the Manager's ability to extend the Term in its sole discretion.
Offering:	The Company is offering up to a maximum of 100,000 Interests at a purchase price of $100.00 per Interest, for a maximum aggregate amount of $10,000,000. The Company may divide the Interests into one or more classes, sub-classes or series (each, a "**Class**") with such privileges, preferences, duties, liabilities, obligations, and rights, including voting rights, if any, as determined by the Manager in its sole discretion. The Offering is being conducted on a "best efforts," no offering minimum basis. The Company may accept subscriptions in excess of the maximum aggregate amount in the sole discretion of the Manager.
Offering Price Per Interest:	$100.00
Classes of Interests:	The Company will offer different Classes of Interests to Investors that meet the following criteria for the purposes of determining each Investor's respective Manager Guaranteed Minimum Yield Distribution (defined below) rate: (i) Class A1 Interests will be issued to Investors that invest $100,000 or more in the Company before January 31, 2024; (ii) Class A2 Interests will be issued to Investors that invest between $25,000 and $99,999 in the Company before January 31, 2024; (iii) Class A3 Interests will be issued to Investors that invest between $5,000 and $24,999 in the Company before January 31, 2024 and to all Investors who invest in the Company after January 31, 2024. For the avoidance of doubt, except with respect to the Manager Guaranteed Minimum Yield Distributions, holders of Class A1, Class A2, and Class A3 Interests shall be treated as if they are members of single Class for all other purposes under the Operating Agreement.
Eligible Investors:	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. To be eligible to subscribe for the Interests, an Investor must be an "Accredited Investor," as that term is defined in Rule 501 of the Securities Act, and provide verification of Accredited Investor status. Non-Accredited Investors and non-U.S. Persons are not eligible to participate in the Offering.
Minimum and Maximum Subscription:	The minimum subscription by an Investor is 50 Interests, or $5,000, although such minimum threshold may be waived by the Manager in its sole discretion.

Offering Period: The Offering shall be terminated upon the earlier of (i) the date which is twelve (12) months from the date of this Memorandum, which period may be extended by an additional six (6) months by the Manager in its sole discretion, or (ii) any date on which the Manager elects to terminate this Offering in its sole discretion (the "**Termination Date**"). It is the expectation of the Company that the Final Closing Date will not occur more than eighteen (18) months from the date of this Memorandum.

Closings: This Offering will have separate closings (each, a "**Closing**"). If the Company cannot raise enough money in each Closing, as determined in the sole discretion of the Manager, the Company intends to return the capital of each Closing to its respective Investors. The first Closing period is anticipated to occur approximately between months 0-3 following the date of this Memorandum (such period, the "**Initial Closing Period**"). The Closing date of the Initial Closing Period is expected to be a date determined by the Manager in its sole discretion approximately between 0-3 months from the date of this Memorandum (the "**Initial Closing Date**"). The next Closing period is anticipated to occur approximately between months 4-6 following the date of this Memorandum (the "**Second Closing Period**"). The Closing date of the Second Closing Period is expected to be a date determined by the Manager in its sole discretion approximately between 4-6 months from the date of this Memorandum (the "**Second Closing Date**"). The third and final Closing period is anticipated to occur approximately between months 7-12 following the date of this Memorandum (the "**Final Closing Period**"). The Closing date of the Final Closing Period is expected to be a date determined by the Manager in its sole discretion approximately between 7-12 months from the date of this Memorandum (the "**Final Closing Date**"). The Company may extend the duration of any Closing period in the Manager's sole discretion; *provided*, *however*, that in no event shall the Final Closing Date occur later than the date that is eighteen (18) months from the date of this Memorandum. The Company may choose not to offer subsequent Closings after the Initial Closing Period if the Initial Closing Period does not generate substantial investments, as determined in the sole discretion of the Manager.

Ramp Up Period: The Manager does not expect to be able to achieve its target investment allocations until the Company has raised substantial proceeds in this Offering and acquired a broad portfolio of investments. The Company expects to be able to acquire a broad enough portfolio of investments by approximately three (3) months after the date of this Memorandum (the "**Ramp-up Period**"). Prior to the end of the Ramp-up Period, the Manager will balance the goal of achieving the Company's portfolio allocation targets with the goal of carefully evaluating and selecting investment opportunities to seek to provide risk-adjusted returns.

Following the end of the Ramp-up Period, the Manager believes that the size of the Company's portfolio of investments should be sufficient for the Company to adhere more closely to its allocation targets, although the Manager cannot predict how long the Ramp-up Period will last and cannot provide assurances that the Company will be able to raise sufficient proceeds in this Offering to accomplish this objective.

Manager Guaranteed Minimum Yield Distributions Following the Ramp-up Period, the Company will make guaranteed minimum yield distributions to the holders of each respective Class of Interests on a quarterly basis (all such distributions, the "**Manager Guaranteed Minimum Yield Distributions**") according to the rates set forth below:

(i) Investors holding Class A1 Interests will receive a guaranteed base yield rate of 8.0% on their total invested capital;

(ii) Investors holding Class A2 Interests will receive a guaranteed base yield

rate of 7.25% on their total invested capital; and

(iii) Investors holding Class A3 Interests will receive a guaranteed base yield rate of 7.0% on their total invested capital.

If Free Cash Flow (defined below) from Company operations is insufficient to timely make the Manager Guaranteed Minimum Yield Distributions, the Manager will contribute funds to the Company to ensure all Manager Guaranteed Minimum Yield Distribution obligations are met.

Use of Proceeds: The net proceeds received in the Offering will be applied in the following order of priority of payment:

- *Offering Expenses:* Reimbursement to the Manager for expenses incurred in offering the Interests.
- *Loan Proceeds to the **HEI Borrowers**:* Funding of the **HEI Notes**.
- *Acquisition Costs of **Mortgage** Investments*: Payment of costs incurred in acquiring **Mortgage** investments

The Company currently intends to fully invest all or substantially all of the net proceeds of each Closing in accordance with its investment objective and policies within approximately three (3) months after receipt thereof as it relates to the Initial Closing Period, and within approximately one (1) month after receipt thereof as it relates to the Second Closing Period and Final Closing Period, depending on the amount and timing of proceeds available to the Company as well as the availability of investments consistent with the Company's investment objective and policies, and except to the extent proceeds are held in cash to pay dividends or expenses, satisfy repurchase offers or for temporary defensive purposes. Pending investment of the net proceeds, the Company may invest in short-term, highly liquid or other authorized investments, subject to the requirements of Section 3(c)(5) for Investment Company Act exemption purposes. Such investments will not earn as high of a return as the Company expects to earn on its real estate and real estate-related investments. There can be no assurance that the Company will be able to sell all the Interests it is offering. If the Company sells only a portion of the Interests it is offering, the Company may be unable to achieve its investment objective.

Management Fee: The Company will pay the Manager a quarterly management fee (the "**Management Fee**"). The Management Fee is calculated as follows: (i) for the Initial Closing Period, the Management Fee will be calculated at an annualized rate of 2.0% of the total amount raised in the immediately preceding quarter; and (ii) following the Initial Closing Period, the Management Fee will be calculated at an annualized rate of 2.00% of the total amount raised by the Company as of the end of each of the immediately preceding quarters. The Management Fee is payable to the Manager in quarterly installments in arrears (i.e., 0.50% per quarter). The Management Fee may be suspended, or waived, in whole or in part, in the sole discretion of the Manager. All or any portion of the Management Fee, which is so deferred, suspended or waived will be deferred without interest and may be payable in any succeeding quarter as the Manager may determine in its sole discretion.

Operating Expenses: The Company will reimburse the Manager for out-of-pocket expenses paid by the Manager to third parties who provide services to the Company. Such reimbursements will not include the Manager's overhead, payroll, utilities, technology costs or similar expenses payable by the Manager in connection with its

business operations. The Manager may, in its sole discretion, suspend or waive, in whole or in part, the reimbursement by the Company of all or any portion of any such operating expenses incurred by the Manager on behalf of the Company.

Organizational and Offering Expenses:

The Company will reimburse the Manager and any applicable affiliates thereof for organization and offering expenses and for any future organization and offering expenses they may incur on behalf of the Company. The Manager may, in its sole discretion, suspend or waive, in whole or in part, the reimbursement by the Company of all or any portion of any such operating expenses incurred by the Manager on behalf of the Company.

Broker Dealer Commission:

Pursuant to the Broker Dealer Agreement, Investors that acquire their Interests through the Broker Dealer will pay the Broker Dealer a commission equal to five percent (5%) of the total purchase price of the Interests sold (and such payment may reduce the investment of the Investor). The Broker Dealer commission will be split between the Broker Dealer and the BD Representative according to the terms of the Broker Dealer Agreement.

Distributions:

The Company does not expect to make any distributions in respect of the Interests until such time as the Company's investment portfolio is generating substantial operating cash flow, which is expected to occur approximately three (3) months following commencement of the Initial Closing Period. The Company currently intends to fully invest all or substantially all of the net proceeds of each Closing in accordance with its investment objective and policies within approximately three (3) months after receipt thereof, depending on the amount and timing of proceeds available to the Company as well as the availability of investments consistent with the Company's investment objective and policies, and except to the extent proceeds are held in cash to pay dividends or expenses, satisfy repurchase offers or for temporary defensive purposes. Once the Company begins to make distributions, the Company expects that the Manager will declare distributions to Investors on a quarterly basis (or otherwise as determined by the Manager) in arrears. Distributions will be paid to Investors as of the record dates selected by the Manager. The Manager has sole discretion in determining what distributions of Free Cash Flow (defined below), if any, are made to Investors except as otherwise limited by law or the Operating Agreement. Free Cash Flow is expected to accrue from the time of commencement of the Initial Closing Period, regardless of when net proceeds of each Closing are invested.

"**Free Cash Flow**" consists of the payments received from the Company's lending portfolio and revenue generated from Liquidity Events and/or dispositions of assets, less any expenses incurred or expected to be incurred.

The Company expects the Manager to make distributions of any Free Cash Flow on a quarterly basis as set forth below.

i. First , to pay all Manager Guaranteed Minimum Yield Distributions;

ii. Second, to pay the Company's operating expenses including, without limitation, payment of outstanding debt (if any), administrative costs, legal expenses, and allocation of income for valuation allowance (as applicable);

iii. Third, to pay the Management Fee; and

iv. Fourth, to the Investors pro rata in proportion to the Investors' Interests in the Company.

Free Cash Flow shall accrue during the Initial Closing Period, and distributions of

Free Cash Flow are intended to begin after the Initial Closing Date, in arrears (and shall be prorated as applicable for the amount of time an Investor is a member of the Company). However, except in the case of Manager Guaranteed Minimum Yield Distributions, the Manager may change the timing of distributions or determine that no distributions shall be made in its sole discretion.

Restrictions on Transfer: The Company is offering the Interests in reliance upon certain exemptions from registration under the Securities Act and applicable state securities laws. As a consequence, Investors may not sell, transfer, pledge or otherwise dispose of the Interests without the prior written consent of the Manager, whose consent may be withheld if the Manager has determined such transfer could result in the Company's assets becoming "plan assets" (within the meaning of ERISA) or require the Company to register as an investment company under the Investment Company Act, and unless such sale, transfer, pledge or other disposition is exempt from registration under the Securities Act and applicable state securities laws. The Company is not obligated to register the Interests for public sale and does not intend to do so. Accordingly, Investors must bear the economic risk of their investments in the Interests until such time as the Company is dissolved or a permitted sale or other transfer occurs. Any Investor who transfers, upon the Manager's consent, any Interests to another person shall pay the Manager, subject to the sole and absolute discretion of the Manager, all administrative costs related thereto the "**Transfer Expenses**").

Compulsory Withdrawal: The Manager, in its sole discretion may require that an Investor withdraw all or a portion of its Interest in the Company, or transfer an Investor's Interest in the Company upon not less than fifteen (15) days prior written notice. It is anticipated that such compulsory withdrawal or transfer will only be required where (i) Interests may have been acquired in contravention of laws or regulations, (ii) where an Investor is in material breach of the Operating Agreement, or (iii) otherwise where continued ownership, direct or beneficial, of Interests might have, in the sole and exclusive opinion of the Manager, adverse regulatory, tax or pecuniary consequences to the Company or the other Investors.

Leverage: The Company may borrow funds from third-party lenders, investors, and/or financial institutions to fund the Company's investments, to cover Company expenses, including Management Fees, to provide funds for other permitted Company purposes, including to make distributions to Investors, and to create reserves. Any such loans would be secured by the assets held by the Company.

Withdrawal: Investors may not withdraw or redeem their Interests until twelve (12) months from the purchase of said Interests. Investors who have been Investors for a period longer than twelve (12) months may request withdrawal (the "**Withdrawal Request**") from the Company by providing prior written notice to the Manager 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 Interests the Investor seeks to withdraw and redeem (the "**Withdrawal Balance**"). The Withdrawal Date shall be effective upon the Manager's approval of the Investor's Withdrawal Request (the "**Effective Withdrawal Date**").

Investors shall receive any and all distributions or distributable proceeds as set forth herein for all Interests until those Interests are fully redeemed and the associated contributions withdrawn. The Company will use its best efforts to honor Withdrawal Requests subject to, among other things, the Company's then cash flow, financial condition, and prospective transactions in assets. Any and all returns of contributions associated with Withdrawal Requests shall be processed at the Manager's discretion and in the best interest of the Company. With respect to facilitating or

accommodating any Investor's request for withdrawal from the Company, the Company and the Manager are not, under any circumstances, obligated to: (i) liquidate any assets in any efforts to accommodate or facilitate any Member's request for withdrawal from the Company; or (ii) 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 Company shall deliver the Withdrawal Balance on a limited basis, as follows: up to twenty-five percent (25%) of such Investor's Withdrawal Balance, remitted quarterly, such that it will take at least four (4) quarters for an Investor to withdraw the total Withdrawal Balance. Any remittance of an Investor's Withdrawal Balance shall be made on the first day of the month. The foregoing shall be limited by the following restrictions: 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, or one million dollars ($1,000,000), whichever is less. Notwithstanding the foregoing, the Manager may, in its sole and absolute discretion, waive or modify such withdrawal requirements. Investors who wish to withdraw before they have been Investors for twelve (12) months ("**Early Withdrawal**") can only withdraw if the Investor produces evidence of undue hardship, and the Manager permits Early Withdrawal, in its sole and absolute discretion. Acceptability of an Investor's hardship will be determined by the Manager, in its sole and absolute discretion. Investors who request Early Withdrawal will be subject to a penalty of three percent (3%) of the Member's withdrawal proceeds. The Manager may, at its sole discretion, waive an Early Withdrawal penalty. It is presently intended that after January 1st, 2028, the limitations on Withdrawal Requests described in the preceding paragraphs (with the exception of the Manager's right to suspend withdrawals) shall be removed, and upon Manager's approval, Withdrawal Requests shall be processed on a pro-rata basis as the Company's loans mature and are paid off. The Manager may, at any time, suspend the withdrawal of Interests from the Company, upon the occurrence of any of the following circumstances: (a) 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 Investors, determined in the sole and absolute discretion of the Manager; (b) it is not reasonably practicable to determine the net asset value ("**NAV**") of the Company on an accurate and timely basis; or (c) 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 Investor who has submitted a Withdrawal Request, and to whom full payment of the withdrawal proceeds has not yet been remitted. If a Withdrawal Request is not rescinded by an Investor 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 NAV of the Company at that time, and in the order determined by the Manager in its sole and absolute discretion.

Liquidation and Dissolution:

The Company shall remain in existence until the earlier of the following: (i) the dissolution of the Company; (ii) the election of the Manager to dissolve the Company upon ninety (90) calendar days prior written notice to its Investors; (iii) at the time in which the Company no longer has any members; (iv) sixty (60) months following the date of this Memorandum (unless otherwise extended by the Manager, in consultation with the Manager); or (v) upon the entry of a judicial decree of termination of the Company.

Upon the occurrence of any such event, the Manager (or a liquidator selected by the

Manager) shall be charged with winding up the affairs of the Company and liquidating its assets. The proceeds from liquidation shall first be applied to liquidation expenses and the liabilities and debts of the Company, other than liabilities for distributions to Investors. Remaining proceeds shall then be applied to Investors pro rata based on their capital accounts.

Notwithstanding the foregoing, even after the Company commences liquidation of its assets, the Company is under no obligation to conclude such liquidation within a predetermined period. There can be no assurance that the Company will be able to liquidate all or any portion of its assets by a predetermined date or at all. After commencing liquidation, the Company will continue in existence until all of its assets are liquidated. (*See "Summary of the Offering – Disposition of Assets" above*).

Indemnification:

The Operating Agreement provides that the Company, the Manager, or any of their respective owners, members, managers, shareholders, partners, directors, officers, employees, agents, advisors, assigns, representatives or affiliates, or any person appointed as a liquidator for the Company (collectively, the "**Indemnified Persons**") will not be liable to the Company or to any Investor for (i) any action taken, or failure to act with respect to the Company unless and only to the extent that a court of competent jurisdiction (or other similar tribunal) has made a final, non-appealable determination that such action taken or failure to act (a) is a willful violation of the material provisions of the Operating Agreement and such breach is not substantially cured within fifteen (15) days (or, if in the process of being cured, within thirty (30) days after such determination), (b) constitutes intentional misconduct, bad faith, gross negligence or actual fraud by such Indemnified Person, or (c) a material violation of U.S. federal securities law, (ii) any action or inaction arising from reliance in good faith upon the opinion or advice as to legal matters of legal counsel or as to accounting matters of accountants selected by any of them with reasonable care, or (iii) the action or inaction of any agent, contractor or consultant selected by any of them with reasonable care. To the extent that, at law or in equity, an Indemnified Person has duties and liabilities relating thereto to the Company or any Investor, any such person acting under the Operating Agreement shall not be liable to the Company, or any Investor for its good faith reliance on the provisions of the Operating Agreement.

The Manager may, in its sole discretion, cause the Company to advance to any Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any claims, suits, actions or other proceedings which arise out of such conduct. Any such advance will be subject to repayment to the extent that a final, non-appealable judicial determination states that the Indemnified Person was not entitled to indemnification. The Company will indemnify and hold harmless each individual or entity that is a responsible withholding agent against all claims, liabilities and expenses (not resulting from such individual's or entity's willful misconduct) relating to such individual's or entity's obligation to withhold and pay any withholding or other taxes payable by the Company or as a result of an Investor's participation in the Company.

Reports:

The Manager shall be responsible, at the expense of the Company, for the preparation of financial reports of the Company and the coordination of financial matters of the Company with the Company's accountants. Within ninety (90) days after the end of each fiscal year, or as soon as reasonably practicable, the Company, at the expense of the Company, shall cause each Investor to be furnished with a copy of the balance sheet of the Company as of the last day of the applicable period, and a statement of income or loss for the Company for such period.

The Company shall provide each Investor, at the expense of the Company, upon reasonable request, with such information as shall be reasonably required by such

Investor in order to enable it to file any of its tax returns and shall also from time to time furnish such other information available to the Company as such Investor may reasonably request for the purpose of enabling it to comply with any reporting, filing, or other requirements imposed by any statute, rule, regulation, or otherwise by any governmental agency or authority or with its own internal rules, regulations, and policies generally applicable with respect to investments of this nature.

Risk Factors:

There is no assurance that the Company's objectives will be achieved or that the Company will not incur significant losses. There are various substantial risks associated with an investment in the Company. There are many market-related and other factors – some of which cannot be anticipated – that could cause an Investor to lose a major portion or all of its investment in the Company or prevent the Company from generating profits.

No Investor should invest in the Company unless the Investor is fully able, financially and otherwise, to bear such a loss, and unless the Investor has the background and experience to understand thoroughly the risks of its investment. The terms herein regarding risk factors and other sections of this Memorandum identify some of the risks of investing in the Company, but this Memorandum does not attempt to identify each risk, or to describe completely or substantially those risks it does identify.

For a discussion of risks, including liquidity risks and concentration risks, and certain potential conflicts of interest, we urge investors to refer to*: "Risk Factors" below*.

Conflicts of Interest:

The Company is subject to certain actual and potential conflicts of interest. For example, Jeremy Males is a managing member of JM Yield Management, LLC, and Jeremy Males may own, manage, or have an affiliation with a third-party mortgage originator and servicer that services certain Mortgages that comprise a portion of the Company's investment portfolio. Cityfunds Manager, LLC, a managing member of the Manager, is also the manager of the Cityfunds Series and Cityfunds Portfolio Fund, LLC and thus, the terms of the HEI Notes will not be a result of arm's length negotiation. The Manager may manage accounts of clients other than the Company, as well as trade for its own account, and may have an incentive to favor those accounts over the Company, although it will not knowingly do so.

In addition, since the BD Representative is a related party to the Company and the Manager, the Broker Dealer Agreement and the Broker Dealer commission are not a result of arm's length negotiation.

For further discussion of certain potential conflicts of interest, we urge Investors to refer to *"Risk Factors" below*.

Requests for Additional Information:

Each Investor will be required to comply promptly with reasonable requests for information made by the Manager in connection with the operation of the Company, including in order to comply with any actual or anticipated requests by any U.S. federal, state or local or non-U.S. regulatory authority, agency, committee, court, exchange or self-regulatory organization (e.g., obtaining approvals necessary for the making, holding or disposition of any investment) and to assist the Manager in complying with tax, regulatory and other requirements.

Legal Counsel:

Ross Law Group, PLLC acts as counsel to the Manager in connection with this Offering and with respect to ongoing advice to the Manager and its affiliates. No independent counsel has been retained by the Company or the Manager to represent the Investors.

INVESTMENT COMPANY ACT CONSIDERATIONS

We intend to conduct our operations so that we are not required to register as investment companies under the Investment Company Act. We expect that the Company will rely on the exception from the definition of an investment company under Section 3(c)(5)(C) of the Investment Company Act, which is available for entities "primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." In providing guidance on this exclusion, the SEC staff, among other things, generally has focused on whether at least fifty-five percent (55%) of the issuer's assets will consist of mortgages and other liens on and interests in real estate (called "qualifying interests") and the remaining forty-five percent (45%) of the issuer's assets will consist primarily of real estate-type interests (of which not more than twenty percent (20%) of the issuers assets can consist of miscellaneous non-real estate related investments). The SEC staff has also provided guidance on what types of assets constitute "qualifying interests," noting that the relevant question is whether the assets provide the same economic experience to an investor as if the investor had invested in real estate.

For purposes of the exclusions provided by Sections 3(c)(5)(C), we will classify our investments based in large measure on recent no-action letters issued by the SEC staff and other SEC interpretive guidance and, in the absence of explicit SEC guidance, on our view of what constitutes a qualifying real estate asset and a real estate related asset. It is not certain whether or to what extent the SEC or its staff in the future may modify its interpretive guidance to narrow the ability of issuers to rely on the exemption from registration provided by Section 3(c)(5)(C). Any such future guidance may affect our ability to rely on this exemption.

Although we intend to monitor our portfolio periodically and prior to each investment acquisition and disposition, there can be no assurance that we will be able to maintain this exemption from registration for the Company. If the SEC or its staff does not agree with our determinations, we may be required to adjust our activities.

Qualification for this exemption will limit our ability to make certain investments. To the extent that the SEC staff provides more specific guidance regarding any of the matters bearing upon such tests and/or exceptions, we may be required to adjust our strategy accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen.

RISK FACTORS

An investment in the Interests involves risks. There are many market-related and other factors - some of which cannot be anticipated - that could cause an Investor to lose a major portion of its investment in the Company or prevent the Company from generating profits. No prospective investor should invest in the Company unless the investor is fully able, financially and otherwise, to bear such a loss, and unless the Investor has the background and experience to thoroughly understand the risks of its investment. The other sections of this Memorandum identify some of the risks of investing in the Company, but this Memorandum does not attempt to identify each risk, or to describe completely or substantially those risks. In addition to other information contained elsewhere in this Memorandum, Investors should carefully consider the following risks before acquiring the Interests. The occurrence of any of the following risks could materially and adversely affect the business, prospects, financial condition or results of operations of the Company, the ability of the Company to make cash distributions to Investors and the value of our assets, which could cause Investors to lose all or some of their investment. Some statements in this offering memorandum, including statements in the following risk factors, constitute forward-looking statements. See "Forward-Looking Statements."

Each prospective investor should examine this Memorandum, as well as the other Offering Documents in order to assure itself that the Company's investment program is satisfactory to it.

The returns realized under the Company's investment strategy will be affected by many factors, including the following.

Risks Relating to this Offering

Investments in the Interests are risky and speculative.

The Interests offered pursuant to this Offering are risky and speculative investments and are not guaranteed. As there is no guarantee that an investment will be profitable or repaid, prospective investors should not invest in the Interests if they cannot afford to lose the entire amount of their investment.

The Company may fail to satisfy its investment objectives, or the Company's investments may fail to perform as anticipated.

Investors' ability to realize a return on the Interests may be adversely affected by, among other things:

- the performance of the Company's investments;
- the current rise in interest rates;
- general economic conditions, including the effects of any recessionary trends or shifts in the residential real estate market;
- fraud, misrepresentation or conversion by any third party in connection with the Company's investments;
- the application of changes in applicable laws or regulations;
- claims or disputes regarding the Company or its assets and investments; and
- erroneous assessment, valuation or estimate of the expected value of the Company's assets.

Any of these events could materially adversely affect the Company's financial condition and results of operations, which in turn could materially adversely affect the value of the Interests and the ability of the Company to make distributions to Investors. The Company may not maintain insurance covering losses in respect of all of its investments.

The Interests are restricted securities.

The Interests have not been registered under the Securities Act, nor have they been registered or qualified under any state securities laws. Such securities are offered in accordance with an exemption from registration under Rule 506(c) of the Securities Act, or other applicable exemption, and they may not be resold except pursuant to an exemption from, or in a

transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Investors participating in the Offering will be required to make representations and covenants concerning these transfer restrictions, which are necessary to satisfy the requirements of the exemption from registration being relied upon by us for the issuance. Investors must be prepared to bear the risk of their investment in the Company for a substantial period of time.

Investing in private placements like this Offering involves significant risks not present in investments in public offerings.

Investing in private placements involves a high degree of risk, and there is no assurance that the Company will obtain capital investments equal to the amount required to close the Offering. Investments sold through private placements are typically not publicly traded and, therefore, are less liquid. Although the Company will attempt to redeem Interests, when possible (*see "Liquidation Rights" below*), there is no public market for the Interests, and none is expected to develop in the future. Even if a potential buyer could be found, the transferability of these Interests are also restricted by the provisions of the Securities Act and the rules promulgated thereunder, and by the provisions of the Operating Agreement. Unless an exemption is available, these Interests may not be sold or transferred without registration under the Securities Act and the prior written consent of applicable state securities regulators and agencies. Additionally, investors may receive restricted securities that may be subject to holding period requirements. Investing in private placements requires high risk tolerance, low liquidity concerns, and long-term commitments. Investors must be able to afford to lose their entire investment. Investment products are not FDIC insured, may lose value, and there is no bank guarantee. Any sale or transfer of these Interests also requires the prior written consent of the Company, which may be withheld if the Company believes the proposed sale or transfer will have negative regulatory consequences for the Company. (*See "The Manager and the Operating Agreement" below*). Investors must be capable of bearing the economic risks of this investment with the understanding that these Interests may not be liquidated by resale or redemption, and should expect to hold their Interests as a long-term investment.

Neither the Offering nor the Interests have been registered under federal or state securities laws, leading to an absence of certain regulation applicable to the Company.

No governmental agency has reviewed or passed upon this Offering, the Company or the Interests. The Company also has relied on exemptions from securities registration requirements under applicable state securities laws. Investors in the Company, therefore, will not receive any of the benefits that such registration would otherwise provide. Prospective investors must therefore assess the adequacy of disclosure and the fairness of the terms of this Offering on their own or in conjunction with their personal advisors.

Compliance with the criteria for securing exemptions under federal securities laws and the securities laws of the various states is extremely complex, especially in respect of those exemptions affording flexibility and the elimination of trading restrictions in respect of securities received in exempt transactions and subsequently disposed of without registration under the Securities Act or state securities laws. Due to the burdens of compliance with the federal and state securities laws, the performance of the Company could be materially adversely affected, if it becomes subject to registration under such laws.

Investors will not have the opportunity to evaluate all the Company's investments before it makes them.

The Company expects to primarily provide loans to the HEI Borrowers as such opportunities become available. However, the terms of any transactions or other economic or financial data concerning the Company's financings and investments will not be made available to Investors. Generally, prospective investors will have to rely entirely on the ability and expertise of the Manager and any third parties the Manager may engage. There can be no assurance that the Manager will be successful in obtaining suitable investments for the Company.

If the Company were to be required to register under the Investment Company Act or the Manager were to be required to register under the Investment Advisers Act, it could have a material and adverse impact on the results of operations and expenses of the Company and the Manager may be forced to liquidate and wind up the Company or rescind the Offering.

The Company is not registered and will not register as an investment company under the Investment Company Act and the Manager is not registered and will not register as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). The Company has taken the position that it is exempt from registration under Section 3(c)(5)(C) under the Investment Company Act. *See "Portfolio Construction Policy" above*. The Manager has taken the position that it is exempt from registration under the Advisers Act pursuant to the exemption available to advisers that

advise entities exempt from registration under Section 3(c)(5)(C) of the Investment Company Act. As a result, Investors in the Interests will not have the benefit of the protections of the Investment Company Act and the Advisers Act.

These positions, however, are based upon applicable case law that is inherently subject to our judgments and subjective interpretation. If the Company were to be required to register under the Investment Company Act or the Manager were to be required to register under the Advisers Act, it could have a material and adverse impact on the results of operations and expenses of the Company and the Manager may be forced to liquidate and wind up the Company or rescind the Offering.

If the Company or the Manager became subject to federal or state securities laws governing broker-dealers, their abilities to conduct their respective businesses could be materially and adversely affected.

Both federal and state laws heavily regulate the manner in which "broker-dealers" are permitted to conduct their business activities. The Company and the Manager are each structured and operated so as not to be characterized as a broker-dealer, and each of the foregoing believes that neither is engaged in the business of (i) effecting transactions in securities for the account of others as described or (ii) in buying and selling securities for its own account, through a broker or otherwise, each as described under the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**") or any similar provisions under state law. If, however, the Company or the Manager is deemed to be a broker-dealer under the Exchange Act, it may be required to institute compliance requirements and its activities may be restricted, which could affect the Company's business to a material degree.

The offering price of the Interests was established arbitrarily; the actual value of the Company's assets may be substantially less than the purchase price in the Offering.

The purchase price of the Interests offered through this Memorandum has been arbitrarily determined by the Manager and may not reflect their actual value. The purchase price of the Interests 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 neither based on past earnings of the Company, nor does the price necessarily reflect the current market value of the Company. No valuation or appraisal of the Company or the Company's potential business has been prepared. Because the offering price is not based upon any valuation (independent or otherwise), the price is likely to be higher than the proceeds that an Investor would receive upon liquidation or a resale of his or her Interest if they were to be listed on an exchange or actively traded by broker-dealers.

The Company has no prior operating history, and the prior performance of the Manager or any affiliates thereof may not predict the Company's future results.

The Company was recently formed and has no operating history. As of the date of this Memorandum, the Company has not made any investments, and prior to the commencement of this Offering, the Company has no assets. Prospective investors should not assume that the Company's performance will be similar to the past performance of the Manager or any affiliate of the Company. The Company's lack of operating history significantly increases the risk and uncertainty prospective investors face in making an investment in the Interests, including the risk that Investors may be unable to liquidate their investment in the Interests.

Investors will have limited ability to take part in the management of the Company and will be relying on the Manager to do so.

The Company will be managed by the Manager. Except as otherwise provided in the Operating Agreement, Investors will have no right or power to take part in the management of the Company and will have no effective means of influencing day-to-day actions of or the conduct of the affairs of the Company. If for any reason, key employees of the Manager become unavailable to manage the Company, the Company and the Investors may be materially harmed due to the unique knowledge or skill of such principal(s) that is no longer available.

Concentrations of risk with respect to the Company's investments could negatively impact the Company's financial condition and results of operations.

Although the Company intends to build a diversified portfolio of investments through the offering of the HEI Notes to the HEI Borrowers and purchasing the Mortgages, there can be no assurance that certain concentrations of risk relating to individual investments, counterparties, geographic regions, types of investments, or other factors will not occur from time

to time. As a result, the occurrence of a single event or condition may have a disproportionate, and potentially significant, impact on the Company's financial condition and results of operations. Such concentration of risk may reduce revenues, result in losses in the event of unfavorable market movements, market conditions or fraud, among other things, and may negate potential benefits to be gained from diversification in other respects. Accordingly, concentration of any kind may negatively impact the Company's financial condition and results of operations.

The Company has minimal operating capital, no significant assets and no revenue from operations.

The Company has minimal operating capital and, for the foreseeable future, will be dependent upon its ability to finance its operations from the sale of Interests or other financing alternatives. There can be no assurance that the Company will be able to successfully raise operating capital. The failure to successfully raise operating capital could result in the Company's bankruptcy or other event which would have a material adverse effect on the Company and the value of our assets.

The Company may incur indebtedness to fund its operations.

The Company may incur indebtedness to fund its operations, including without limitation to fund distributions to Investors and to finance the Company's investment portfolio. The exact amount of leverage accessed by the Company will depend on many factors, including the amount of collateral required to be posted, and availability and cost from financing providers. The amount of borrowings which the Company may have outstanding at any time may be significant in relation to its capital. The use of leverage exposes the Company to a higher degree of additional risks, including: (i) greater losses from investments than would otherwise have been the case had it not used leverage; (ii) collateral requirements that may force premature liquidations of assets at disadvantageous prices and at times and in a manner that may exacerbate losses; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds their respective costs of leverage. The use of leverage may expose the Company to larger losses (including the loss of value of an entire investment) as the result of relatively small adverse market movements. In the event of a sudden, precipitous drop in value of the Company's assets, the Company might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred. Additionally, there can be no guarantee that leverage will be obtained on favorable terms (or at all).

The Company may suffer from delays in locating suitable investments, which could limit the Company's ability to make distributions and lower overall returns to Investors.

The Company relies upon the Manager and its employees to review financing opportunities to the HEI Borrowers and other potential borrowers. To the extent that the Manager and its employees face competing demands upon their time and competition for investment allocations, the Company may be subject to delays in establishing a diversified investment portfolio.

The current market for real estate and real-estate related investments that meet the Company's investment objectives is also highly competitive. There can be no assurance that the Company will be able to provide mortgage loan financing utilizing all of the net proceeds of this Offering as anticipated.

Delays in building the Company's lending portfolio would likely limit the Company's ability to make distributions to Investors. Similar concerns may arise in the event of prepayments, maturities or sales of its investments.

If the Company is unable to locate suitable lending opportunities of the type anticipated in this Memorandum, the Company may invest the proceeds in other short-term assets. If the Company continues to be unsuccessful in locating suitable lending opportunities, it may ultimately liquidate its assets. In the event that the Company is unable to timely locate suitable opportunities, it may be unable or limited in its ability to pay distributions to Investors and may not be able to meet its investment objectives.

The Company may not be able to implement a Liquidity Transaction or achieve an optimal price for its assets upon dissolution.

The Company, in the sole discretion of the Manager, may engage in one or more Liquidity Transactions. If, at any time, the Manager seeks to implement a Liquidity Transaction, the Company may not be able to secure favorable terms for such transaction, or may not be able to engage in any such transaction at all. Market conditions and other factors could cause

the Company to delay any contemplated Liquidity Transaction. There can be no assurance that the results of any Liquidity Transaction will ultimately be more favorable than any other alternative course of action that the Company could have taken.

If the Manager elects to dissolve the Company, the timing of the sale of assets will depend on real estate and financial markets, economic conditions in areas in which properties are located, and federal income tax effects on Investors, that may prevail in the future. The Company cannot guarantee that it will be able to liquidate all of its assets. After the Company adopts a plan of liquidation, it would likely remain in existence until all of its investments are liquidated.

Market conditions at the time of any actual or proposed Liquidity Transaction, or upon the proposed dissolution of the Company, could delay such Liquidity Transaction or proposed dissolution, or affect the Company's returns on its investment portfolio which could, in turn, materially adversely affect the value of our assets and reduce the Investors' return on their investment.

The Company may change its targeted investments and investment guidelines without Investor consent.

The Manager may change the Company's targeted investments and investment guidelines at any time without the consent of the Investors, which could result in the Company making investments that are different from the investments described in this Memorandum. A change in the Company's targeted investments or investment guidelines may increase the Company's exposure to interest rate risk, default risk and real estate market fluctuations, all of which could materially adversely affect the value of the Interests and the Company's ability to make distributions to Investors.

If the Company pays distributions to Investors from sources other than its cash flow from operations, the Company will have less funds available for investments and Investors' overall returns will be reduced.

Although the Company intends to pay distributions to Investors from the net proceeds of its investment portfolio, the Company may use other sources of funds to make distributions, including without limitation the net proceeds of this Offering, funds contributed to the Company by one or more affiliates, cash resulting from a waiver of fees or reimbursements payable to one or more affiliates of the Company, indebtedness incurred by the Company, and the issuance of additional Interests by the Company. Until such time as the net proceeds of this Offering are fully invested, and from time to time thereafter, the Company may not generate sufficient cash flow from operations to fund distributions. If the Company pays distributions to Investors from any source other than its cash flow from operations, the Company will have less funds available for investment, and the overall returns to Investors may be reduced. There can be no assurance that the Company's investment portfolio will ever generate sufficient net proceeds, or that the Company will obtain sufficient funds from one or more other sources to make any distributions to Investors. Furthermore, all distributions will be made in the sole and absolute discretion of the Manager. Regardless of the Company's operating proceeds or other sources of funds, the Manager may, for a variety of reasons, elect not to declare distributions as anticipated, or at all.

The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions to Investors and make additional investments.

We intend to diversify our cash and cash equivalents among several banking institutions in an attempt to minimize exposure to any one of these entities. However, the Federal Deposit Insurance Corporation ("**FDIC**"), only insures amounts up to $250,000 per depositor per insured bank, as of the date hereof. We expect to have cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. If any of the banking institutions in which we have deposited funds ultimately fails, we may lose our deposits over $250,000. Consequently our operational capabilities or capital positions could be impaired or we may be unable to perform our obligations.

The occurrence of a cyber incident, or a deficiency in our cyber security, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, or damage to our business relationships, all of which could negatively impact our financial results.

We collect and retain certain personal information provided by our investors and tenants in the properties owned by a series. While we expect to implement a variety of security measures to protect the confidentiality of this information and periodically review and improve our security measures, we can provide no assurance that we will be able to prevent unauthorized access to this information. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional

attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information. As our reliance on technology has increased, so have the risks that could directly result from the occurrence of a cyber incident including operational interruption, damage to our relationship with our tenants, and private data exposure, any of which could negatively impact our reputation and financial results.

Deficiencies in our internal control over financial reporting could adversely affect our ability to present accurately our financial statements and could materially and adversely affect us, including our business, reputation, results of operations, financial condition or liquidity.

Effective internal control is necessary for us to accurately report our financial results. There can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. As we grow our business, our internal control will become more complex, and we may require significantly more resources to ensure our internal control remains effective. Deficiencies, including any material weakness, in our internal control over financial reporting which may occur in the future could result in misstatements of our results of operations that could require a restatement, failing to meet our reporting obligations and causing investors to lose confidence in our reported financial information. These events could materially and adversely affect us, including our business, reputation, results of operations, financial condition or liquidity.

Possible Changes in Federal Tax Laws.

The Code is subject to change by Congress, and interpretations of the Code may be modified or affected by judicial decisions, by the Treasury Department through changes in regulations and by the Internal Revenue Service through its audit policy, announcements, and published and private rulings. Although significant changes to the tax laws historically have been given prospective application, no assurance can be given that any changes made in the tax law affecting an investment in the Company would be limited to prospective effect.

Risks Related to Real Estate Loans Generally

Credit information may be inaccurate or may not accurately reflect the creditworthiness of the borrower or its principals.

In the course of its underwriting, we obtain credit information about the principals of the borrower from consumer reporting agencies, such as TransUnion, Experian or Equifax. A credit score assigned to a principal may not reflect the actual creditworthiness of the borrower or its principals. (Although the principal(s) are not personally liable for making payments under the HEI Note or Mortgage, we believe his or her FICO credit score is a relevant factor in understanding the individual practices regarding debt management of the persons who will ultimately be responsible for managing the HEI and servicing the debt.) In addition, the information obtained from the credit report is not verified and the credit score of the Principal may be based on outdated, incomplete or inaccurate consumer reporting data.

Additionally, there is a risk that, after the underwriting team has completed our credit review, the principal may have:

- become delinquent in the payment of or defaulted under an outstanding obligation;
- taken on additional debt; or
- sustained other adverse financial events.

Inaccuracies in the credit information obtained or subsequent events that materially impact the ability to repay the HEI Note or Mortgage or reduce creditworthiness may increase the risk that the borrower will default on its HEI Note or Mortgage, which will increase the risk that the debt will not be repaid in full.

The HEI Borrowers' real estate assets will be subject to the risks typically associated with real estate.

The HEI Borrowers' real estate assets will be subject to the risks typically associated with real estate. The value of real estate may be adversely affected by a number of risks, including:

- natural disasters such as hurricanes, earthquakes and floods;

- acts of war or terrorism, including the consequences of terrorist attacks;
- adverse changes in national and local economic and real estate conditions;
- an oversupply of (or a reduction in demand for) space in the areas where particular properties are located and the attractiveness of particular properties to prospective tenants;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance therewith and the potential for liability under applicable laws;
- costs of remediation and liabilities associated with environmental conditions affecting properties;
- a rise in criminal activity in or around the subject real estate; and
- the potential for uninsured or underinsured property losses.

The value of each property is affected significantly by its ability to generate cash flow and net income, which in turn depends on the amount of rental or other income that can be generated net of expenses required to be incurred with respect to a property. Many expenditures associated with a property (such as operating expenses and capital expenditures) cannot be reduced when there is a reduction in income from the property.

These factors may have a material adverse effect on the value that the HEI Borrowers can generate from their real estate assets.

The Cityfunds Series' investments in fractions of home equity ("Homeshares") will be subject to the risks associated with newer real estate products.

The Cityfunds Series' investments in Homeshares will be subject to the risks associated with newer real estate products such as the potential for greater federal, state and local regulatory scrutiny and a greater lack of certainty in courts in the event of litigation.

It is possible that Homeshares will be treated as securities and that their offer to homeowners and their sale to us will need to be conducted in accordance with federal and state securities laws. It is our understanding that the management of the Cityfunds Series will seek to structure the acquisition of Homeshares so as to fall within exemptions from broker-dealer registration under the Exchange Act and the sale of Homeshares to the Cityfunds Series so as to fall within private offering exemptions under the Securities Act. The uncertainty in this regard may have a material adverse effect on the Cityfunds Series' ability to invest in Homeshares and the value that the Cityfunds Series' can realize from investments in Homeshares.

Many factors impact the residential rental market, and if rents do not increase sufficiently to keep pace with rising costs of operations, our income and distributable cash will decline.

The success of our business model depends, in part, on conditions in the residential rental market. Our investments will be premised on assumptions about occupancy levels and rental rates, and if those assumptions prove to be inaccurate, our cash flows and profitability will be reduced.

The HEI Borrowers may be exposed to the risk of litigation .

The Manager will act in good faith and use reasonable judgment in selecting investments. However, we anticipate the HEI Borrowers' involvement in a range of legal actions in the ordinary course of business. These actions may include eviction proceedings and other landlord-tenant disputes, challenges to title and ownership rights and issues with local housing officials arising from the condition or maintenance of one or more of the HEI Borrowers' residential properties. These actions can be time consuming and expensive. We cannot assure you that the HEI Borrowers will not be subject to expenses and losses that may adversely affect the Company's profitability and distributions to Investors.

The HEI Borrowers may be subject to unknown or contingent liabilities related to properties that the HEI Borrowers acquire for which HEI Borrowers may have limited or no recourse against the sellers.

Assets and entities that the HEI Borrowers may acquire in the future may be subject to unknown or contingent liabilities for which the HEI Borrowers may have limited or no recourse against the sellers. Unknown or contingent liabilities might include liabilities for clean-up or remediation of environmental conditions, claims of tenants, vendors or other persons dealing with the acquired entities, tax liabilities and other liabilities whether incurred in the ordinary course of business or otherwise. In the future the HEI Borrowers may enter into transactions with limited representations and warranties or with representations and warranties that do not survive the closing of the transactions or that only survive for a limited period, in which event the HEI Borrowers would have no or limited recourse against the sellers of such properties. While the Manager expects sellers to indemnify the HEI Borrowers with respect to breaches of representations and warranties that survive, such indemnification is often limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses.

As a result of the foregoing, there is no guarantee that the HEI Borrowers will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that the HEI Borrowers may incur with respect to liabilities associated with acquired properties and entities may exceed the Manager's expectations, which may adversely affect the Company's business, financial condition, results of operations and cash flow. Finally, the Manager expects that indemnification agreements between the HEI Borrowers and the sellers will typically provide that the sellers will retain certain specified liabilities relating to the assets and entities acquired by the HEI Borrowers. While the sellers are generally contractually obligated to pay all losses and other expenses relating to such retained liabilities, there can be no guarantee that such arrangements will not require the HEI Borrowers to incur losses or other expenses as well, which could materially adversely affect the profitability of our operations.

The HEI Borrowers may not be able to sell properties at a price equal to, or greater than, the price for which the HEI Borrowers purchased such properties, which may lead to a decrease in the value of our assets.

The value of a property to a potential purchaser may not increase over time, which may restrict the HEI Borrowers' ability to sell a property, or if the HEI Borrowers are able to sell such property, may lead to a sale price less than the price that the HEI Borrowers paid to purchase a property.

The HEI Borrowers may be unable to renew leases or re-lease properties as leases expire.

If tenants do not renew their leases upon expiration, the HEI Borrowers may be unable to re-lease the vacated property. Even if the tenants do re-lease the lease or the HEI Borrowers are able to re-lease to a new tenant, the terms and conditions of the new lease may not be as favorable as the terms and conditions of the expired lease. If the rental rates for the HEI Borrowers' properties decrease or the HEI Borrowers are not able to re-lease a significant portion of the HEI Borrowers' available and soon-to-be-available space, our financial condition, results of operations, cash flow, the market value of our assets and our ability to satisfy our debt obligations and to make distributions to our Investors could be adversely affected.

Properties that have significant vacancies could be difficult to sell, which could diminish the return on these properties.

A property may incur vacancies either by the expiration of tenant leases or the continued default of tenants under their leases. If vacancies continue for a long period of time, we may suffer reduced revenues resulting in less cash available for distribution to Investors. In addition, the resale value of the property could be diminished because the market value of our properties may depend in part upon the value of the cash flow generated by the leases associated with that property. Such a reduction in the resale value of a property could also reduce the value of the Investors' investment.

Further, a decline in general economic conditions could lead to an increase in tenant defaults, lower rental rates and less demand for residential real estate space in that market. As a result of these trends, the HEI Borrowers may be more inclined to provide leasing incentives to our tenants in order to compete in a more competitive leasing environment. Such trends may result in reduced revenue and lower resale value of properties, which may reduce the Investors' return on their investment.

The HEI Borrowers may be required to make rent or other concessions and/or significant capital expenditures to improve properties in order to retain and attract tenants, generate positive cash flow or to make real estate properties suitable for sale, which could adversely affect us, including our financial condition, results of operations and cash flow.

In the event there are adverse economic conditions in the real estate market which leads to an increase in tenant defaults, lower rental rates and less demand for residential real estate space in that market, the HEI Borrowers may be more inclined to increase tenant improvement allowances or concessions to tents, accommodate increased requests for renovations and offer improvements or provide additional services to our tenants in order to compete in a more competitive leasing environment, all of which could negatively affect our cash flow. If the necessary capital is unavailable, the HEI Borrowers may be unable to make these potentially significant capital expenditures. This could result in non-renewals by tenants upon expiration of their leases and our vacant space remaining untenanted, which could adversely affect our financial condition, results of operations, cash flow and the market value of the Interests.

The HEI Borrowers' dependence on rental revenue may adversely affect us, including our profitability, our ability to meet our debt obligations and our ability to make distributions to Investors.

The HEI Borrowers' income will be primarily derived from rental revenue from real property. As a result, the HEI Borrowers' performance will depend on the HEI Borrowers' ability to collect rent from tenants. Our income and funds for distribution would be adversely affected if a significant number of the HEI Borrowers' tenants:

- delay lease commencements;
- decline to extend or renew leases upon expiration;
- fail to make rental payments when due; or
- declare bankruptcy.

Any of these actions could result in the termination of such tenants' leases with the HEI Borrowers and the loss of rental revenue attributable to the terminated leases. In these events, we cannot assure Investors that such tenants will renew those leases or that the HEI Borrowers will be able to re-lease spaces on economically advantageous terms or at all. The loss of rental revenues from the HEI Borrowers' tenants and the HEI Borrowers' inability to replace such tenants may adversely affect us, including our profitability, our ability to meet our debt and other financial obligations and our ability to make distributions to Investors.

The HEI Borrowers may engage in development, redevelopment or repositioning activities in the future, which could expose the HEI Borrowers to different risks that could adversely affect us, including our financial condition, cash flow and results of operations.

The HEI Borrowers may engage in development, redevelopment or repositioning activities with respect to properties that the HEI Borrowers acquire as the HEI Borrowers believe market conditions dictate. If the HEI Borrowers engage in these activities, the HEI Borrowers will be subject to certain risks, which could adversely affect us, including our financial condition, cash flow and results of operations. These risks include, without limitation:

- the availability and pricing of financing on favorable terms or at all;
- the availability and timely receipt of zoning and other regulatory approvals;
- the potential for the fluctuation of occupancy rates and rents at development and redeveloped properties, which may result in our investment not being profitable;
- start up, development, repositioning and redevelopment costs may be higher than anticipated;
- cost overruns and untimely completion of construction (including risks beyond our control, such as weather or labor conditions or material shortages); and
- changes in the pricing and availability of buyers and sellers of such properties.

These risks could result in substantial unanticipated delays or expenses and could prevent the initiation or the completion of development and redevelopment activities, any of which could have an adverse effect on our financial condition, results

of operations, cash flow, the market value of our assets and our ability to satisfy our debt obligations and to make distributions to Investors.

The HEI Borrowers' properties may be subject to impairment charges.

The Manager will periodically evaluate the HEI Borrowers' real estate investments for impairment indicators. The judgment regarding the existence of impairment indicators is based on factors such as market conditions, tenant performance and legal structure. For example, the early termination of, or default under, a lease by a tenant may lead to an impairment charge. If Manager determines that an impairment has occurred, the HEI Borrowers would be required to make a downward adjustment to the net carrying value of a property. Impairment charges also indicate a potential permanent adverse change in the fundamental operating characteristics of the impaired property. There is no assurance that these adverse changes will be reversed in the future and the decline in the impaired property's value could be permanent.

If a tenant declares bankruptcy, the HEI Borrowers may be unable to collect balances due under relevant leases, which could adversely affect our financial condition and ability to pay distributions to Investors.

Any of the HEI Borrowers' tenants, or any guarantor of a tenant's lease obligations, could be subject to a bankruptcy proceeding pursuant to Chapter 11 of the United States bankruptcy code. A bankruptcy filing by one of the HEI Borrowers' tenants or any guarantor of a tenant's lease obligations would bar all efforts by the HEI Borrowers to collect pre-bankruptcy debts from these entities or their properties unless the HEI Borrowers receives an enabling order from the bankruptcy court. There is no assurance the tenant or its trustee would agree to assume the lease. If a lease is rejected by a tenant in bankruptcy, the HEI Borrowers would have only a general unsecured claim for damages that is limited in amount and which may only be paid to the extent that funds are available and in the same percentage as is paid to all other holders of unsecured claims.

A tenant or lease guarantor bankruptcy could delay efforts to collect past due balances under the relevant leases and could ultimately preclude full collection of these sums. A tenant or lease guarantor bankruptcy could cause a decrease or cessation of rental payments that would mean a reduction in our cash flow and the amount available to pay distributions to Investors.

Joint venture investments could be adversely affected by the HEI Borrowers' lack of sole decision-making authority, the HEI Borrowers***' reliance on the financial condition of co-venturers and disputes between the HEI Borrowers and co-venturers.***

The HEI Borrowers may enter into joint ventures with third parties, including with entities that are affiliated with the Manager. The HEI Borrowers may also purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may involve risks not otherwise present with a direct investment in real estate, including, for example:

- the possibility that the HEI Borrowers' joint venture partner or co-tenant in an investment might become bankrupt or fail to fund their required capital contributions;
- that the joint venture partner or co-tenant may at any time have economic or business interests or goals which are, or which become, inconsistent with the HEI Borrowers' business interests or goals;
- that such joint venture partner or co-tenant may be in a position to take action contrary to the HEI Borrowers' instructions or requests or contrary to our policies or objectives;
- the possibility that the HEI Borrowers may incur liabilities as a result of an action taken by such joint venture partner;
- that disputes between the HEI Borrowers and a joint venture partner may result in litigation or arbitration that would increase the HEI Borrowers' expenses and prevent the HEI Borrowers' officers and directors from focusing their time and effort on the HEI Borrowers' business;
- the possibility that if the HEI Borrowers have a right of first refusal or buy/sell right to buy out a co-venturer, co-owner or partner, the HEI Borrowers may be unable to finance such a buy-out if it becomes exercisable

or the HEI Borrowers may be required to purchase such interest at a time when it would not otherwise be in the HEI Borrowers' best interest to do so; or

- the possibility that the HEI Borrowers may not be able to sell the HEI Borrowers' interest in the joint venture if the HEI Borrowers desires to exit the joint venture.

Under certain joint venture arrangements, neither party has the power to control the joint venture, potentially resulting in an impasse in decision-making, which might have a negative influence on the joint venture and affect our ability to make distributions to Investors. In addition, to the extent that the HEI Borrowers' joint venture partner or co-tenant is an affiliate of the Manager, certain conflicts of interest will exist.

Property taxes could increase due to property tax rate changes or reassessment, which could impact our cash flow.

The real property taxes on the HEI Borrowers' properties may increase as property tax rates change or as the HEI Borrowers' properties are assessed or reassessed by taxing authorities. If the property taxes the HEI Borrowers pay increase, our financial condition, results of operations, cash flow, the value of our assets and our ability to satisfy our principal and interest obligations and to make distributions to Investors could be adversely affected.

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage, including due to the non-renewal of the Terrorism Risk Insurance Act of 2002 ("TRIA"), could reduce our cash flows and the return on Investors' investments in the Company.

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with such catastrophic events could sharply increase the premiums we pay for coverage against property and casualty claims.

This risk is particularly relevant with respect to potential acts of terrorism. The TRIA, under which the U.S. federal government bore a significant portion of insured losses caused by terrorism, was renewed in 2019 by the signing of the Terrorism Risk Insurance Program Reauthorization Act of 2019, which extended the Terrorism Risk Insurance Program ("**TRIP**") for seven (7) years through December 31, 2027.

Changes in the cost or availability of insurance could expose the HEI Borrowers to uninsured casualty losses. If any of the HEI Borrowers' properties incurs a casualty loss that is not fully insured, the value of our assets will be reduced by any such uninsured loss, which may reduce the value of Investors' investments in the Company. In addition, other than any working capital reserve or other reserves the HEI Borrowers may establish, the HEI Borrowers have no source of funding to repair or reconstruct any uninsured property. Also, to the extent the HEI Borrowers must pay unexpectedly large amounts for insurance, the HEI Borrowers could suffer reduced earnings that would result in lower distributions to Investors.

Additionally, mortgage lenders insist in some cases that multifamily property owners purchase coverage against terrorism as a condition for providing mortgage loans. Accordingly, to the extent terrorism risk insurance policies are not available at reasonable costs, if at all, the HEI Borrowers' ability to finance or refinance their properties could be impaired. In such instances, the HEI Borrowers may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. The HEI Borrowers may not have adequate, or any, coverage for such losses.

Climate change may adversely affect our business.

To the extent that climate change does occur and affects the markets that we invest in, we may experience extreme weather and changes in precipitation and temperature, all of which may result in physical damage or a decrease in demand for a property that the HEI Borrowers acquire. Should the impact of climate change be material in nature or occur for lengthy periods of time, the financial condition or results of operations for an HEI Borrower and its property would be adversely affected. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of a property that the HEI Borrowers acquire in order to comply with such regulations.

Acquiring or attempting to acquire multiple properties in a single transaction may adversely affect the HEI Borrowers***' operations.***

From time to time, the HEI Borrowers may attempt to acquire multiple properties in a single transaction. Multiple property portfolio acquisitions are more complex and expensive than single-property acquisitions, and the risk that a portfolio acquisition does not close may be greater than in a single-property acquisition. A seller may require that a group of properties be purchased as a package even though we may not want to purchase one or more properties in the portfolio. In these situations, if the HEI Borrowers are unable to identify another person or entity to acquire the unwanted properties, the HEI Borrowers may be required to operate or attempt to dispose of these properties. To acquire multiple properties in a single transaction the HEI Borrowers may be required to accumulate a large amount of cash. The Manager would expect the returns that the HEI Borrowers earn on such cash to be less than the ultimate returns in real property and therefore, accumulating such cash could reduce the funds available for distributions to Investors.

Tenant relief laws may negatively impact the HEI Borrowers rental income and profitability.

As landlord of numerous residential properties, the HEI Borrowers may be involved in evicting residents who are not paying their rent or are otherwise in material violation of the terms of their lease. Eviction activities will impose legal and managerial expenses that will raise the HEI Borrowers' costs. The eviction process is typically subject to legal barriers, mandatory "cure" policies and other sources of expense and delay, each of which may delay the HEI Borrowers' ability to gain possession and stabilize the home. Additionally, state and local landlord-tenant laws may impose legal duties to assist residents in relocating to new housing or restrict the landlord's ability to recover certain costs or charge residents for damage that residents cause to the landlord's premises. The HEI Borrowers and any property managers the Manager hires will need to be familiar with and take all appropriate steps to comply with all applicable landlord-tenant laws, and the HEI Borrowers will need to incur supervisory and legal expenses to ensure such compliance. To the extent that the HEI Borrowers do not comply with state or local laws, the HEI Borrowers may be subjected to civil litigation filed by individuals, in class actions or by state or local law enforcement. The HEI Borrowers may be required to pay adversaries' litigation fees and expenses if judgment is entered against the HEI Borrowers in such litigation or if the Cityfunds Series settles such litigation.

Rent control or rent stabilization laws could prevent the HEI Borrowers from raising rents to offset increases in operating costs.

Various states, cities, or municipalities have a system of rent regulations known as rent stabilization and rent control. Tenants of regulated apartments are entitled to receive required services, to have their leases renewed, and may not be evicted except on grounds allowed by law. If the HEI Borrowers acquire properties that include regulated apartments, these regulations could limit the amount of rent the HEI Borrowers are able to collect, which could have a material adverse effect on the HEI Borrowers' ability to fully take advantage of the investments that the HEI Borrowers make in their properties. In addition, there can be no assurance that changes to rent control or rent stabilization laws will not have a similar or greater negative impact on the HEI Borrowers' ability to collect rents. These factors could have a negative effect on the HEI Borrowers' rental income revenues and affect our ability to make distributions to Investors.

Real estate investments are relatively illiquid and may limit the HEI Borrowers' flexibility.

Real estate investments are relatively illiquid, which may tend to limit the HEI Borrowers' ability to react promptly to changes in economic or other market conditions. The HEI Borrowers' ability to dispose of assets in the future will depend on prevailing economic and market conditions. The HEI Borrowers inability to sell properties on favorable terms or at all could have an adverse effect on our sources of working capital and our ability to satisfy our debt obligations. In addition, real estate can at times be difficult to sell quickly at prices we find acceptable. When the HEI Borrowers sell any assets, the HEI Borrowers may recognize a loss on such sale. These potential difficulties in selling real estate may limit the HEI Borrowers' ability to promptly change, or reduce exposure to, the properties the HEI Borrowers acquire in response to changes in economic or other conditions.

The HEI Borrowers may enter into long-term leases with tenants in certain properties, which may not result in fair market rental rates over time.

The HEI Borrowers may enter into long-term leases with tenants of certain of the properties or include renewal options that specify a maximum rate increase. These leases would provide for rent to increase over time; however, if the HEI Borrowers do not accurately judge the potential for increases in market rental rates, the HEI Borrowers may set the terms of these long-term leases at levels such that, even after contractual rent increases, the rent under our long-term leases is

less than then-current market rates. Further, the HEI Borrowers may have no ability to terminate those leases or to adjust the rent to then-prevailing market rates. As a result, our cash available for distribution to Investors could be lower than if the HEI Borrowers did not enter into long-term leases.

The HEI Borrowers will depend on tenants for revenue, and lease defaults or terminations could reduce the HEI Borrowers' net income and limit our ability to make distributions to Investors.

The success of our investments materially depends on the financial stability of the HEI Borrowers' tenants. A default or termination by a tenant on its lease payments to the HEI Borrowers would cause the HEI Borrowers to lose the revenue associated with such lease and require the HEI Borrowers to find an alternative source of revenue to meet mortgage payments and prevent a foreclosure, if the property is subject to a mortgage. If a tenant defaults, the HEI Borrowers may experience delays in enforcing the HEI Borrowers' rights as landlord and may incur substantial costs in protecting our investment and re-leasing our property. If a tenant defaults on or terminates a lease, the HEI Borrowers may be unable to lease the property for the rent previously received or sell the property without incurring a loss. These events could cause us to reduce the amount of distributions to Investors.

Potential development and construction delays and resultant increased costs and risks may hinder our operating results and decrease our net income.

From time to time the HEI Borrowers may acquire unimproved real property or properties that require significant rehabilitation, or are under development or construction. Investments in such properties will be subject to the uncertainties associated with the development and construction of real property, including those related to re-zoning land for development, environmental concerns of governmental entities and community groups and our builders' ability to build in conformity with plans, specifications, budgeted costs and timetables. If a builder fails to perform, the HEI Borrowers may resort to legal action to rescind the purchase or the construction contract or to compel performance. A builder's performance may also be affected or delayed by conditions beyond the builder's control. Delays in completing construction could also give tenants the right to terminate preconstruction leases. The HEI Borrowers may incur additional risks when the HEI Borrowers make periodic progress payments or other advances to builders before they complete construction. These and other factors can result in increased costs of a project or loss of the HEI Borrowers' investment. In addition, the HEI Borrowers will be subject to normal lease-up risks relating to newly constructed projects. The HEI Borrowers also must rely on rental income and expense projections and estimates of the fair market value of property upon completion of construction when agreeing upon a purchase price at the time the HEI Borrowers acquire the property. If the HEI Borrowers projections are inaccurate, the HEI Borrowers may pay too much for a property, and the return on the HEI Borrowers' investment could suffer.

A prolonged economic slowdown, a lengthy or severe recession or declining real estate values could harm our operations.

Our investments may be susceptible to economic slowdowns or recessions, which could lead to financial losses in our investments and a decrease in revenues, net income and assets. An economic slowdown or recession, in addition to other non-economic factors such as; material and labor shortages, rising energy costs, or an excess supply of properties, could have a material negative impact on the values of, and the cash flows from, residential real estate properties, which could significantly harm our revenues, results of operations, financial condition, business prospects and our ability to make distributions to Investors.

Risks Related to the Nada Platform

If Nada were to cease operations for any reason, the operation of the Nada Platform could be interrupted.

If Nada were to cease operations for any reason, the operation of the Nada Platform, on which the Company will rely in connection with this Offering and the transactions contemplated in respect of the Interests, could be interrupted. In such an event, the Company would be required to find an alternative method of offering Interests for sale, processing transactions in respect of the Interests, and any other services or operations previously effected through the Nada Platform. This could cause significant delays in processing transactions relating to the Interests, including without limitation selling new Interests, making distributions to Investors, and providing updates to Investors regarding the status of their investments in the Interests, and could have a material adverse effect on the Company's financial condition and results of operations.

If the security of confidential information stored on the Nada Platform's systems is breached or otherwise subjected to unauthorized access, Investors' private information may be inadvertently disclosed or stolen.

Many jurisdictions have enacted privacy and data security laws requiring safeguards on the privacy and security of consumers' personally identifiable information. Other laws deal with obligations to safeguard and dispose of private information in a manner designed to avoid its dissemination. Privacy rules adopted by the U.S. Federal Trade Commission and SEC implement requirements and govern the disclosure of consumer financial information by certain financial institutions, ranging from banks to private investment funds. U.S. platforms following certain models generally are required to have privacy policies that conform to these requirements. In addition, such platforms typically have policies and procedures intended to maintain platform participants' personal information securely and dispose of it properly.

The Nada Platform may store bank information and other personally-identifiable sensitive data of Investors in the Interests and in investment products offered by various affiliates of the Company. However, any willful security breach or other unauthorized access could cause investors' secure information to be stolen and used for criminal purposes, and investors would be subject to increased risk of fraud or identity theft. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, the Nada Platform and the Manager's third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many states have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may reduce confidence in the effectiveness of the Manager's and Nada's data security measures. Any security breach, whether actual or perceived, would harm the Manager's and Nada's reputation, and the value of the Investors' investment in the Interests could be adversely affected. Additionally, a security breach or violations of laws could subject the Manager, Nada and the Company to litigation and/or fines, penalties or other regulatory action, which, individually or in the aggregate, could have an adverse effect on the Manager's and Nada's brand and reputation.

Any significant disruption in service on the Nada Platform or in its computer systems could materially and adversely affect the Company's ability to perform its obligations and the attractiveness of the Interests.

If a catastrophic event resulted in a Nada Platform outage and physical data loss, the Company's ability to perform its obligations would be materially and adversely affected. The satisfactory performance, reliability, and availability of the Nada Platform's technology and its underlying hosting services infrastructure are critical to the Company's operations, level of customer service, reputation and ability to achieve its investment objectives. The Nada Platform's hosting services infrastructure is provided by a third-party hosting provider (the "**Hosting Provider**"). The Nada Platform also maintains a backup system at a separate location that is owned and operated by a third party. The Hosting Provider does not guarantee that users' access to the Nada Platform website will be uninterrupted, error-free or secure. The Nada Platform's operations depend on the Hosting Provider's ability to protect its and the Nada Platform's systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or other attempts to harm necessary systems, criminal acts and similar events. If the Nada Platform's arrangement with the Hosting Provider is terminated, or there is a lapse of service or damage to its facilities, an interruption in service as well as delays and additional expense in arranging new facilities could be experienced. Any interruptions or delays in the Nada Platform's service, whether as a result of an error by the Hosting Provider or other third-party error, the Manager's error, natural disasters or security breaches, whether accidental or willful, could harm the Company's ability to perform any services with respect to the Interests or its business operations, and could harm the Company's relationships with Investors, its reputation, and the desirability of the Interests as an investment product.

Additionally, in the event of damage or interruption, any insurance policies maintained by the Manager or any affiliate thereof may not adequately compensate such party for any losses that it may incur. The Manager's and Nada's business continuity plan has not been tested under actual disaster conditions, and there would be some delay in recovering data and services in the event of an outage at a facility operated by the Hosting Provider. In addition, there is no guarantee that all data would be recoverable. These factors could prevent the Company from processing or posting payments in respect of the Interests, divert employees' attention and damage the Manager's and Nada's brand and reputation, which in turn would adversely affect the desirability of the Interests as an investment product and, consequently, the ability of the Company to raise funds in this Offering to pursue its investment objectives.

Risks Related to Conflicts of Interest

We are dependent on the Manager and its affiliates and their key personnel who provide services to us through the Operating Agreement, and we may not find a suitable replacement if the Operating Agreement is terminated, or if key personnel leave or otherwise become unavailable to us, which could have a material adverse effect on our performance.

We do not expect to have any employees and we are completely reliant on the Manager to provide us with investment and advisory services. We expect to benefit from the personnel, relationships and experience of the Manager's executive team and other personnel of Nada and expect to benefit from the same highly experienced personnel and resources we need for the implementation and execution of our investment strategy. Each of our directors and executive officers will also serve as an officer of Nada. The Manager will have significant discretion as to the implementation of our investment and operating policies and strategies. Accordingly, we believe that our success will depend to a significant extent upon the efforts, experience, diligence, skill and relationships of the executive officers and key personnel of the Manager. The executive officers and key personnel of the Manager will evaluate, negotiate, close and monitor our properties. Our success will depend on their continued service.

In addition, we offer no assurance that the Manager will remain the Manager or that we will continue to have access to the Manager's principals and professionals. If the Manager withdraws and no suitable replacement is found to manage us, our ability to execute our business plan will be negatively impacted.

The fees we pay in connection with the Offering and in connection with the acquisition and management of our investments were not determined on an arm's length basis; therefore, we do not have the benefit of arm's length negotiations of the type normally conducted between unrelated parties.

The fees to be paid to the Manager, our affiliated selling agent and other affiliates for services they provide for us were not determined on an arm's length basis. As a result, the fees have been determined without the benefit of arm's length negotiations of the type normally conducted between unrelated parties and may be in excess of amounts that we would otherwise pay to third parties for such services.

The terms of the Broker Dealer Agreement were not determined on an arm's length basis; therefore Investors onboarded through the Broker Dealer may pay higher commissions than if we had the benefit of arm's length negotiations of the type normally conducted between unrelated parties.

The BD Representative is also an employee of Nada. Thus the terms of the of the Broker Dealer agreement were not determined on an arm's length basis. As a result the Broker commission have been determined without the benefit of arm's length negotiations of the type normally conducted between unrelated parties and may be in excess of amounts that Investors would otherwise pay if the BD Representative was not a related party.

The ability of the Manager and its officers and other personnel to engage in other business activities, including managing other similar companies, may reduce the time the Manager spends managing the business of the Company and may result in certain conflicts of interest.

Certain of the Manager's officers also serve or may serve as officers or employees of Nada, as well as other Nada-sponsored vehicles and other companies unaffiliated with Nada. These other business activities may reduce the time these persons spend managing our business. Further, if and when there are turbulent conditions in the real estate markets or distress in the credit markets or other times when we will need focused support and assistance from the Manager, the attention of the Manager's personnel and our executive officers and the resources of Nada may also be required by the Nada-sponsored vehicles. In such situations, we may not receive the level of support and assistance that we may receive if we were internally managed or if we were not managed by the Manager. In addition, these persons may have obligations to those entities, the fulfillment of which might not be in the best interests of us, or any of the Investors.

The terms of the Operating Agreement make it so that it may adversely affect our inclination to end our relationship with the Manager.

Unsatisfactory financial performance does not constitute grounds for replacing the Manager under the Operating Agreement. These provisions make it difficult to end the Company's relationship with the Manager, even if we believe the Manager's performance is not satisfactory.

The Operating Agreement contains provisions that reduce or eliminate duties (including fiduciary duties) of the Manager.

The Operating Agreement provides that the Manager, in exercising its rights in its capacity as the Manager, will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any of our Investors and will not be subject to any different standards imposed by our bylaws, or under any other law, rule or regulation or in equity.

We do not have a policy that expressly prohibits our directors, officers, security holders or affiliates from having a direct or indirect pecuniary interest in any transaction to which we have an interest or engaging for their own account in business activities of the types conducted by us.

We do not have a policy that expressly prohibits our directors, officers, security holders or affiliates from having a direct or indirect pecuniary interest in any asset to be acquired or disposed of by us or in any transaction to which we are a party or have an interest. Nor do we have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by us. In addition, the Operating Agreement does not prevent the Manager and its affiliates from engaging in additional management or investment opportunities, some of which could compete with us.

The Manager's liability is limited under the Operating Agreement, and we have agreed to indemnify the Manager against certain liabilities. As a result, we may experience poor performance or losses of which the Manager would not be liable.

Pursuant to the Company's Operating Agreement, the Manager will not assume any responsibility other than to render the services called for thereunder. The Manager maintains a contractual, as opposed to a fiduciary, relationship with us and our Investors. Under the terms of the Operating Agreement, the Manager, its officers, investors, members, managers, directors and personnel, any person controlling or controlled by the Manager and any person providing sub-advisory services to the Manager will not be liable to us, any subsidiary of ours, or our Investors, members or partners or any subsidiary's Investors, members or partners for acts or omissions performed in accordance with and pursuant to the Operating Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, gross negligence, or reckless disregard of their duties under the Operating Agreement. Accordingly, we and our Investors will only have recourse and be able to seek remedies against the Manager to the extent it breaches its obligations pursuant to the Operating Agreement. Furthermore, we have agreed to limit the liability of the Manager and to indemnify the Manager against certain liabilities. We have agreed to reimburse, indemnify and hold harmless the Manager, its officers, investors, members, managers, directors and personnel, any person controlling or controlled by the Manager and any person providing sub-advisory services to the Manager with respect to all expenses, losses, damages, liabilities, demands, charges and claims in respect of, or arising from, acts or omissions of such indemnified parties not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of the Manager's duties, which has a material adverse effect on us. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under the Operating Agreement because of our desire to maintain our ongoing relationship with the Manager.

The HEI Notes will be offered to parties related to the Manager and will not be the result of arm's length negotiation.

The Company intends to engage primarily in related party loans, including loans to the HEI Borrowers secured by the real estate assets owned by each HEI Borrower. The HEI Borrowers are each managed by affiliates of the Manager, which in turn are managed by Nada. The terms of such loans will not be negotiated at arm's length. The Manager intends that such related party loans will be on commercial terms that, in the opinion of the Manager, would have been reached in an arm's length transaction with or among unaffiliated third parties to ensure fair and equitable treatment among the parties. In the event of any default by a related party borrower under such loans, the Manager will take such measures as, in the opinion of the Manager, would have been taken by a secured lender with respect to an unaffiliated borrower under such conditions to ensure fair and equitable treatment among the parties.

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 COMPANY. PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO INVEST.

DESCRIPTION OF THE HEI BORROWERS

CITYFUNDS I, LLC

Overview

Cityfunds I, LLC ("**Cityfunds**"), a Delaware series limited liability company, was formed to enable public investment in various residential real estate assets in specific metropolitan statistical areas ("**MSAs**") within the United State. A separate series of Cityfunds (the "**Cityfunds Series**") is formed to invest in the properties in each such MSA, either directly, or through home equity investment products which Cityfunds has termed "Homeshares" (as defined and discussed below). Cityfunds will offer membership interests in each of the Cityfunds Series to investors through individual Regulation A offering circulars. As a Delaware series limited liability company, the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular Cityfunds Series are segregated and enforceable only against the assets of such Cityfunds Series, as provided under Delaware law.

Real estate for the majority of people is considered to be inaccessible, restrictive, and unnecessarily complicated. Real estate investing should be easy, simple, and transparent. Cityfunds' mission is to create financial products that provide everyone with access to wealth and financial freedom through equity ownership in residential real estate.

Cityfunds is a unique product that is designed to be index-like through a focus on investing in a specific city's residential real estate market. Each Cityfunds Series makes investments in owner-occupied homes, receiving an equity position that provides the Cityfunds Series with the ability to participate in the future appreciation of each home. Each Cityfunds Series may also acquire single family homes to operate as rental properties.

The membership interests in a particular Cityfunds Series represent an indirect investment in the properties that the Cityfunds Series owns in the designated city. The membership interests do not represent an investment in any other Cityfunds Series, Cityfunds, or the Manager. It is not anticipated that any Cityfunds Series will own anything other than the investments associated with such Cityfunds Series other than cash and equivalents and marketable publicly traded securities.

Investment Objective and Strategy

Cityfunds' primary investment objective is to realize growth in the value of investor investments by investing in residential real estate while seeking to preserve, protect and return investor investments. Cityfunds cannot assure its investors that Cityfunds will attain this objective or that the value of Cityfunds Series properties and investor investments will not decrease.

Cityfunds' primary investment strategy is to acquire, invest in, manage, operate, selectively leverage, and sell residential real estate in the form of Homeshares and single family rental properties in larger cities in the United States. Cityfunds' focus on acquiring residential real estate, in its belief, has possibilities for long-term appreciation.

An investment in a single Cityfunds Series provides investors with exposure to a portfolio of residential real estate in a specific MSA and investments in multiple Cityfunds Series provides investors with exposure to a portfolio of residential real estate in multiple MSAs.

Cityfunds Manager

Cityfunds is managed by Cityfunds Manager, LLC ("**Cityfunds Manager"**), a joint venture between Nada Asset Management, LLC, which is controlled by Nada, and Compound Asset Management, LLC. Pursuant to the terms of Cityfunds' Limited Liability Company Operating Agreement, as amended from time to time (the "**Cityfunds Agreement**"), the Manager provides certain management, advisory and support services to the Cityfunds and to each Cityfunds Series.

Investment Decisions and Asset Management

Within Cityfunds' investment policies and objectives, Cityfunds Manager will have discretion with respect to the selection of specific investments and the purchase and sale of investments. As such, Cityfunds has developed a disciplined investment approach that combines the experience of Cityfunds Manager with a structure that emphasizes thorough market research, stringent underwriting standards and an extensive down-side analysis of the risks of each investment. The approach also includes active and aggressive management of each property acquired.

To execute this investment approach, Cityfunds Manager will take responsibility for developing and implementing the business plan of each investment.

Investments in Real Property

Certain of Cityfunds investments in real estate will take the form of holding fee title or a long-term leasehold estate in a property. These investments are referred to as **"Real Property Investments**." Cityfunds will acquire such interests either directly or indirectly through limited liability companies or through investments in joint ventures, partnerships, co-tenancies or other co-ownership arrangements with third parties, including developers of the properties, or with affiliates of the Manager.

The purchase of any property generally will be conditioned upon the delivery and verification of certain documents from the seller or developer, including, where appropriate:

- evidence of marketable title subject to such liens and encumbrances as are acceptable to the Manager;
- auditable financial statements covering recent operations of properties having operating histories; and
- title and liability insurance policies.

Investments in Home Equity Investments, or "Homeshares"

Certain of Cityfunds' investments in real estate will take the form of shared equity interests in single-family residential properties ("**Homeshares**").

A Homeshare investment will provide for the sale to a Cityfunds Series by a homeowner of an option to purchase, in the future, an undivided percentage interest in and to the primary residence of the homeowner in consideration for payment by the Cityfunds Series to the homeowner of an amount, which we refer to as the option price, determined by reference to the estimated value of the unencumbered portion of the homeowner's property as of the end of the term of the option.

The option will be documented by agreements between a Cityfunds Series and the homeowner, (together the "**Security Documents**"), which will include: (i) an Option Agreement covering the financial terms of the option; (ii) a Covenant Agreement containing certain covenants and undertakings on the part of the homeowner for the benefit of the series; and (iii) a recorded Mortgage evidencing the amounts payable pursuant to the Option Agreement, Covenant Agreement and Mortgage.

For more information on Cityfunds we suggest that Investors should review Cityfunds' Regulation A prospectus that can be accessed here.

CITYFUNDS PORTFOLIO FUND, LLC

Overview

Cityfunds I, LLC ("Cityfunds"), a Delaware series limited liability company, was formed to enable public investment in residential real estate properties in specific cities. A separate series of Cityfunds (the "Cityfunds Series") is formed to invest in the properties in each such MSA, either directly, or through home equity investment products which Cityfunds has termed "Homeshares" (as defined and discussed below). Cityfunds will offer membership interests in each of the Cityfunds Series to investors via the Cityfunds offering circular. Since each Cityfunds Series is a Delaware series limited liability company, the debts, liabilities, obligations and expenses incurred, contracted for or otherwise

existing with respect to a particular Cityfunds Series are segregated and enforceable only against the assets of such Cityfunds Series, as provided under Delaware law.

Real estate, for the majority of people, is considered to be inaccessible, restrictive, and unnecessarily complicated. Real estate investing should be easy, simple, and transparent. Cityfunds' mission is to create financial products that provide everyone with access to wealth and financial freedom through equity ownership in residential real estate.

Cityfunds is a unique product that is designed to be index-like through a focus on investing in a specific city's residential real estate market. Each Cityfunds Series makes investments in owner-occupied homes, receiving an equity position that provides the Cityfunds Series with the ability to participate in the future appreciation of each home. Each Cityfunds Series may also acquire single family homes to operate as rental properties.

The membership interests in a particular Cityfunds Series represent an indirect investment in the properties that the Cityfunds Series owns in the designated city. The membership interests do not represent an investment in any other Cityfunds Series, Cityfunds, or the Manager. It is not anticipated that any Cityfunds Series will own anything other than the investments associated with such Cityfunds Series other than cash and equivalents and marketable publicly traded securities.

Investment Objective and Strategy

Cityfunds' primary investment objective is to realize growth in the value of investor investments by investing in residential real estate while seeking to preserve, protect and return investor investments. Cityfunds cannot assure its investors that Cityfunds will attain this objective or that the value of Cityfunds Series properties and investor investments will not decrease.

Cityfunds' primary investment strategy is to acquire, invest in, manage, operate, selectively leverage, and sell residential real estate in the form of Homeshares and single family rental properties in larger cities in the United States. Cityfunds' focus on acquiring residential real estate, in its belief, has possibilities for long-term appreciation.

An investment in a single Cityfunds Series provides investors with exposure to a portfolio of residential real estate in a specific MSA and investments in multiple Cityfunds Series provides investors with exposure to a portfolio of residential real estate in multiple MSAs.

Cityfund Manager

Cityfunds is managed by Cityfund Manager, LLC, a joint venture between Nada Asset Management, LLC, which is controlled by Nada, and Compound Asset Management, LLC. Pursuant to the terms of Cityfunds' Limited Liability Company Operating Agreement, as amended from time to time (the "**Cityfunds Agreement**"), the Manager provides certain management, advisory and support services to the Cityfunds and to each Cityfunds Series.

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NADA INVESTMENTS, LLC

Overview

Nada Investments LLC is a wholly owned subsidiary of Nada. Nada Investments, LLC operates as a real estate investment entity, investing in single-family residential real estate assets, such as home equity investments and single-family properties, for the purpose of generating income on the sale of these assets. Most directly, Nada Investments, LLC is often the investor and lien holder on newly originated home equity investments (Homeshares) prior to an asset sale to a Cityfunds Series.

MANAGEMENT

General

The Manager of the Company is Cityfunds Yield Manager, LLC, a Delaware limited liability company and a joint venture between Cityfunds Manager, LLC, which is controlled by Nada, and JM Yield Management, LLC, which is controlled by Jeremy Males.

Executive Officers

The following table sets forth certain information with respect to each of the executive officers of the Manager:

Executive Officer	Position held with the Manager	Position held with Nada
John Green	Manager, Principal Executive Officer	CEO
Jeremy Males	Manager, Principal Investments Officer	Vice President
Mauricio Delgado	Manager, Principal Finance Officer	CFO

Biographical Information

Set forth below is biographical information of our executive officers:

John Green is a co-founder of Nada Holdings, Inc., where he has served as CEO and President since its inception in November 2018, where he manages all corporate vision, business model development, and expansion strategies to execute across all service verticals. Previously, Mr. Green served as a Strategic Advisor for Vámonos Credit, LLC, a brand focused on serving the Hispanic consumer across all aspects of a real estate transaction, from November 2017 until June 2018. Mr. Green was previously the Vice President of Strategy and Innovation at Pacific Union Financial, LLC, a top 10 independent mortgage lender, where from November 2012 until June 2018 he served as a growth strategy and implementation leader focused on new business ventures, technology, risk management, and go-to-market strategy. Mr. Green previously managed Quality Control for JPMorgan Chase – Mortgage from 2009 until November 2012. Prior to his career in financial services, Mr. Green was a professional recording and touring artist from 2005 until 2009, authoring and publishing two albums. Mr. Green has been a member of the American Society of Composers, Authors, and Publishers since 2006. Mr. Green is also an active and published member of the Forbes Finance Council.

Mauricio Delgado is a co-founder of Nada Holdings, Inc., where he has served as Chief Strategy Officer and Chief Product Officer since its inception in November 2018, where he manages all corporate finance, technology, strategic partnerships, and growth functions. Previously, Mr. Delgado co-founded and exited Vámonos Credit, LLC, a brand focused on serving the Hispanic consumer across all aspects of a real estate transaction, from July 2017 until June 2018. Mr. Delgado was previously the CEO and CFO of Tricolor Auto Group, LLC, a leading auto retailer and financer to the Hispanic consumer, which grew to more than $300mm in revenue, from 2013 until the company was sold in 2016. In addition, Mr. Delgado has a proven track record in institutional investing as Principal at Investar Financial Venture Capital Group, as Director at Highland Capital Management, L.P., and as Vice President at Lehman Brothers Private Equity from 2006 until 2013. Mr. Delgado's investing track record includes investing and managing over $1 billion of capital across the capital structures of companies in the financial services, technology, energy, and real estate sectors. Mr. Delgado graduated from Stanford University and received his BS in Computer Science and his MBA from Stanford's Graduate School of Business.

Jeremy Males is the Broker of Record and Head of Acquisitions for Nada Holdings, Inc., where he has served since March 2020. Previously, Mr. Males was the Broker/Owner of SubZero Realty, a non-traditional real estate brokerage. Mr. Males also previously founded and has managed a myriad of real estate investment companies and joint ventures, which paired private investors with unique investment opportunities in real estate. The most active of the real estate investment companies, JMSR Enterprises LLC, manages a multi-million dollar private investment fund with a diversified portfolio of real estate assets throughout the state of Texas. Previously, Mr. Males was a high school teacher and football coach throughout Texas. Mr. Males graduated from MidAmerica Nazarene University and received a

Master's Degree in Education from Lamar University. Mr. Males is a licensed Texas Real Estate Broker and a member of the Real Estate Investment Association.

Advisors

Jesse Stein serves as a member of Board of Directors of Nada Holdings, Inc., and as an advisor to the Manager. Mr. Stein has served as a Managing Director of Everyrealm Inc. since October 2021. Previously, Mr. Stein served as the Head of Republic Real Estate from June 2020 until October 2021 and Chief Operating Officer of Compound Asset Management, Inc. from February 2018 until May 2020. Mr. Stein is also the Managing Principal of Advanced Fundamentals LLC, a data analytics and real estate indexing firm which he founded in July 2016. Previously, Mr. Stein served as the Chief Executive Officer of Commencement Capital, LLC from April 2016 until February 2018 and was a founding member and the Chief Operating Officer of ETRE Financial, LLC, a real estate financial services and information technology company, from August 2012 until February 2016. During his time with ETRE Financial, Mr. Stein also served as the Chief Operating Officer, Secretary, and a member of the Board of Directors of ETRE REIT, LLC. Mr. Stein graduated from Cornell University and received a master's degree in real estate Investment from New York University.

Indemnification

Indemnification is authorized by the Company to directors, managers, officers or controlling persons acting in their professional capacity pursuant to Delaware law. Indemnification includes expenses such as attorney's fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person, except in certain circumstances where a person is adjudged to be guilty of gross negligence, fraud, willful misconduct or bad faith.

The Manager and the Operating Agreement

The Manager will be responsible for directing the management of the Company's business and affairs, managing the Company's day-to-day affairs, and implementing the Company's investment strategy. The Manager and its officers will not be required to devote all of their time to the business of the Company and are only required to devote such time to the Company's affairs as their duties require.

The Manager will perform its duties and responsibilities pursuant to the Operating Agreement. The Manager will maintain a contractual, as opposed to a fiduciary relationship, with the Company and its Investors. Furthermore, the Company has agreed to limit the liability of the Manager and to indemnify the Manager against certain liabilities.

Management Compensation

The Manager and its affiliates will receive fees and expense reimbursements for services relating to this Offering and the investment and management of the Company's investments. The items of compensation are summarized in the following table. The Manager will not receive any sales commissions or dealer manager fees in connection with the direct offer and sale of the Interests.

Form of Compensation	Description
Management Fee	The Management Fee is calculated as follows: (i) for the Initial Closing Period, the Manager will be paid an amount equal to 0.50% of the total amount raised in the immediately preceding quarter (2.0% annually); and (ii) following the Initial Closing Period, the Manager will be paid an amount equal to 0.50% of the total amount raised by the Company at the end of each of the immediately preceding quarters (2.0% annually). The Management Fee is payable quarterly in arrears. The

	Management Fee may be suspended, or waived, in whole or in part, in the sole discretion of the Manager. All or any portion of the Management Fee, which is so deferred, suspended or waived will be deferred without interest and may be payable in any succeeding quarter as the Manager may determine in its sole discretion.
Other Operating Expenses-Manager or Affiliate	The Company will reimburse the Manager for out-of-pocket expenses paid by the Manager to third parties who provide services to the Company. Such reimbursements will not include the Manager's overhead, payroll, utilities, technology costs or similar expenses payable by the Manager in connection with its business operations. The Manager may, in its sole discretion, suspend or waive, in whole or in part, the reimbursement by the Company of all or any portion of any such operating expenses incurred by the Manager on behalf of the Company. The expense reimbursements that the Company pays to the Manager also include expenses incurred by Nada in the performance of services under the shared services provisions of the Operating Agreement, including any increases in insurance attributable to the management or operation of the Company.
Reimbursement of Organization and Offering Expenses:	The Company will reimburse the Manager and any applicable affiliates thereof for organization and offering expenses and for any future organization and offering expenses they may incur on behalf of the Company. The Manager may, in its sole discretion, suspend or waive, in whole or in part, the reimbursement by the Company of all or any portion of any such operating expenses incurred by the Manager on behalf of the Company.
Fees from Other Services – Affiliates of the Manager	The Manager or its affiliates may charge fees to borrowers in connection with the Company's investments, including without limitation origination fees, upfront fees, exit fees, and lender discount points. The Manager or its affiliates will be entitled to retain the full amount of any such fees. Extension and modification fees may be collected from counterparties and payable to the Manager in its capacity as the servicer of the applicable asset. In the loan context, such fees are typically between one and three Percent (1-3%) of the original or outstanding underlying loan amount, but could be higher depending on market rates and conditions. The Company will pay to the Manager the full amount of any such fees. Investment processing and other documentation fees, including without limitation underwriting fees, appraisal fees, title fees, inspection fees, escrow fees, environmental assessment fees, administration fees and other similar charges, may be collected from counterparties and payable to the Manager or its affiliates at prevailing industry rates. The Manager or

its affiliates will be entitled to retain, or the Company will pay to such party, the full amount of any such fees.

Term and Removal of the Manager

The Operating Agreement provides that the Manager will serve as the Manager for an indefinite term, or may choose to withdraw as manager, or may be removed for "Cause" under the following certain circumstances:

- the Manager's continued breach of any material provision of the Operating Agreement following a period of thirty (30) days after written notice thereof (or forty-five (45) days after written notice of such breach if the Manager has taken steps to cure such breach within thirty (30) days of the written notice);
- the commencement of any proceeding relating to the bankruptcy or insolvency of the Manager that is not dismissed within thirty (30) days, the issuance of an order for relief in an involuntary bankruptcy case or the Manager authorizing or filing a voluntary bankruptcy petition;
- the Manager committing fraud, misappropriating or embezzling Company funds, or acting, or failing to act, in a manner constituting bad faith, willful misconduct, gross negligence or reckless disregard in the performance of its duties under the Operating Agreement; provided, however, that if any of these actions is caused by an employee, personnel and/or officer of the Manager or one of its affiliates and the Manager (or such affiliate) takes all necessary and appropriate action against such person and cures the damage caused by such actions within thirty (30) days of the Manager's actual knowledge of its commission or omission, then the Manager may not be removed; or
- the dissolution of the Manager.

Unsatisfactory financial performance does not constitute "Cause" for removal under the Operating Agreement.

The Manager may assign its rights under the Operating Agreement in its entirety or delegate certain of its duties under the Operating Agreement to any of its affiliates without the approval of the Investors so long as the Manager remains liable for any such affiliate's performance.

The Manager may withdraw as the Manager if the Company becomes required to register as an investment company under the Investment Company Act, with such withdrawal deemed to occur immediately before the event requiring such registration.

In the event of the removal of the Manager, the Manager will cooperate with the Company and take all reasonable steps to assist in making an orderly transition of the management function.

Other than accrued fees payable to the Manager, no additional compensation will be paid to the Manager in the event of the removal of the Manager.

THE OPERATING AGREEMENT

The following is a summary of the principal terms of, and is qualified by reference to the Operating Agreement, attached hereto as Exhibit B, and the Subscription Agreement, the form of which is attached hereto as Exhibit C, relating to the purchase of the Interests. This summary is qualified in its entirety by reference to the detailed provisions of those agreements, which should be reviewed in their entirety by each prospective investor. In the event that the provisions of this summary differ from the provisions of the Operating Agreement or the Subscription Agreement (as applicable), the provisions of the Operating Agreement or the Subscription Agreement (as applicable) shall apply. Capitalized terms used in this summary that are not defined herein shall have the meanings ascribed thereto in the Operating Agreement.

Description of the Interests

The Company is a limited liability company formed pursuant to Section 18-215 of the Delaware Limited Liability Company Act (the "**Act**"). The Company is authorized to divide the Interests into one or more Classes with such privileges, preferences, duties, liabilities, obligations, and rights, including voting rights, if any, as determined by the Manager in its sole discretion.

The Company will offer different Classes of Interests to Investors that meet the following criteria for the purposes of determining each Investor's respective Manager Guaranteed Minimum Yield Distribution rate:

i. Class A1 Interests will be issued to Investors that invest $100,000 or more in the Company before January 31, 2024;

ii. Class A2 Interests will be issued to Investors that invest between $25,000 and $99,999 in the Company before January 31, 2024; and

iii. Class A3 Interests will be issued to Investors that invest between $5,000 and $24,999 in the Company before January 31, 2024 and to all Investors who invest in the Company after January 31, 2024.

For the avoidance of doubt, except with respect to the Guaranteed Minimum Yield Distributions, holders of Class A1, Class A2, and Class A3 Interests shall be treated as if they are members of single Class for all other purposes under the Operating Agreement.

Plan of Distribution

The Company intends to offer and sell up to $10,000,000 in Interests pursuant to this Memorandum at the purchase price set forth on the cover page of this Memorandum. The initial price per Interest shown was arbitrarily determined by the Manager. The Interests are being offered to the public on a "best efforts" basis, and therefore, we are only required to use our best efforts to sell the Interests.

The Interests will be offered primarily through the Nada Platform, but subscriptions may also be accepted through other subscription portals such as Wefunder.com, or through any other means acceptable to the Company, as determined in its sole discretion. The Company expects that the Company, the Manager, and the Company and the Manager's respective officers and employees will offer and sell the Interests in reliance upon the exemption from registration contained in Rule 3a4-1 of the Exchange Act and will not receive any compensation from the direct offer or sale of the Interests. The Company is not a registered broker-dealer, an investment adviser or a funding portal.

The Company has also entered into a Broker Dealer Agreement with the Broker Dealer. Under the Broker Dealer Agreement, the Broker Dealer's role in this Offering, through the Broker Dealer the BD Representative, who is also an employee of Nada, is limited to serving as the broker-dealer of record, including, but not limited to, processing transactions for potential investors and providing investor qualification recommendations (e.g., "Know Your Customer" and anti-money-laundering checks) and coordinating with third-party providers to ensure adequate review and compliance. The Broker Dealer will have access to the subscription information provided by Investors for this Offering by processing transactions by Investors through the Nada Platform or other subscription portals. The Broker Dealer will not solicit any Investors on the Company's behalf, act as underwriter or provide investment advice or investment recommendations. Pursuant to the Broker Dealer Agreement, the Company has agreed to indemnify the Broker Dealer and each of its affiliates and their respective representatives and agents for any loss, liability, judgment, arbitration award,

settlement, damage or cost (collectively, "**Losses**") incurred in any third-party suit, action, claim, investigation, proceeding, or demand (collectively, a "**Proceeding**") arising out of (i) the Company's breach of any provision of the Broker Dealer Agreement, (ii) the Company's wrongful acts or omissions, or (iii) the Offering under this Memorandum, to the extent not based upon a breach of the Broker Dealer Agreement by the Broker Dealer and/or the wrongful acts or omissions of the Broker Dealer or the Broker Dealer's failure to comply with any applicable federal, state or local laws, regulations or codes in the performance of its obligations under the Broker Dealer Agreement.

Investors that subscribe for the Interests through the Broker Dealer will pay the Broker Dealer a commission of five percent (5%) of the purchase price of the Interests sold (and such payment may reduce the investment of the Investor). The commission will be split between the Broker Dealer and the BD Representative according to the terms of the Broker Dealer Agreement. **S**ince the BD Representative is a related party to the Company and the Manager, the Broker Dealer Agreement and the commission for the services under the Broker Dealer Agreement are not a result of arm's length negotiation. The Interests will not be offered or sold in states where the Broker Dealer is not registered as a broker-dealer pursuant to the applicable state law or in any jurisdictions where it is not lawful to offer and sell the Interests. (*See "Summary of the Offering – The Broker Dealer" above*).

This Memorandum will be furnished to prospective investors upon their request via electronic PDF format and will be available for viewing and download from the Nada Platform or other subscription portals. A subscription will be accepted or rejected in whole or in part at the Company's sole discretion within ten (10) business days following receipt of the Subscription Agreement related to such subscription. The Company will accept subscriptions on a first-come, first-served basis subject to the right to reject or reduce subscriptions. In addition, the Company may limit the amount of Interests that an individual Investor may subscribe for.

To the extent that the subscription funds are not ultimately received by the Company, whether due to an ACH chargeback or otherwise, the Subscription Agreement will be considered terminated with respect to such subscriber, and the subscriber will not be entitled to any Interest subscribed for or dividends that may have accrued.

Distribution Rights

The Company does not expect to make any distributions in respect of the Interests until such time as the Company's investment portfolio is generating substantial operating cash flow, which is expected to occur approximately three (3) months following commencement of the Initial Closing Period. The Company currently intends to fully invest all or substantially all of the net proceeds of each Closing in accordance with its investment objective and policies within approximately three (3) months after receipt thereof, depending on the amount and timing of proceeds available to the Company as well as the availability of investments consistent with the Company's investment objective and policies, and except to the extent proceeds are held in cash to pay dividends or expenses, satisfy repurchase offers or for temporary defensive purposes. Once the Company begins to make distributions, the Company expects that the Manager will declare distributions to Investors on a quarterly basis (or otherwise as determined by the Manager) in arrears. Distributions will be paid to Investors as of the record dates selected by the Manager. The Manager has sole discretion in determining what distributions of Free Cash Flow, if any, are made to Investors except as otherwise limited by law or the Operating Agreement. Free Cash Flow is expected to accrue from the time of commencement of the Initial Closing Period, regardless of when net proceeds of each Closing are invested.

Free Cash Flow consists of the payments received from the Company's lending portfolio and revenue generated from Liquidity Events and/or dispositions of assets, less any expenses incurred or expected to be incurred.

The Company expects the Manager to make distributions of any Free Cash Flow on a quarterly basis as set forth below.

i. First, to pay all Manager Guaranteed Minimum Yield Distributions;

ii. Second, to pay the Company's operating expenses including, without limitation, payment of outstanding debt (if any), administrative costs, legal expenses, and allocation of income for valuation allowance (as applicable);

iii. Third, to pay the Management Fee; and

iv. Fourth, to the Investors pro rata in proportion to the Investors' Interests in the Company.

Any distribution of Free Cash Flow will be made on a quarterly basis, in arrears, and distributions to Investors shall be prorated as applicable for the amount of time an Investor is a member of the Company during the applicable accounting period. Free Cash Flow shall accrue during the Initial Closing Period, and distributions of Free Cash Flow are intended to begin after the Initial Closing Date, in arrears (and shall be prorated as applicable for the amount of time an Investor is a member of the Company). However, except in the case of Manager Guaranteed Minimum Yield Distributions, the Manager may change the timing of distributions or determine that no distributions shall be made in its sole discretion.

The Act (Section 18-607) provides that a member who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Act shall be liable to the Company for the amount of the distribution for three (3) years.

Although the Company intends to pay distributions from the net proceeds of its lending portfolio, the Company may use other sources of funds to make distributions, including without limitation the net proceeds of this Offering, funds contributed to the Company by one or more affiliates, cash resulting from a waiver of fees or reimbursements payable to one or more affiliates of the Company, indebtedness incurred by the Company, and the issuance of additional Interests by the Company. The use of some or all of these alternative sources of funds to make distributions may reduce the amount of capital available for the Company to invest and, in turn, negatively impact Investors' returns and the value of their investments in the Interests. The Company has not established limits on the amounts of various sources of funding that it may use to fund distributions. There can be no assurance that the Company's future cash flow will support payments of distributions at any particular level or at all. Distributions paid to Investors will constitute a return of capital to the extent that such distributions exceed the Company's current and accumulated earnings and profits as determined for tax purposes.

Distribution Reinvestment Plan

The Company has not adopted a distribution reinvestment plan (the "**Distribution Reinvestment Plan**"), but may elect to do so in the future.

Redemption Provisions

Although the Company will attempt to redeem Interests, when possible, there is no public market for the Interests, and none may be expected to develop in the future. Even if a potential buyer could be found, the transferability of these Interests are also restricted by the provisions of the Securities Act the rules promulgated thereunder, and by the provisions of the Operating Agreement. Unless an exemption is available, these Interests may not be sold or transferred without registration under the Securities Act and the prior written consent of applicable state securities regulators and agencies.

The Company shall deliver the Withdrawal Balance on a limited basis, as follows: twenty-five percent (25%) of such Investor's Withdrawal Balance, remitted quarterly, such that it will take at least four (4) quarters for an Investor to withdraw the total Withdrawal Balance. Any remittance of a Member's Withdrawal Balance shall be made on the first day of the month. The foregoing shall be limited by the following restrictions: (i) 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, or one million dollars ($1,000,000), whichever is less. Notwithstanding the foregoing, the Manager may, in its sole and absolute discretion, waive or modify such withdrawal requirements. Investors who wish to withdraw before they have been Investors for twelve (12) months can only withdraw if the Investor produces evidence of undue hardship, and the Manager permits Early Withdrawal, in its sole and absolute discretion. Acceptability of an Investor's hardship will be determined by the Manager, in its sole and absolute discretion. Investors who request Early Withdrawal will be subject to a penalty of three percent (3%) of the Investor's withdrawal proceeds.

Registration rights

There are no registration rights in respect of the Interests.

Price per Interest

The initial offering price of the Interests was not established on an independent basis. The initial offering price per Interest set forth herein was determined by the Manager in its sole discretion. This initial price per Interest bears no relationship to the Company's NAV per Interest or to any other established criteria for valuing equity interests. The initial price per Interest may not be indicative of the proceeds that prospective investors would receive upon liquidation. Further, the initial price per Interest may be significantly more than the price at which the Interests would trade if they were to be listed on an exchange or actively traded by broker-dealers.

Voting rights, Management by the Manager, and Amendments

The Investors will have voting rights only with respect to matters relating to amendments to the Operating Agreement that would adversely affect the rights of the Investors. The Investors will have no other voting rights in the Company.

The Operating Agreement vests all other authority to manage the operations of the Company and to make decisions relating to the Company's assets and investments in the Manager.

The Manager has broad authority to take action with respect to the Company. (*See "Management" for more information*). Except as set forth above, the Manager may amend the Operating Agreement without the approval of Investors as follows:

i. to add to the representations, duties or obligations of the Manager or surrender any right or power granted to the Manager in the Operating Agreement;

ii. to cure any ambiguity or correct or supplement any provisions of the Operating Agreement which may be inconsistent with any other provision of the Operating Agreement, or correct any printing, stenographic or clerical errors or omissions;

iii. to admit one or more additional Investors or one or more substituted Investors, or withdraw one or more Investors, in accordance with the terms of the Operating Agreement;

iv. to make such adjustments or amendments as may be required to the give effect to the capital account provisions of the Operating Agreement;

v. to effect any amendment, modification or change that is not adverse to the Investors and does not result in non-uniform treatment of the Investors (as reasonably determined by the Manager in good faith).

In each case, the Manager may make such amendments to the Operating Agreement provided the Manager determines that no such amendments alters, or results in the alteration of, the limited liability of the Investors.

In addition, the Manager, without limitation, may amend any provisions of the Operating Agreement as follows:

i. with respect to allocation net income, net loss, items thereof, and tax items if so required by a taxing authority; and

ii. to make such changes as the Manager in good faith deems necessary to comply with any requirements applicable to the Company or its affiliates under applicable law.

Liquidation Rights

The Company shall remain in existence until the earlier of the following: (i) the dissolution of the Company; (ii) the election of the Manager to dissolve the Company upon ninety (90) calendar days prior written notice to its Investors; (iii) at the time in which the Company no longer has any members; (iv) sixty (60) months following the commencement of the Company (unless otherwise extended by the Manager); or (iv) upon the entry of a judicial decree of termination of the Company. Under no circumstances may the Company be wound up in accordance with Section 18-801(a)(3) of the Act by the vote of more than two-thirds of the Interest holders by capital.

Upon the occurrence of any such event, the Manager (or a liquidator selected by the Manager) shall be charged with winding up the affairs of the Company and liquidating its assets. The proceeds from liquidation shall first be applied to liquidation expenses and the liabilities and debts of the Company, other than liabilities for distributions to Investors. Remaining proceeds shall then be applied to Investors pro rata based on their capital accounts.

Notwithstanding the foregoing, even after the Company commences liquidation of its assets, the Company is under no obligation to conclude such liquidation within a predetermined period. There can be no assurance that the Company will be able to liquidate all or any portion of its assets by a predetermined date or at all. (*See "Summary of the Offering – Disposition of Assets*" *above*).

Agreement to be bound by the Operating Agreement; power of attorney

By purchasing Interests, the Investor will be admitted as a member of the Company and will be bound by the provisions of, and deemed to be a party to, the Operating Agreement. Pursuant to the Operating Agreement, each Investor grants to the Manager a power of attorney to, among other things, execute and file documents required for the Company's qualification, continuance or dissolution. The power of attorney also grants the Manager the authority to make certain amendments to, and to execute and deliver such other documents as may be necessary or appropriate to carry out the provisions or purposes of, the Operating Agreement.

Duties of officers

The Operating Agreement provides that, except as may otherwise be provided by the Operating Agreement, the property, affairs and business of the Company will be managed by the Manager. The Manager has the power to appoint the officers and such officers have the authority and exercise the powers and perform the duties specified in the Operating Agreement or as may be specified by the Manager.

The Company may decide to enter into separate indemnification agreements with the officers of the Company, the Manager or Nada. If entered into, each indemnification agreement is likely to provide, among other things, for indemnification to the fullest extent permitted by law and the Operating Agreement against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements may also provide for the advancement or payment of all expenses to the indemnitee and for reimbursement to the Company if it is found that such indemnitee is not entitled to such indemnification under applicable law and the Operating Agreement.

Exclusive jurisdiction; waiver of jury trial

The Operating Agreement shall be construed, performed and enforced in accordance with the laws of the State of Delaware, without giving effect to its conflict of laws principles to the extent such principles or rules would require or permit the application of the laws of another jurisdiction. Any dispute in relation to the Operating Agreement is subject to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, except where federal law requires that certain claims be brought in federal courts.

Each Investor will covenant and agree not to bring any claim in any venue other than the Court of Chancery of the State of Delaware, or if required by federal law, a federal court of the United States. If an Investor were to bring a claim against the Company or the Manager pursuant to the Operating Agreement and such claim was governed by state law, it would have to do so in the Delaware Court of Chancery. Each Investor also irrevocably waives, to the fullest extent permitted by applicable law, any right to a jury trial in connection with any action or proceeding brought by or against the Company or in any way relating to the Operating Agreement.

If the Company opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable under the facts and circumstances of that case in accordance with applicable case law. Any dispute in relation to the Operating Agreement is subject to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, except where federal law requires that certain claims be brought in federal courts. The Operating Agreement, to the fullest extent permitted by applicable law, provides for Investors to waive their right to a jury trial. Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the Operating Agreement with a jury trial. No condition, stipulation or provision of the Operating Agreement or the Interests serves as a waiver by any Investor or beneficial owner of the Interests or by the Company of compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. Additionally, the Company does not believe

that claims under federal securities laws shall be subject to the jury trial waiver provision, and the Company believes that the provision does not impact the rights of any Investor or beneficial owner of the Interests to bring claims under federal securities laws or the rules and regulations thereunder.

These provisions may have the effect of limiting the ability of Investors to bring a legal claim against the Company due to geographic limitations and may limit an Investor's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company. Furthermore, waiver of a trial by jury may disadvantage Investors to the extent a judge might be less likely than a jury to resolve an action in an Investor's favor. Further, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, an action or proceeding against the Company, then the Company may incur additional costs associated with resolving these matters in other jurisdictions, which could adversely affect the business and financial condition of the Company.

Arbitration Provisions

By purchasing Interests in this Offering, Investors agree to be bound by the arbitration provisions contained in the Subscription Agreement and the Operating Agreement. Such arbitration provisions apply to claims under U.S. federal securities laws and to all claims that are related to the Company, including with respect to this Offering, the Company's holdings, the Interests, the Company's ongoing operations and the management of the Company's investments, among other matters, and limit the ability of Investors to bring class action lawsuits or similarly seek remedy on a class basis. Furthermore, because the arbitration provision is contained in the Operating Agreement, such arbitration provision will also apply to any purchasers of Interests in a secondary transaction.

Waiver of Section 18-305 Rights

By purchasing Interests in this Offering, Investors agree to be bound by the waiver provision contained in the Operating Agreement. Such waiver provision limits the ability of Investors to make a request to review and obtain information relating to and maintained by the Company, the Manager, and Nada including, but not limited to, names and contact information of Investors, information listed in Section 18-305 of the Act, and any other information deemed to be confidential by the Manager in its sole discretion. Furthermore, because the waiver provision is contained in the Operating Agreement, such waiver provision will also apply to any purchasers of Interests in a secondary transaction. While the intent of such waiver provision is to protect Investors' personally identifiable information from being disclosed pursuant to Section 18-305, by agreeing to be subject to the waiver provision, Investors are severely limiting their rights to seek access to the personally identifiable information of other Investors, such as names, addresses and other information about Investors and the Company that the Manager deems to be confidential. As a result, the waiver provision could impede Investors' ability to communicate with other Investors, and such provision may impede Investors' ability to bring or sustain claims against the Company, including under applicable securities laws. Based on discussions with and research performed by the Company's counsel, the Company believes that the waiver provision is enforceable under federal law, the laws of the State of Delaware or under any other applicable laws or regulations. However, to the extent that one or more of the provisions in the Subscription Agreement with respect to the waiver provision were to be found by a court to be unenforceable, the Company would abide by such decision.

LENDING STANDARDS AND POLICIES

General Standards for Loans

The Company will originate, acquire, make, fund, purchase, and/or otherwise sell loans secured by interests in real or personal property owned by the HEI Borrowers located in the United States and purchase mortgage loans originated by third parties. The HEI Borrowers may also manage, remodel, repair, lease, and/or sell real properties, including but not limited to, properties acquired through foreclosure and REO. The Company's loans will not be guaranteed by any governmental agency, but may be guaranteed by members, shareholders, affiliates, and/or associates of the underlying borrowers, or by the underlying borrower itself.

The Company will select loans according to the standards provided below.

1. Security.

i. **HEI Notes**: The HEI Notes will be secured by a UCC lien filed against all of the specific real estate assets held by the HEI Borrowers that are borrowing from the Company (the "**Collateralized Assets**"). Upon any event of default, the Company may foreclose on the Collateralized Assets.

ii. **Mortgages**: The Mortgages will be secured by a deed of trust or mortgage type of lien, filed with the county clerk of the specific property's county (the "**Collateralized Mortgage Assets**"). Upon any event of default, the Company may foreclose on the Collateralized Mortgage Assets.

2. Loan-to-Value Ratio. A loan from or purchased by the Company will generally not exceed the loan-to-value ("**Loan-to-Value**" or "**LTV**") as indicated below.

In general, the Company will seek to maintain a weighted Loan-to-Value ratio for the Company of approximately seventy-five percent (75%), provided that the maximum Loan-to- Value ratio for the Company shall not exceed eighty percent (80%), unless the Manager determines in its sole discretion that it is in the best interests of the Company to exceed such ratio in any single or multiple instances.

Upon analysis in approximately twelve (12) months, the Manager (as the manager of the Company) may re-evaluate the portfolio and Loan-to-Value ratio maximums set by the Company and revise the Loan-to-Value ratio maximums at that time if it considers it to be in the best interests of the Company. The Manager will inform Investors of the new Loan-to-Value ratios when and if the Manager re-evaluates them.

3. Terms of Company Loans. Company loans will generally have terms of thirty-six (36) to sixty (60) months. A loan may, however, be shorter in term or exceed the foregoing terms, if the Manager believes, in its sole and absolute discretion, that the loan is in the best interests of the Company.

4. Title Insurance. Satisfactory title insurance coverage will be obtained for all loans and single family home loans and will usually be paid by the borrower. The title insurance policy will name the lender and its successors and/or assigns 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 Manager 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 Company's deed of trust or mortgage, and does not insure the Company against loss from other causes, such as diminution in the value of the secured property, loan defaults, and other such losses.

Homeshares do not carry title insurance coverage. They are originated using a property report provided by Fintitle, which has obtained satisfactory errors and omission wrapper coverage that sufficiently insures each Homeshare against any defects in the chain of title and any and all claims against it.

5. Fire and Casualty Insurance. Satisfactory fire and casualty insurance will be obtained for all improved real property loans, which insurance will name the borrower as the insured and the lender and its successors and/or assigns as an additional interest and mortgagee, in the amount equal to the improvements on the real property.

6. Mortgage Insurance. The Manager does not intend to, but may, if the property otherwise qualifies, arrange for mortgage

insurance, which would afford some protection against loss, if the Company foreclosed on a loan and there existed insufficient equity in the security property to repay all sums owed.

7. Loan Guarantees. A loan from or purchased by the Company will have a personal guarantee, or in very limited circumstances, a corporate guarantee, where such guarantor is a member of or is affiliated with the borrower.

8. Acquiring Loans from Other Lenders. In the event the Company acquires loans from other lenders, the Company will receive assignments of all beneficial interest in any loans purchased.

9. Purchase of Loans from Affiliates. The Company may purchase loans from affiliates of the Manager, so long as such loans meet the lending requirements set forth above.

10. Sale of Loans. The Company may invest in loans for the purpose of reselling such loans in the course of business. The Company may sell loans, or fractional interests in such loans, when the Manager determines (in its sole and absolute discretion) that it appears to be advantageous for the Company to do so, based upon the current interest rates, the length of time that the loan has been held by the Company and the overall investment objectives of the Company.

11. Diversification of the Company's Capital in Loans. In the case that the Company has one hundred million dollars ($100,000,000) in capital, no loan originated or acquired by the Company shall exceed twenty percent (20%) of the total Company capital at the time of the loan. A loan may exceed the foregoing percentage if the Manager believes, in its sole and absolute discretion, that the loan is in the best interest of the Company.

Loan Servicing

It is presently anticipated that the HEI Notes will be serviced (i.e., loan payments collected and other services relating to the loan) by the Manager and the Mortgages will be serviced by third parties. Notwithstanding the foregoing, at its sole election, the Manager may elect to appoint an affiliate, or elect to retain a different third-party servicer at any time, for any reason (or no reason) for the HEI Notes. The third-party servicer will be compensated by the HEI Borrowers and/or the Company for such loan servicing activities, as agreed upon by the Manager and the third-party servicer. To the extent applicable, the Manager will oversee the activities and performance of the third-party servicer of the HEI Notes.

Borrowers will make loan payments in arrears (i.e., with respect to the preceding month) and will be instructed to send their loan payments either to the Manager or to the third-party servicer (as applicable) for deposit in the respective party's trust account.

Prepayment Charges

Loans may provide for certain prepayment charges to be imposed on the borrowers, in the event of certain early payments on the loan. The Manager reserves the right, but has no obligation, at its business judgment, to waive collection of prepayment penalties. Applicable federal and state laws may limit the prepayment charge on residential loans.

Leveraging the Company / Borrowing / Note Hypothecation

The Company may borrow funds for the purpose of making and purchasing loans, and may assign all or a portion of its loans as security for such loans. The Company anticipates engaging in this type of transaction when the interest rate at which the Company can borrow funds is significantly less than the rate that can be earned by the Company when using those funds to make or acquire loans, giving the Company the opportunity to earn a profit as a "spread." For purposes of illustration, these transactions will typically be loans secured by one or a series of loans belonging to the Company. Such a transaction involves certain elements of risk, and entails possible adverse tax consequences. (*See herein "Risk Factors," "Certain U.S. Federal Income Tax Considerations," and "Certain Employee Benefit Plan Considerations"*).

INVESTOR QUALIFICATION STANDARDS

The Company intends to offer the Interests only to purchasers who are "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act. Additional restrictions may be imposed on purchasers based on the laws and regulations of the state in which the Investor resides or purchases the Interests.

Investor Accreditation

Each Investor must represent in writing and provide documentation through the Nada Platform, Broker Dealer onboarding, third-party subscription portal (such as Wefunder.com), or other means of subscription acceptable to the Company, that he or she qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Securities Act. To be an accredited investor, an Investor must fall within one of the following categories at the time of the sale of the Interests to that Investor. An Investor must list the applicable category in the "Investor Information Form" included in the Subscription Agreement along with the Investor's subscription.

The Investor is a natural person whose individual net worth (or combined net worth with the Investor's spouse if the Investor is married) as of the date hereof exceeds $1,000,000. In calculating an Investor's net worth, assets shall not include the fair market value of the Investors primary residence and liabilities shall include indebtedness that is secured by (i) the Investor's primary residence which exceeds the fair market value of the Investor's primary residence at the time of the Investor's admission to the Company and (iii) which has been incurred by the Investor within the sixty (60) day period prior to the Investor's admission to the Company and remains outstanding on the date of the Investor's admission to the Company (unless such indebtedness was incurred as a result of the acquisition of the Investor's primary residence).

1. The Investor is a natural person who had an individual "income" exceeding $200,000 during both of the Two (2) most recently completed calendar years (or a joint income with the Investor'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 calendar year.

2. The Investor is a natural person who holds any of the following licenses from FINRA:

   i. A General Securities Representative License ("**Series 7**");

   ii. A Licensed Investment Adviser Representative License ("**Series 65**"); or

   iii. A Private Securities Offerings Representative License ("**Series 82**").

3. The Investor is a natural person who is a "knowledgeable employee" of the Company, if the Company would be an "investment company" within the meaning of the Investment Company Act, but for Section 3(c)(1) or 3(c)(7).

4. The Investor is an investment adviser described as a Venture Capital Fund Adviser or an Exempt Reporting Adviser under Sections 203(l) or 203(m) of the Advisers Act

5. The Investor is a "family office," as defined in Section 202(a)(11)(G)-1 of the Advisers Act, if the family office has total assets under management in excess of $5,000,000 that was not formed for the specific purpose of acquiring the securities offered hereby, and the investment decisions for which are made by a sophisticated person capable of evaluating the merits and risks of the proposed investment.

6. The Investor is any "family client," as defined in Section 202(a)(11)(G)-1 of the Advisers Act of a family office meeting the requirements above, whose investment in the Subscription is directed by such family office.

7. The Investor is a "business development company," as defined in Section 2(a)(48) of the Investment Company Act.

8. The Investor is a trust with total assets in excess of $5,000,000 that was not formed for the specific purpose of acquiring the securities offered hereby, and the investment decisions for which are made by a sophisticated person capable of evaluating the merits and risks of the proposed investment.

9. The Investor is a revocable trust that may be amended or revoked at any time by the grantors thereof, and all of the grantors are accredited investors.

10. The Investor is a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or Section 301(d) of the Small Business Investment Act of 1958.

11. The Investor is a "private business development company" as defined in Section 202(a)(22) of the Advisers Act.

12. The Investor is a corporation, a limited liability company, a Massachusetts or similar business trust, a partnership, or a non-profit organization of the type described in Code section 501(c)(3), in each case not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

13. The Investor is an "employee benefit plan" (within the meaning of Title I of ERISA) and either (i) the decision to invest in the Company was made by a plan fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (ii) the plan has total assets exceeding $5,000,000; or (iii) if a self-directed plan, investment decisions are made solely by persons who, if executing this document, would be able to initial one or more of the boxes above.

14. The Investor is a plan established and maintained by a State, its political subdivisions, or an agency or instrumentality of a State or its political subdivisions, for the benefit of its employees, and such plan has assets in excess of $5,000,000.

15. The Investor is an entity established and maintained by governmental bodies, an Indian tribunal, or under the laws of foreign countries, in each case not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

16. The Investor is a director, executive officer, or general partner of the Company.

17. The Investor is an entity. Each of the Investor's equity investors meets one or more of the above criteria.

In addition to net worth and income standards, each Investor must have funds adequate to meet personal needs and contingencies, must have no need for prompt liquidity from the investment, and must purchase the Interests for investment only and not with a view to their sale or distribution.

Investor Representations

The Company will require each Investor to represent in writing, among other things, that (i) by reason of the Investor's business or financial experience, or that of the Investor's professional advisor, the Investor is capable of evaluating the merits and risks of an investment in the Interests and of protecting its own interests in connection with the transaction; (ii) the Investor is acquiring the Interests for its own account, for investment only and not with a view toward the resale or distribution thereof; (iii) the Investor is aware that the Interests have not been registered under the Securities Act or any state securities laws; (iv) the Investor is aware of the absence of a market for the Interests; and (v) unless otherwise approved by the Company, such Investor meets the suitability requirements set forth above.

In addition, each Investor must represent in writing that he or she is not subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act.

Reliance on Investor Information

The Company requests certain information regarding the satisfaction of accredited investor status and other investor suitability standards in the Subscription Agreement that each prospective investor must complete. The Investor will make representations to the Company and certain third-party beneficiaries in the Subscription Agreement that the Company and such third-party beneficiaries rely upon in accepting an Investor's Subscription Agreement or otherwise facilitating an Investor's participation in the Offering. The Interests have not been registered under the Securities Act and are being offered for sale in reliance on Section 4(a)(2) thereof and Rule 506(c) of Regulation D promulgated thereunder, and in reliance on applicable exemptions from state law registration or qualification provisions. As required by Rule 506(c) the Company or a third party must take reasonable steps to verify the accredited investor status of each Investor. Accordingly, prior to accepting a subscription or selling Interests to any Investor, the Company intends to make all inquiries reasonably necessary to satisfy itself that the requirements of Rule 506(c) have been satisfied. Each prospective Investor will also be required to provide whatever additional evidence is deemed necessary by the Company to substantiate information or representations contained in its Subscription Agreement (including the accredited investor and investor suitability certifications and questionnaires contained therein) and/or a written verification from a third-party accredited investor verification service acceptable to the Manager (such as VerifyInvestor.com) dated no more than three (3) months prior to the submission of the Subscription Agreement. The Company may reject any subscription for any reason, regardless of whether a prospective Investor meets the suitability standards. In addition, the Company may waive minimum suitability standards not imposed by law. The standards set forth above are only minimum standards.

PROFESSIONAL SUPPORT

Legal

The Company has retained Ross Law Group, PLLC in connection with the preparation of this Memorandum. The Company has provided to Ross Law Group, PLLC all information contained or referenced in this Memorandum relating to the Company, its plans, projections, prospects and management. Ross Law Group, PLLC has not passed upon the accuracy of any of such information and disclaims any liability with respect thereto. Counsel has not been retained to represent the purchasers of Interests. Prospective investors are urged to consult with their own legal counsel.

Tax and Accounting

The Company has engaged Barton CPA for the provision of tax and accounting services.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The Company has been advised by its counsel, Ross Law Group, PLLC that, under present law, the Company will be treated as a partnership and will not be a taxable entity for U.S. federal income tax purposes. Instead, each Investor will be required to take into account for each fiscal year, for purposes of computing his own income tax, his proportionate share of the various items of taxable income or loss allocated to him pursuant to the Operating Agreement, whether or not any income is paid out to him. The manner in which such items of taxable income or loss are allocated among the Investors is set forth in the Operating Agreement. Such items of taxable income or loss will be required to be taken into account in the taxable year of the Investor in which the fiscal year of the Company ends.

Under Section 7704 of the Code, a partnership that meets the definition of a "publicly traded partnership" may be taxable as a corporation. It is expected that the Company will not be treated as a "publicly traded partnership." If the Company were taxed as a corporation, the Company's income would be subject to corporate income tax, which would significantly reduce the return that an investor would derive from the Company.

The Company will be treated as a partnership for U.S. federal income tax purposes and, consequently, will not be a taxable entity for U.S. federal income tax purposes. The Company will take into account for U.S. federal income tax purposes its pro rata share of the Company's income and loss.

Under the Operating Agreement, the Operating Agreement will have the discretion to allocate specially an amount of the Company's taxable income, gains or losses to an Investor making a full or partial withdrawal to the extent that the Investors' capital account exceeds, or is less than, his federal income tax basis in the withdrawn portion of his interest in the Company. There can be no assurance that the Internal Revenue Service (the "**IRS**") would accept such a special allocation. If the special allocation was successfully challenged by the IRS, the Company's taxable income, gains or losses allocable to the remaining Investors would be increased.

Income, gains, losses and deductions of the Company will not be from a "passive activity" within the meaning of Section 469 of the Code. Accordingly, (i) the deduction by an Investor of his share of the losses or deductions of the Company will not be restricted under Section 469 of the Code, and (ii) an Investor who is an individual will not be able to deduct losses from other "passive activities" against his share of income of the Company.

The Operating Agreement, on behalf of the Company, may elect for the Company to be a trader in securities for U.S. federal income tax purposes, rather than an investor in securities. Accordingly, each Investor who is an individual may deduct his share of expenses of the Company (other than interest expense) under Section 162 of the Code as a business expense. However, if, contrary to the Company's expectations, the Company were to be characterized as an investor, the expenses of the Company (other than interest expense) would constitute investment expenses deductible under Section 212 of the Code, and, as such, would be deductible by an individual only to the extent that his share of such expenses, when combined with his other "miscellaneous itemized deductions", exceeds two percent (2%) of his adjusted gross income. Further, the amount in excess of such two percent (2%) floor would be subject to the overall limitation on itemized deductions imposed by Section 68 of the Code. Also, the amount in excess of such two percent (2%) floor would be considered a tax preference item in computing the alternative minimum tax for an individual taxpayer. The Company also will be required to make the determination as to whether expenses incurred by the Company itself are business expenses or investment expenses that are subject to the foregoing limitations on deductibility. Payments made by the Company with respect to notional principal contracts, such as swaps, may be subject to the foregoing limitations on deductibility. Expenses connected with the marketing and issuing of Interests are not deductible.

For U.S. federal income tax purposes, interest expense of the Company generally will be considered "investment interest." Subject to certain limited exceptions, investment interest is deductible by an individual only to the extent of his net investment income (which for this purpose generally does not include net long-term capital gains or "qualified dividend income"). Investment interest that is not deductible in any taxable year because of this limitation may be carried forward to the succeeding taxable year.

Under Section 988 of the Code, gains and losses from the disposition of foreign currencies, from the disposition of debt securities denominated in a foreign currency, or from the disposition of certain foreign currency contracts, which are attributable to fluctuations in the value of the foreign currency between the date of acquisition and the date of disposition are generally treated as ordinary income or loss. Similarly, gains or losses attributable to fluctuations in exchange rates between the time interest, other receivables, expenses or other liabilities denominated in a foreign

currency are accrued and the time such receivables or liabilities are collected or paid are treated as ordinary income or loss.

The Operating Agreement, on behalf of the Company, may elect, pursuant to Code Section 475(f), to "mark to market" its securities at the end of each taxable year. Pursuant to this election, the Company's securities generally would be treated for U.S. federal income tax purposes as though sold for fair market value on the last Business Day of the taxable year. This election would apply to all taxable years of the Company unless revoked with the consent of the IRS. As a result of making this election, the Company's gains and losses generally would be considered ordinary income or loss, rather than capital gain or loss. Since for U.S. federal income tax purposes capital losses generally may be deducted only against capital gains, the ability of an Investor to deduct capital losses realized from his other investments against his share of the Company's income would be limited if the Company were to make this election.

The Company may utilize leverage in connection with its investments. In this regard, a tax-exempt entity will generally be subject to tax on the portion of its share of the Company's profits attributable to the use of certain leverage. Such portion will be considered "debt-financed income" and will be taxable as "unrelated business taxable income" ("**UBTI**") under the federal income tax law. The law is not entirely clear, however, as to the proper way to determine what portion of a tax-exempt entity's share of the Company's profits is attributable to the use of leverage and therefore "debt-financed income." Accordingly, while the Company will compute each tax-exempt entity's share of "debt-financed income" from the Company in a manner which the Company determines is reasonable, there can be no assurance that the IRS will accept the method of computation used by the Company. Tax-exempt organizations which are Investors will be subject to federal income tax on such portion of their income from the Company that is considered to be UBTI.

There are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Company. Charitable remainder trusts should consult their own tax advisors concerning the tax consequences of such an investment on their beneficiaries. In particular, a charitable remainder trust will not be exempt from federal income tax under Section 664(c) of the Code for any year in which it has UBTI. Moreover, the charitable contribution deduction for a trust under Section 642(c) of the Code may be limited for any year in which the trust has UBTI.

The IRS has released final Treasury Regulations expanding previously existing information reporting, record maintenance and investor list maintenance requirements with respect to certain "tax shelter" transactions (the "**Tax Shelter Regulations**"). The Tax Shelter Regulations may potentially apply to a broad range of investments that would not typically be viewed as tax shelter transactions, including investments in investment partnerships and portfolio investments of investment partnerships. Under the Tax Shelter Regulations, if the Company engages in a "reportable transaction," the Company and, under certain circumstances, an Investor would be required to (i) retain all records material to such "reportable transaction"; (ii) complete and file IRS Form 8886, "Reportable Transaction Disclosure Statement" as part of its U.S. federal income tax return for each year it participates in the "reportable transaction"; and (iii) send a copy of such form to the IRS Office of Tax Shelter Analysis at the time the first such tax return is filed. The scope of the Tax Shelter Regulations may be affected by further IRS guidance. Non-compliance with the Tax Shelter Regulations may involve significant penalties and other consequences. Each Investor should consult his own tax advisers as to his obligations under the Tax Shelter Regulations.

The Foreign Account Tax Compliance Act ("**FATCA**") provisions of the Hiring Incentives to Restore Employment Act (the "**HIRE Act**") provide that the Company must disclose the name, address and taxpayer identification number of certain United States persons that own, directly or indirectly, an Interest in the Company, as well as certain other information relating to any such Interest. If the Company fails to comply with these requirements, then a thirty percent (30%) withholding tax will be imposed on payments to the Company of United States source income and proceeds from the sale of property that could give rise to United States source interest or dividends. The withholding tax provisions of the HIRE Act generally became effective on July 1, 2014 (on January 1, 2017, in the case of proceeds from the sale of property). Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of the HIRE Act, the value of Interests held by all Investors may be materially affected, although the Company generally expects to charge the amounts to the relevant investors, as applicable.

All statements contained herein concerning the U.S. federal income tax (or other tax) consequences of an

investment in the Company are based on existing law and interpretations thereof. Recent or future changes in U.S. federal income tax law could materially affect the tax consequences of an Investors' investment in the Company, and the tax treatment of the Company's investments. While some of these changes could be beneficial, others could negatively affect the after-tax returns of the Company and the Investors. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment in the Company, or of investments made by the Company, will not be modified by legislative, judicial, or administrative changes, possibly with retroactive effect, to the detriment of the Investor.

The Company's tax returns might be audited by a taxing authority. An audit could result in adjustments to the Company's tax returns. If an audit results in an adjustment, Investors may be required to file amended returns and to pay additional taxes plus interest. The Company may take positions with respect to certain tax issues that depend on legal conclusions not yet addressed by the courts. Should any such positions be successfully challenged by the IRS, an Investor might be found to have a different tax liability for that year than that reported on its U.S. federal income tax return.

In addition, an audit of the Company's U.S. federal income tax information return may result in adjustments to the tax consequences initially reported by the Company and may affect items not related to an Investors' investment in the Company. If audit-related adjustments result in an increase in an Investors' U.S. federal income tax liability for any year, that Investor may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Company's tax return will be borne by the Company. The Company will be required to disclose identifying information to the IRS regarding each of its Investors, including each Investors' name, address and taxpayer identification number.

Tax laws may limit an Investors' ability to deduct certain Company Expenses allocable to such Investor. Such Investor will be subject to a corresponding increase in its state or federal income tax liability, as applicable.

State and Local Taxation

In addition to the U.S. federal income tax consequences described above, the Company and the Investors may be subject to other taxes such as state, local or municipal income taxes, and estate, inheritance or intangible property taxes. Certain of such taxes could, if applicable, have a significant effect on the amount of tax payable in respect of an investment in the Company. PROSPECTIVE INVESTORS MUST CONSULT THEIR OWN TAX ADVISORS REGARDING THE POSSIBLE APPLICABILITY OF STATE, LOCAL OR MUNICIPAL TAXES TO AN INVESTMENT IN THE COMPANY.

General

The advice from Ross Law Group, PLLC on U.S. federal tax matters is based on the assumption that the Company will be organized and operated in the manner contemplated by the Operating Agreement as described in this Memorandum and the Operating Agreement and under present provisions of the laws and regulations issued thereunder and the cases and rulings interpreting such laws and regulations. There can be no assurance that the positions the Company takes on its tax returns, with respect to expenses or otherwise, will be accepted by the IRS.

As promptly as practicable after the end of each fiscal year, the Company will send to each Investor a report indicating the amounts representing its respective share of net long-term capital gain or loss, net short-term capital gain or loss, operating profit or loss, and other appropriate items of income and deduction for purposes of reporting such amounts for federal income tax purposes.

The tax consequences of an investment in the Company may vary depending upon the particular circumstances of each prospective Investor. Accordingly, each prospective Investor should consult its own tax advisers with respect to the effect of an investment in the Company on its personal tax situation and, in particular, the state and local tax consequences to it of an investment in the Company.

Tax-exempt entities should review with their tax advisers the discussion above regarding unrelated business taxable income and debt-financed income and any tax and/or filing obligation they may have with respect to unrelated business taxable income. Tax-exempt entities should also consult their tax advisers with regard to the unrelated business taxable income issues that may arise upon the disposition of their Interests. In a private ruling, the IRS has taken the

position that a portion of the gain realized from the sale (e.g., withdrawal) of a partnership interest by a tax-exempt entity is debt-financed income when the partnership uses borrowed funds to purchase property even though the tax-exempt entity did not use borrowed funds to purchase its partnership interest.

An Investor (and each employee, representative, or other agent of the Investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Company and all materials of any kind (including opinions or other tax analyses) that are provided to the Investor relating to such tax treatment and tax structure.

* * *

THE FOREGOING DISCUSSION DOES NOT ADDRESS ANY TAX CONSEQUENCES TO THE COMPANY OR PARTICULAR INVESTORS UNDER APPLICABLE STATE, LOCAL OR FOREIGN LAWS NOR DOES IT ADDRESS ALL TAX CONSIDERATIONS THAT MAY BE RELEVANT TO THE COMPANY OR PARTICULAR INVESTORS. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISERS WITH REFERENCE TO THEIR SPECIFIC TAX SITUATIONS, INCLUDING ANY APPLICABLE FEDERAL, STATE, LOCAL OR FOREIGN TAXES.

WE URGE YOU TO CONSULT AND RELY UPON YOUR OWN TAX ADVISOR WITH RESPECT TO YOUR OWN TAX SITUATION, POTENTIAL CHANGES IN APPLICABLE LAWS AND REGULATIONS AND THE FEDERAL AND STATE CONSEQUENCES ARISING FROM AN INVESTMENT IN THE INTERESTS. THE COST OF THE CONSULTATION COULD, DEPENDING ON THE AMOUNT CHARGED TO YOU, DECREASE ANY RETURN ANTICIPATED ON YOUR INVESTMENT. NOTHING IN THIS MEMORANDUM IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO ANY SPECIFIC INVESTOR, AS INDIVIDUAL CIRCUMSTANCES MAY VARY. YOU SHOULD BE AWARE THAT THE INTERNAL REVENUE SERVICE MAY NOT AGREE WITH ALL TAX POSITIONS TAKEN BY US AND THAT LEGISLATIVE, ADMINISTRATIVE OR COURT DECISIONS MAY REDUCE OR ELIMINATE ANY ANTICIPATED TAX BENEFITS OF AN INVESTMENT IN THE INTERESTS.

CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE OF THIS MEMORANDUM. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE COMPANY OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA ISSUES AFFECTING THE COMPANY AND THE INVESTOR.

ERISA imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, as well as entities such as collective investment funds and separate accounts the underlying assets of which include the assets of such plans (each, an "**ERISA Plan**" and collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances, including the ERISA Plan's existing investment portfolio, and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "parties in interest" for purposes of ERISA and "disqualified persons" for purposes of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code, and the transaction might have to be rescinded.

The U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and the related prohibited transaction provisions under Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that: (i) the entity is an "operating company," which includes, for purposes of the Plan Asset Regulation, a "venture capital operating company" and a "real estate operating company"; or (ii) equity participation in the entity by Benefit Plan Investors (as defined below) is not "significant."

Under the Plan Asset Regulation, equity participation in an entity by Benefit Plan Investors is "significant" on any date if, immediately after the most recent acquisition (including any transfer or withdrawal) of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. A "**Benefit Plan Investor**" is defined in Section 3(42) of ERISA as (i) any employee benefit plan subject to Part 4 of Title I of ERISA, (ii) any plan to which Section 4975 of the Code applies, and (iii) any entity the underlying assets of which include plan assets by reason of a plan's investment in such entity. For purposes of this determination, the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any affiliate of any such person) is disregarded.

An interest is considered to be an "equity interest" in the Company for purposes of the Plan Asset Regulation, and the Interests will not constitute "publicly offered securities" for purposes of the Plan Asset Regulation. The Company will not be registered under the Investment Company Act.

The Company intends use commercially reasonable efforts to keep ownership of each class of equity interests in the Company by Benefit Plan Investors below the 25% threshold contained in the Plan Asset Regulation. In the event that a withdrawal would cause the Company to exceed the 25% threshold, then the Company may require one or more Benefit Plan Investors to redeem or otherwise dispose of all of part of their Interests so that the Company may remain below the 25% threshold. Although there can be no assurance that such will be the case, the assets of the

Company should not constitute "plan assets" for purposes of ERISA and Section 4975 of the Code.

If the assets of the Company were deemed to constitute the assets of a Plan, the fiduciary making an investment in the Company on behalf of an ERISA Plan could be deemed to have improperly delegated its asset management responsibility, the assets of the Company could be subject to ERISA's reporting and disclosure requirements, and transactions involving the assets of the Company would be subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and the prohibited transaction rules of Section 4975 of the Code. Accordingly, certain transactions that the Company might enter into, or may have entered into, in the normal course of its operations might result in non-exempt prohibited transactions and might have to be rescinded. A party in interest or disqualified person that engaged in a non-exempt prohibited transaction may be subject to nondeductible excise taxes and other penalties and liabilities under ERISA and the Code. Consequently, if at any time the Company determines that assets of the Company may be deemed to be "plan assets" subject to ERISA and Section 4975 of the Code, the Company may take certain actions it may determine to be necessary or appropriate, including requiring one or more Stockholders to redeem or otherwise dispose of all or part of their Interests or terminating and liquidating the Company.

Each Plan fiduciary who is responsible for deciding whether to invest in the Company should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in the Interests is appropriate for the Plan, taking into account the overall investment policy of the Plan including its investment policy statement (IPS), and the composition of the Plan's investment portfolio. Any Plan proposing to invest in the Interests should consult with its counsel to confirm that such investment will not result in a nonexempt prohibited transaction and will satisfy the other requirements of ERISA and the Code.

The sale of any interests to a Benefit Plan Investor is in no respect a representation by the Company or the Investment Manager that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Regardless of whether the assets of the Company are deemed to be "plan assets," the acquisition of any Interest by a Plan could, depending upon the facts and circumstances of such acquisition, be a prohibited transaction, for example, if the Company was a party in interest or disqualified person with respect to the Plan. However, such a prohibited transaction may be treated as exempt under ERISA and the Code if the Interests were acquired pursuant to and in accordance with one or more statutory exemptions or "class exemptions" issued by the U.S. Department of Labor, such as Prohibited Transaction Class Exemption ("**PTCE**") 84-14 (a class exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 90-1 (a class exemption for certain transactions involving an insurance company pooled separate account), PTCE 91-38 (a class exemption for certain transactions involving a bank collective investment fund), PTCE 95-60 (a class exemption for certain transactions involving an insurance company general account) and PTCE 96-23 (a class exemption for certain transactions determined by an in-house asset manager).

The Company will require a fiduciary of an ERISA Plan that proposes to acquire an Interest to represent that it has been informed of and understands the Company's investment program and limitations, that the decision to acquire an Interest was made in accordance with its fiduciary responsibilities under ERISA and that neither the Company nor the Investment Manager has provided investment advice with respect to such decision. The Company also may require an Investor that is, or is acting on behalf of, a Plan to represent and warrant that its acquisition and holding of an Interest will not result in a non-exempt prohibited transaction under ERISA and/or Section 4975 of the Code.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. The Company will require similar representations and warranties with respect to the purchase of an Interest by any such plan. Fiduciaries of such plans should consult with their counsel before purchasing any Interests.

The discussion of ERISA and Section 4975 of the Code contained in this Memorandum is, of necessity, general and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are

subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings, and court decisions, some of which may have retroactive application and effect.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN INTERESTS THAT IS, OR IS ACTING ON BEHALF OF, A PLAN (OR A GOVERNMENTAL OR OTHER PLAN SUBJECT TO LAWS SIMILAR TO ERISA AND/OR SECTION 4975 OF THE CODE) IS STRONGLY URGED TO CONSULT ITS OWN LEGAL, TAX, AND ERISA ADVISERS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT AND THE ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.

SUBSCRIPTION PROCEDURE

An eligible investor may subscribe for the Interests by electronically signing the Subscription Agreement on the Nada Platform, through Broker Dealer onboarding, third-party subscription portals (such as Wefunder.com) or by any other means acceptable to the Company, and delivering to the Company all required supporting documentation (including proof of the Investor's accredited investor status) and wiring the applicable purchase price (the "**Subscription Amount**") to the account identified on the Nada Platform, or other acceptable means of subscription (such account, the "**Account**"). In any, case the subscriber must deliver to the Company supporting documentation of the Investor's accredited investor status and/or a written verification from a third-party accredited investor verification service acceptable to the Manager (such as VerifyInvestor.com) dated no more than three (3) months prior to the submission of the Subscription Agreement. Once made, subscriptions are irrevocable except as provided by applicable law. By electronically agreeing to the Subscription Agreement and funding the subscription, the Investor agrees to all relevant terms and makes all necessary representations set forth in such documents. Each Investor is responsible for reading and understanding each provision in the Subscription Agreement (including this Memorandum) before agreeing to the documents, whether electronically on the Nada Platform or other acceptable means of subscription.

The Subscription Amount will be sent from the Account to the Company once the Investor's identity and accredited investor status has been verified, potentially by the Company requesting additional documents, and the conditions to the Initial Closing Period (or other respective Closing period) have been satisfied.

If the Company concludes that it cannot verify either the Investor's identity or accredited investor status, the Company otherwise decides to reject the Investor's subscription or the Offering is terminated for any reason, the Subscription Amount will be returned to the Investor, without interest, penalty or offset.

The Manager may reject or accept, in whole or in part, any subscription in its sole discretion. The Company will notify each Investor as to whether it has accepted its subscription.

Under the terms of the Subscription Agreement, Investors may, from time to time, at the discretion of the Company, be required to provide representations, documentation, instruments and/or information to facilitate a closing, satisfy closing conditions, satisfy applicable anti-money laundering requirements and for certain other purposes.

ADDITIONAL INFORMATION

Prospective investors are invited and strongly recommended to contact the Company for a further explanation of the terms and conditions of this offering and to obtain any additional information necessary to inform their investment decision in relation to the Company. To the extent the Company is able, in its sole discretion, to disclose such information or can acquire it without unreasonable effort or expenses, such party shall obtain and provide such information to the prospective Investor (subject to the confidentiality restrictions described herein). Requests for such information should be directed to the Company:

Cityfunds Yield, LLC c/o Nada Holdings, Inc.

Attn: Investor Relations

1315 Manufacturing St, Dallas, TX 75207

investors@nada.co

The Manager also maintains a website at www.nada.co where there may be additional information about the Company or this Offering, but the contents of that site are not incorporated by reference in or otherwise a part of this Memorandum.

NOTICES TO RESIDENTS OF U.S. STATES

FOR RESIDENTS OF ALL STATES

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES 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. AN INVESTMENT IN THIS OFFERING IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF FINANCIAL RISK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD BE ABLE TO WITHSTAND A TOTAL LOSS OF THEIR INVESTMENT AND SHOULD CONSIDER ALL OF THE RISK FACTORS DESCRIBED BELOW.

THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN ANY PARTICULAR STATE. THIS MEMORANDUM INCLUDES NUMEROUS STATE LEGENDS. IF YOU ARE UNCERTAIN WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE ADVISED TO CONTACT THE MANAGERS FOR A CURRENT LIST OF STATES IN WHICH OFFERS OR SALES MAY BE MADE LAWFULLY.

SPECIFIC NOTICE REQUIREMENTS IN STATES WHERE INTERESTS MAY BE SOLD ARE AS FOLLOWS:

ALABAMA. THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE PURCHASE PRICE OF ANY INTEREST ACQUIRED BY A NON- ACCREDITED INVESTOR RESIDING IN THE STATE OF ALABAMA MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

ALASKA. THE SECURITIES OFFERED HAVE BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 AAC 08.500-3 AAC 08.506. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF A.S. 45.55.170. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

ARIZONA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF ARIZONA AND, THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SUCH ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

ARKANSAS. THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 14(b)(14) OF THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE; APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY

REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PURCHASE PRICE OF ANY INTEREST ACQUIRED BY AN UNACCREDITED INVESTOR RESIDING IN THE STATE OF ARKANSAS MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

CALIFORNIA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE CALIFORNIA CORPORATIONS CODE, BY THE REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATIONS IS AVAILABLE.

THE CERTIFICATES REPRESENTING ALL SECURITIES SUBJECT TO SUCH A RESTRICTION ON TRANSFER, WHETHER UPON INITIAL ISSUANCE OR UPON ANY TRANSFER THEREOF, SHALL BEAR ON THEIR FACE A LEGEND, PROMINENTLY STAMPED OR PRINTED THEREON IN CAPITAL LETTERS OF NOT LESS THAN 10-POINT SIZE, READING AS FOLLOWS:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFORE, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

COLORADO. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1981, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

CONNECTICUT. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 36-485 OF THE CONNECTICUT UNIFORM SECURITIES ACT AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SUCH ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

DELAWARE. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DELAWARE SECURITIES ACT AND ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 7309(b)(9) OF THE DELAWARE SECURITIES ACT AND RULE 9(b)(9)(II) THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

DISTRICT OF COLUMBIA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DISTRICT OF COLUMBIA SECURITIES ACT SINCE SUCH ACT DOES NOT REQUIRE REGISTRATION OF SECURITIES ISSUED. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FLORIDA. THE SHARE REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER § 517.061 OF THE FLORIDA SECURITIES ACT. THE INTERESTS HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL FLORIDA RESIDENTS SHALL HAVE THE PRIVILEGE OF VOIDING THE PURCHASE WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

GEORGIA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR SECTION 10-5-5 OF THE GEORGIA SECURITIES ACT OF 1973 AND ARE BEING ISSUED AND SOLD IN RELIANCE UPON CODE SECTION 10-5-9 UNDER GEORGIA SECURITIES LAW. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 20% OF THE INVESTOR'S NET WORTH.

HAWAII. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE HAWAII UNIFORM SECURITIES ACT (MODIFIED), BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

IDAHO. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT (THE "ACT") AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF IDAHO ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

ILLINOIS. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS, NOR HAS THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INDIANA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 3 OF THE INDIANA BLUE SKY LAW AND ARE OFFERED PURSUANT TO AN EXEMPTION PURSUANT TO SECTION 23-2-1- 2(b)(10) THEREOF AND MAY BE TRANSFERRED OR RESOLD ONLY IF SUBSEQUENTLY REGISTERED OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

INDIANA REQUIRES INVESTOR SUITABILITY STANDARDS OF A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF THREE TIMES THE INVESTMENT BUT NOT LESS THAN $75,000 OR A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF TWICE THE INVESTMENT BUT NOT LESS THAN $30,000 AND GROSS INCOME OF $30,000.

IOWA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IOWA UNIFORM SECURITIES ACT (THE "ACT") AND ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 502.203(9) OF THE ACT. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

KANSAS. THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE KANSAS SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE KANSAS SECURITIES COMMISSION. THEREFORE, THESE SECURITIES CANNOT BE RESOLD OR OTHERWISE TRANSFERRED UNLESS THEY ARE REGISTERED UNDER APPLICABLE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

KENTUCKY. THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE KENTUCKY SECURITIES ACT. THE KENTUCKY SECURITIES ADMINISTRATOR NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITY, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

LOUISIANA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE LOUISIANA SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 25% OF THE INVESTOR'S NET WORTH.

MAINE. THESE SECURITIES ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE BANK SUPERINTENDENT OF THE STATE OF MAINE UNDER SECTION 10502(2) (R) OF TITLE 32 OF THE MAINE REVISED STATUTES. THESE SECURITIES MAY BE DEEMED RESTRICTED SECURITIES AND AS SUCH THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS PURSUANT TO REGISTRATION UNDER STATE OR FEDERAL SECURITIES LAWS OR UNLESS AN EXEMPTION UNDER SUCH LAWS EXISTS.

MARYLAND. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MARYLAND SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

MASSACHUSETTS. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MASSACHUSETTS UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

MICHIGAN. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 451.701 OF THE MICHIGAN UNIFORM SECURITIES ACT (THE "ACT") AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF MICHIGAN ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. AT LEAST 48 HOURS BEFORE A SALE, ISSUER WILL PROVIDE EACH OFFEREE WITH A PRIVATE PLACEMENT MEMORANDUM THAT WILL INCLUDE THE FOLLOWING STATEMENT FOR RESIDENTS OF MICHIGAN:

TO MICHIGAN RESIDENTS: THIS OFFERING MEMORANDUM INCLUDES STATEMENTS ABOUT:

I. THE APPLICATION OR USE OF PROCEEDS.
II. A STATEMENT THAT THE ASSETS OF THE OPERATION WILL GENERATE SUFFICIENT CASH FUNDS TO MEET THE OBLIGATIONS AS THEY COME DUE, AND/OR THAT THE ASSETS EXCEED THE OBLIGATIONS UNDERTAKEN BY THE OFFEROR.
III. AN OUTLINE DISCLOSING REMUNERATION TO CONSULTANTS.
IV. A STATEMENT THAT TEXAS IS THE JURISDICTION OF THE OFFERING AND THAT DELAWARE IS THE STATE OF FORMATION OF THE OFFEROR, WHICH IS ALSO BASED IN TEXAS.
V. A STATEMENT THAT THE OFFEROR SHALL PRESENT AN ACCOUNTING OF DISTRIBUTION OF FUNDS AT LEAST ANNUALLY.

MINNESOTA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION, OR AN EXEMPTION THEREFROM.

MISSISSIPPI. THESE SECURITIES ARE OFFERED PURSUANT TO A CERTIFICATE OF REGISTRATION ISSUED BY THE SECRETARY OF STATE OF MISSISSIPPI PURSUANT TO RULE 477, WHICH PROVIDES A LIMITED REGISTRATION PROCEDURE FOR CERTAIN OFFERINGS.

THE SECRETARY OF STATE DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES THE SECRETARY OF STATE PASS UPON THE TRUTH, MERITS, OR COMPLETENESS OF ANY OFFERING MEMORANDUM FILED WITH THE SECRETARY OF STATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

MISSOURI. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MISSOURI UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

MONTANA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF MONTANA, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NEBRASKA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF NEBRASKA, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NEVADA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEVADA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NEW HAMPSHIRE. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW HAMPSHIRE UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

NEW JERSEY. THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. THE FILING OF THE WITHIN OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE OR THE SALE THEREOF BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEW JERSEY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NEW MEXICO. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES BUREAU OF THE NEW MEXICO DEPARTMENT OF REGULATION AND LICENSING, NOR HAS THE SECURITIES BUREAU PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NEW YORK. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES (MARTIN) ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES (MARTIN) ACT, IF SUCH REGISTRATION IS REQUIRED.

THIS PRIVATE OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL BEFORE ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

PURCHASE OF THESE SECURITIES INVOLVES A HIGH DEGREE OF RISK. THIS PRIVATE OFFERING MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

NORTH CAROLINA. THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE NORTH CAROLINA SECURITIES ACT. THE NORTH CAROLINA SECURITIES ADMINISTRATOR NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITY, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NORTH DAKOTA. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

OHIO. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE OHIO SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. IN ACCORDANCE WITH SECTION 1707.43 OF THE OHIO REVISED CODE, PURCHASERS ARE ENTITLED TO A FULL REFUND OF THEIR PURCHASE PROVIDED SUCH A REQUEST IS MADE WITHIN TWO (2) WEEKS FROM THE DATE OF SAID PURCHASE. HOWEVER, NO PURCHASER IS ENTITLED TO THE BENEFIT OF SECTION 1707.43 WHO HAS FAILED TO ACCEPT A REFUND WITHIN THIRTY (30) DAYS FROM THE DATE OF SUCH OFFER.

OKLAHOMA. THE SECURITIES REPRESENTED BY THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE OKLAHOMA SECURITIES ACT. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR TRANSFERRED FOR VALUE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF THEM UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND/OR THE OKLAHOMA SECURITIES ACT, OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR ACTS.

OREGON. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933 AS AMENDED, PURSUANT TO REGISTRATION OR

EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

PENNSYLVANIA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE 1933 SECURITIES ACT, BEING EXEMPTED FROM REGISTRATION BY SAID ACT. THE AVAILABILITY OF THAT EXEMPTION DOES NOT MEAN THAT THE SECURITIES ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, OR QUALIFICATIONS OF, THESE SECURITIES OR THEIR OFFER OF SALE IN THE STATE OF PENNSYLVANIA. ANY REPRESENTATION INCONSISTENT WITH THE FOREGOING IS UNLAWFUL. INVESTORS MUST PURCHASE THESE SECURITIES ONLY FOR THEIR OWN BENEFIT AND MAY NOT SELL THESE SECURITIES FOR A PERIOD OF NO LESS THAN 12 MONTHS FROM THE DATE OF PURCHASE. NOTICE PURSUANT TO SECTION 203(m) OF THE ACT: THE ISSUER MUST OBTAIN THE WRITTEN AGREEMENT OF EACH PURCHASER NOT TO SELL, EXCEPT IN ACCORDANCE WITH REGULATION 204.011, THE SECURITY WITHIN TWELVE MONTHS AFTER THE DATE OF PURCHASE AND FILE WITH THE COMMISSION A COPY OF THE PROPOSED AGREEMENT THAT INVESTORS WILL BE ASKED TO SIGN.

ACCORDING TO SECTION 207(M)(2) OF THE PENNSYLVANIA SECURITIES ACT OF 1972: "IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES AND HAVE RECEIVED A WRITTEN NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(M)(2) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF YOUR BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER YOU MAKE THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED, TO WITHDRAW YOUR ACCEPTANCE AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL OF ACCEPTANCE WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING A NOTICE BY FACSIMILE OR ELECTRONIC MAIL) TO THE ISSUER (OR PLACEMENT AGENT IF ONE IS LISTED ON THE FRONT PAGE OF THE OFFERING MEMORANDUM) INDICATING YOUR INTENTION TO WITHDRAW.

RHODE ISLAND. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE BLUE SKY LAW OF RHODE ISLAND, BY REASON OF SPECIFIC SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

SOUTH CAROLINA. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY.

FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

SOUTH DAKOTA. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER CHAPTER 47-31 OF THE SOUTH DAKOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION, EXEMPTION THEREFROM, OR OPERATION OF LAW.

EACH SOUTH DAKOTA RESIDENT PURCHASING ONE OR MORE WHOLE OR FRACTIONAL UNITS MUST WARRANT THAT HE HAS EITHER (1) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHING AND AUTOMOBILES) OF $30,000 AND A MINIMUM ANNUAL GROSS INCOME OF $30,000 OR (2) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF $75,000.

ADDITIONALLY, EACH INVESTOR WHO IS NOT AN ACCREDITED INVESTOR OR WHO IS AN ACCREDITED INVESTOR SOLELY BY REASON OF HIS NET WORTH, INCOME OR AMOUNT OF INVESTMENT, SHALL NOT MAKE AN INVESTMENT IN THE PROGRAM IN EXCESS OF 20% OF HIS NET WORTH (EXCLUSIVE OF HOME, FURNISHING AND AUTOMOBILES).

TENNESSEE. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TENNESSEE SECURITIES ACT OF 1980, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

TEXAS. THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE TEXAS SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE TEXAS SECURITIES COMMISSION. THEREFORE, THESE SECURITIES CANNOT BE RESOLD OR OTHERWISE TRANSFERRED UNLESS THEY ARE REGISTERED UNDER APPLICABLE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

UTAH. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE UTAH UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

VERMONT. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE VERMONT SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

WASHINGTON. THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR THE MEMORANDUM AND THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF THE STATE OF WASHINGTON, CHAPTER 21.20 RCW, AND, THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF THE STATE OF WASHINGTON CHAPTER 21.20 RCW OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

WEST VIRGINIA. THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE WEST VIRGINIA SECURITIES COMMISSIONER. THE COMMISSIONER DOES NOT RECOMMEND NOR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATIONS TO THE CONTRARY IS A CRIMINAL OFFENSE.

WISCONSIN. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WISCONSIN UNIFORM SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

WYOMING. THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE WYOMING SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS

NOT BEEN FILED WITH THE WYOMING SECRETARY OF STATE.

UNITED STATES TERRITORIES AND POSSESSIONS. THESE SECURITIES ARE NOT AUTHORIZED FOR OFFERING OR SALE IN ANY TERRITORY OR POSSESSION OF THE UNITED STATES IN LIEU OF APPLICABLE SECURITIES LAWS TO THE CONTRARY. SECURITIES AND/OR CAPITAL GUARDIANSHIPS ARE NOT AUTHORIZED FOR SALE IN SUCH TERRITORIES OR POSSESSIONS.

EXHIBITS

EXHIBIT A	CERTIFICATE OF FORMATION
EXHIBIT B	LIMITED LIABILITY COMPANY OPERATING AGREEMENT
EXHIBIT C	SUBSCRIPTION AGREEMENT