

POST-MONEY VALUATION CAP

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1406 ALEXANDRIA LLC

SAFE

(Simple Agreement for Future Equity)

THIS CERTIFIES THAT in exchange for the payment by Assignee and/or Nominee (the “**Investor**”) of Two Hundred and Fifty Thousand Dollars \$250,000.00 (the “**Purchase Amount**”) on or about Feb 29, 2024, 1406 Alexandria LLC, a California Corporation (the “**Company**”), issues to the Investor the right to certain membership shares/percentage of the Company’s Capital Stock, subject to the terms described below.

The “**Post-Money Valuation Cap**” approximately Nine Million Five Hundred Thousand Dollars \$9,500,000.00 (upon execution of a refinance and property appraisal)

1. Events

(a) **Equity Financing.** If there is an Equity Financing before the termination of this Safe, on the initial closing of such Equity Financing, this Safe will automatically convert into the greater of: (1) the number of shares of Standard Preferred Stock equal to the Purchase Amount divided by the lowest price per share of the Standard Preferred Stock; or (2) the number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Safe Price.

In connection with the automatic conversion of this Safe into shares of Standard Preferred Stock or Safe Preferred Stock, the Investor will execute and deliver to the Company all of the transaction documents related to the Equity Financing; *provided*, that such documents (i) are the same documents to be entered into with the purchasers of Standard Preferred Stock, with appropriate variations for the Safe Preferred Stock if applicable, and (ii) have customary exceptions to any drag-along applicable to the Investor, including (without limitation) limited representations, warranties, liability and indemnification obligations for the Investor.

(b) **Liquidity Event.** If there is a Liquidity Event before the termination of this Safe, this Safe will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds, due and payable to the Investor immediately prior to, or concurrent with, the consummation of such Liquidity Event, equal to the greater of (i) the Purchase Amount (the “**Cash-Out Amount**”) or (ii) the amount payable on the number of shares of Common Stock equal to the Purchase Amount divided by the Liquidity Price (the “**Conversion Amount**”). If any of the Company’s securityholders are given a choice as to the form and amount of Proceeds to be received in a Liquidity Event, the Investor will be given the same choice, *provided* that the Investor may not choose to receive a form of consideration that the Investor would be ineligible to receive as a result of the Investor’s failure to satisfy any requirement or limitation generally applicable to the Company’s securityholders, or under any applicable laws.

Notwithstanding the foregoing, in connection with a Change of Control intended to qualify as a tax-free reorganization, the Company may reduce the cash portion of Proceeds payable to the Investor by the amount determined by its board of directors in good faith for such Change of Control to qualify as a tax-free reorganization for U.S. federal income tax purposes, provided that such reduction (A) does not reduce the total Proceeds payable to such Investor and (B) is applied in the same manner and on a pro rata basis to all securityholders who have equal priority to the Investor under Section 1(d).

(c) **Dissolution Event.** If there is a Dissolution Event before the termination of this Safe, the Investor will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the Investor immediately prior to the consummation of the Dissolution Event.

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(d) **Liquidation Priority.** In a Liquidity Event or Dissolution Event, this Safe is intended to operate like standard non-participating Preferred Stock. The Investor's right to receive its Cash-Out Amount is:

(i) Junior to payment of outstanding indebtedness and creditor claims, including contractual claims for payment and convertible promissory notes (to the extent such convertible promissory notes are not actually or notionally converted into Capital Stock);

(ii) On par with payments for other Safes and/or Preferred Stock, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other Safes and/or Preferred Stock, the applicable Proceeds will be distributed pro rata to the Investor and such other Safes and/or Preferred Stock in proportion to the full payments that would otherwise be due; and

(iii) Senior to payments for Common Stock.

The Investor's right to receive its Conversion Amount is (A) on par with payments for Common Stock and other Safes and/or Preferred Stock who are also receiving Conversion Amounts or Proceeds on a similar as-converted to Common Stock basis, and (B) junior to payments described in clauses (i) and (ii) above (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences).

(e) **Termination.** This Safe will automatically terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this Safe) immediately following the earliest to occur of: (i) the issuance of Capital Stock to the Investor pursuant to the automatic conversion of this Safe under Section 1(a); or (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to Section 1(b) or Section 1(c).

2. Definitions

"Capital Stock" means the capital stock of the Company, including, without limitation, the **"Common Stock"** and the **"Preferred Stock."**

"Change of Control" means (i) a transaction or series of related transactions in which any "person" or "group" (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

"Company Capitalization" is calculated as of immediately prior to the Equity Financing and (without double-counting, in each case calculated on an as-converted to Common Stock basis):

- Includes all shares of Capital Stock issued and outstanding;
- Includes all Converting Securities;
- Includes all (i) issued and outstanding Options and (ii) Promised Options; and
- Includes the Unissued Option Pool, except that any increase to the Unissued Option Pool in connection with the Equity Financing shall only be included to the extent that the number of Promised Options exceeds the Unissued Option Pool prior to such increase.

"Converting Securities" includes this Safe and other convertible securities issued by the Company, including but not limited to: (i) other Safes; (ii) convertible promissory notes and other convertible debt instruments; and (iii) convertible securities that have the right to convert into shares of Capital Stock.

"Direct Listing" means the Company's initial listing of its Common Stock (other than shares of Common Stock not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the

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Company for resale, as approved by the Company's board of directors. For the avoidance of doubt, a Direct Listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services.

"Dissolution Event" means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company's creditors or (iii) any other liquidation, dissolution or winding up of the Company (**excluding** a Liquidity Event), whether voluntary or involuntary.

"Dividend Amount" means, with respect to any date on which the Company pays a dividend on its outstanding Common Stock, the amount of such dividend that is paid per share of Common Stock multiplied by (x) the Purchase Amount divided by (y) the Liquidity Price (treating the dividend date as a Liquidity Event solely for purposes of calculating such Liquidity Price).

"Equity Financing" means a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues and sells Preferred Stock at a fixed valuation, including but not limited to, a pre-money or post-money valuation.

"Initial Public Offering" means the closing of the Company's first firm commitment underwritten initial public offering of Common Stock pursuant to a registration statement filed under the Securities Act.

"Liquidity Capitalization" is calculated as of immediately prior to the Liquidity Event, and (without double-counting, in each case calculated on an as-converted to Common Stock basis):

- Includes all shares of Capital Stock issued and outstanding;
- Includes all (i) issued and outstanding Options and (ii) to the extent receiving Proceeds, Promised Options;
- Includes all Converting Securities, **other than** any Safes and other convertible securities (including without limitation shares of Preferred Stock) where the holders of such securities are receiving Cash-Out Amounts or similar liquidation preference payments in lieu of Conversion Amounts or similar "as-converted" payments; and
- Excludes the Unissued Option Pool.

"Liquidity Event" means a Change of Control, a Direct Listing or an Initial Public Offering.

"Liquidity Price" means the price per share equal to the Post-Money Valuation Cap divided by the Liquidity Capitalization.

"Options" includes options, restricted stock awards or purchases, RSUs, SARs, warrants or similar securities, vested or unvested.

"Proceeds" means cash and other assets (including without limitation stock consideration) that are proceeds from the Liquidity Event or the Dissolution Event, as applicable, and legally available for distribution.

"Promised Options" means promised but ungranted Options that are the greater of those (i) promised pursuant to agreements or understandings made prior to the execution of, or in connection with, the term sheet or letter of intent for the Equity Financing or Liquidity Event, as applicable (or the initial closing of the Equity Financing or consummation of the Liquidity Event, if there is no term sheet or letter of intent), (ii) in the case of an Equity Financing, treated as outstanding Options in the calculation of the Standard Preferred Stock's price per share, or (iii) in the case of a Liquidity Event, treated as outstanding Options in the calculation of the distribution of the Proceeds.

"Safe" means an instrument containing a future right to shares of Capital Stock, similar in form and content to this instrument, purchased by investors for the purpose of funding the Company's business operations. References to "this Safe" mean this specific instrument.

"Safe Preferred Stock" means the shares of the series of Preferred Stock issued to the Investor in an Equity Financing, having the identical rights, privileges, preferences and restrictions as the shares of Standard Preferred Stock, other than with respect to: (i) the per share liquidation preference and the initial conversion price for purposes of price-based

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anti-dilution protection, which will equal the Safe Price; and (ii) the basis for any dividend rights, which will be based on the Safe Price.

“**Safe Price**” means the price per share equal to the Post-Money Valuation Cap divided by the Company Capitalization.

“**Standard Preferred Stock**” means the shares of the series of Preferred Stock issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing.

“**Unissued Option Pool**” means all shares of Capital Stock that are reserved, available for future grant and not subject to any outstanding Options or Promised Options (but in the case of a Liquidity Event, only to the extent Proceeds are payable on such Promised Options) under any equity incentive or similar Company plan.

3. Company Representations

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Company of this Safe is within the power of the Company and has been duly authorized by all necessary actions on the part of the Company (subject to section 3(d)). This Safe constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. To its knowledge, the Company is not in violation of (i) its current certificate of incorporation or bylaws, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material debt or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(c) The performance and consummation of the transactions contemplated by this Safe do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material debt or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien on any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

(d) No consents or approvals are required in connection with the performance of this Safe, other than: (i) the Company’s corporate approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Capital Stock issuable pursuant to Section 1.

(e) To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others.

4. Investor Representations

(a) The Investor has full legal capacity, power and authority to execute and deliver this Safe and to perform its obligations hereunder. This Safe constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

(b) The Investor is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act, and acknowledges and agrees that if not an accredited investor at the time of an Equity Financing, the Company may void this Safe and return the Purchase Amount. The Investor has been advised that this Safe and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot

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be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Investor is purchasing this Safe and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

5. Miscellaneous

(a) Any provision of this Safe may be amended, waived or modified by written consent of the Company and either (i) the Investor or (ii) the majority-in-interest of all then-outstanding Safes with the same "Post-Money Valuation Cap" and "Discount Rate" as this Safe (and Safes lacking one or both of such terms will be considered to be the same with respect to such term(s)), *provided that* with respect to clause (ii): (A) the Purchase Amount may not be amended, waived or modified in this manner, (B) the consent of the Investor and each holder of such Safes must be solicited (even if not obtained), and (C) such amendment, waiver or modification treats all such holders in the same manner. "Majority-in-interest" refers to the holders of the applicable group of Safes whose Safes have a total Purchase Amount greater than 50% of the total Purchase Amount of all of such applicable group of Safes.

(b) Any notice required or permitted by this Safe will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

(c) The Investor is not entitled, as a holder of this Safe, to vote or be deemed a holder of Capital Stock for any purpose other than tax purposes, nor will anything in this Safe be construed to confer on the Investor, as such, any rights of a Company stockholder or rights to vote for the election of directors or on any matter submitted to Company stockholders, or to give or withhold consent to any corporate action or to receive notice of meetings, until shares have been issued on the terms described in Section 1. However, if the Company pays a dividend on outstanding shares of Common Stock (that is not payable in shares of Common Stock) while this Safe is outstanding, the Company will pay the Dividend Amount to the Investor at the same time.

(d) Neither this Safe nor the rights in this Safe are transferable or assignable, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this Safe and/or its rights may be assigned without the Company's consent by the Investor (i) to the Investor's estate, heirs, executors, administrators, guardians and/or successors in the event of Investor's death or disability, or (ii) to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Investor; and *provided, further*, that the Company may assign this Safe in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile.

(e) In the event any one or more of the provisions of this Safe is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Safe operate or would prospectively operate to invalidate this Safe, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this Safe and the remaining provisions of this Safe will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(f) All rights and obligations hereunder will be governed by the laws of the State of [Governing Law Jurisdiction], without regard to the conflicts of law provisions of such jurisdiction.

(g) The parties acknowledge and agree that for United States federal and state income tax purposes this Safe is, and at all times has been, intended to be characterized as stock, and more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended. Accordingly, the

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parties agree to treat this Safe consistent with the foregoing intent for all United States federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).

Addendum to SAFE Contract:

Additional documentation in respective order, for reference;

Exhibit 1. Term Sheet Proforma Summary - Locum Hospitality

Exhibit 2. 1406 Alexandria Ave - Operating Agreement

Exhibit 3. Cardinal Escrow – Buyers Final Statement Statement

Exhibit 4. Fidelity National Title Company - Preliminary Report

(Signature page follows)

IN WITNESS WHEREOF, the undersigned have caused this Safe to be duly executed and delivered.

1406 Alexandria LLC

By: _____
Joe Romero
CEO

Email: jromero68@gmailcom

INVESTOR:

By: _____
Name: _____
Title: _____

Email:



Locum Hospitality 1406 Alexandria Ave LLC Term Sheet

Project

Remodeling of property located at 1406 Alexandria into nine thousand square foot dormitory-style structure for Locum Tenans Healthcare Professionals, specifically for Traveling Nurses.

1. Capital Commitment:

- Investment Amount: \$250,000.00
- Funding Schedule: Funds disbursement (TBD)
- 100% of Investors Capital goes to work

2. Term

- Commencement Date (TBD)
- 18 or 24 Month Term (TBD)

3. Equity Stake - Membership Percentage:

- a) Percentage Ownership: 10% (calculated based on pre-money valuation) with roll-over option
- b) Percentage Ownership: 5% (calculated based on post-money valuation) with liquidation option at maturity date
- c) Voting Rights: Pro-rata voting rights based on ownership percentage
- d) Liquidation Preference: Right to receive a 1X Multiple-return on invested capital due on maturity date
- e) Simple Agreement for Future Equity (SAFE) to be used for equity stake

4. Interest Payments:

- a) Interest on Principal Capital Investment equals 10%
- b) Starting from the commencement date, Interest payments will be paid-out at a bi-annual interval set at 10% x Principle amount. Approximately \$12,500.00

5. Management, Control, and Contracts:

- Roll-over Rights: Investor First Right of Refusal to roll principal amount into the next project
- Liquidation Rights: Investor will have the right to liquidate at Maturity Date
- Information Rights: Regular access to financial and operational information
- Approval Rights: Approval rights for future decisions (e.g., financing, new acquisitions)
- If an investor agrees to roll investment over into the next project (upon board approval) then the investor retains 10% equity in the overall existing projects
- If the investor decides to exit the project at the maturity date, then the investor retains 5% equity

This Locum Hospitality Term Sheet is non-binding. Agreement made in Good Faith.



**Locum Hospitality
1406 Alexandria Ave LLC
Term Sheet**

6. First Right of Refusal:

- Investor will have the first opportunity to purchase the property if Investors chooses to exercise option 3a stated above

7. Distributions and Exit:

- Profit Sharing: Distribution of profits proportionate to ownership percentage
- Preferred Return (optional): Right to receive bi-annual payments before other equity holders (first monies in, first monies out)
- Exit Events: If investor holds equity in the project, then the exit amount will be directly proportional to the equity percentage held by the investor based on post-money valuation/appraisal

8. Additional Provisions:

- Due Diligence: Investor's right to conduct due diligence on the project
- Representations and Warranties: Standard legal assurances from both parties
- Confidentiality: Non-disclosure agreement regarding project details

9. Additional Terms:

- Exercising option 3a investors retains 10% equity in all projects held by 1406 Alexandria LLC
- Investor Option: if Investor rolls original capital investment into the next project, then Investor has the option for purchasing an additional 15% Equity in all projects held by 1406 Alexandria LLC for an added \$250,000. Total Overall Equity Purchase equals 25% for all projects

1406 Alexandria Ave LLC - General Partner

Limited Partner (TBD)

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Locum Hospitality 1406 Alexandria Ave LLC Term Sheet

Executive Summary:

Housing for Traveling Nurses in California

Introduction:

The demand for traveling nurses in California has surged in recent years, driven by factors such as the ongoing healthcare workforce shortages, pandemic-related demands, and the state's diverse healthcare landscape.

Accommodating the housing needs of traveling nurses is crucial to ensure their comfort, safety, and productivity during assignments. This executive summary outlines key considerations and opportunities in the housing market for traveling nurses in California.

Market Overview:

The housing market for traveling nurses in California is highly dynamic and competitive. California is one of the most sought-after destinations for healthcare professionals due to its diverse healthcare facilities and attractive lifestyle. As a result, there is a constant need for temporary housing solutions tailored to the unique requirements of traveling nurses.

Challenges:

Housing Shortages: Many California cities face housing shortages, leading to rising rents and limited availability, which can be especially challenging for traveling nurses on short assignments. **Geographic Variation:** Housing demands vary greatly across the state, from metropolitan areas like Los Angeles and San Francisco to more rural regions, necessitating flexible solutions.

Affordability: The cost of living in California is high, making it essential to offer affordable housing options that align with traveling nurses' budgets.

Key Considerations:

Location: Proximity to healthcare facilities and transportation hubs is crucial for traveling nurses. Housing solutions should be strategically located to minimize commute times.

This Locum Hospitality Term Sheet is non-binding. Agreement made in Good Faith.



Locum Hospitality 1406 Alexandria Ave LLC Term Sheet

Furnished Accommodations:

Providing fully furnished apartments or houses reduces the logistical burden on traveling nurses and enhances their comfort.

Safety and Security:

Ensuring the safety of nurse housing is paramount. Property owners should invest in security measures and provide clear guidelines for safety.

Flexible Lease Terms:

Offering flexible lease terms that align with nurse assignments can attract more healthcare professionals to available housing options.

Affordability:

Competitive pricing is essential, given the cost of living in California. Exploring partnerships with hospitals and agencies for cost

Short-Term Rentals:

Leveraging platforms like Airbnb, property owners can offer furnished short-term rentals that cater specifically to traveling nurses' needs. Collaborations with healthcare agencies can help match available housing with nurse assignments.

Corporate Housing:

Companies specializing in corporate housing can provide fully furnished apartments with flexible lease terms, meeting the requirements of traveling nurses seeking comfortable and convenient housing.

Nurse Housing Communities:

Establishing dedicated nurse housing communities or co-living spaces can create a sense of community and shared experiences, potentially reducing costs and enhancing social support.

Government Initiatives:

Exploring government incentives and subsidies to encourage property owners to provide affordable housing options for healthcare professionals could alleviate some of the affordability challenges.

Conclusion:

The housing market for traveling nurses in California is a dynamic and challenging landscape. However, with the right strategies and a focus on meeting the unique needs of traveling healthcare professionals, there are significant opportunities for property owners and housing providers. Addressing the housing shortage and affordability concerns can help ensure that California remains an attractive destination for traveling nurses, ultimately benefiting both healthcare providers and the nursing workforce.

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Project Name	1406 Alexandria Ave		Contract Amount	\$3,127,941	
	Los Angeles, Ca				
Owners	1406 Alexandria Ave LLC	50% Joe Romero			
		50% Leo Meza	Preliminary Lien Information		
			Lender:	TBD	
PROJECT SPECS					
Number of Lots	1				
Lot size	6875				
Building Size	9000				
Room Unit Count	30				
Avg Room Rent	2,500				
Number of Structures on Property	1				
Land Costs	\$1,250,000				
Contract Term in Months	\$18				
Soft Costs					
Architecture	\$50,000				
Demo	\$45,000				
Engineering	\$15,000				
Permits and Fees	\$100,000				
Soils and Survey	\$10,000				
Inspection Fees	\$3,000				
Insurance	\$3,000				
Trash and Cleanup	\$20,000				
Temp Utilities	\$50,000				
General Conditions	\$20,000				
Total Soft Costs	\$316,000	\$316,000			
Construction					
Appliances		\$18,000			
Bathroom Fixtures, Sink, Tub, Shower		\$60,000			
Cabinets and Millwork		\$17,000			
Carpentry, handrails, Baseboards		\$44,625			
Countertops		\$12,750			
Doors / Hardware		\$36,125			
Drive / LID		\$59,500			
Drywall		\$93,500			
Rough Electrical		\$110,500			
Fencing / Gates		\$8,500			
Electrical Fixtures		\$51,000			
Flooring		\$51,000			

Foundation		\$110,500				
Framing and Lumber		\$246,500				
Gargage Doors		\$3,000				
Grading		\$42,500				
Hardware		\$34,000				
HVAC/Exhaust Vent		\$51,000				
Insulation		\$38,250				
Landscaping		\$10,625				
Paint		\$17,000				
Rough Plumbing		\$110,500				
Waterproofing		\$5,100				
Roofing / Gutters		\$25,500				
Lath and Plaster		\$85,000				
Water Heaters		\$23,375				
Windows		\$34,000				
Misc Supplies		\$21,250				
Fire Sprinklers		\$17,000				
Decorative Iron Work		\$12,750				
Subtotal		\$1,450,350				
General Conditions		\$111,591.00				
GC Fee		\$111,591.00				
Project Total		\$3,127,941.00				
PRO FORMA Full Rents						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Income						
Rent	900,000	927,900	954,810	983,454	1,012,958	
Laundry Income						
Other Income						
Gross Income	900,000	927,900	954,810	983,454	1,012,958	
Less Vacancy	72,000	46,350	47,741	49,173	50,648	
(8% - Year 1)						
(5% - Years 2 through Year 5)						
Effective Gross Income	828,000	926,550	907,069	934,281	962,310	
Expenses						
Adminsitration	17,000	17,442	17,791	18,147	18,510	
Management Fee	45,000	45,900	46,818	47,754	48,709	

Utilities	54,000	55,080	56,182	57,305	58,451	
Operations & Maintenance	9,000	9,180	9,364	9,551	9,742	
Payroll Expenses						
Tax & Insurance Expenses	9,000	9,180	9,364	9,551	9,742	
Real Estate Taxes	48,658	49,631	51	51,636	52,669	
Operating/Debt Service Reserve						
Replacement	6,000	6,120	6,242	6,367	6,495	
Trash						
Other_____						
Total Expenses	188,658	192,533	145,812	200,311	204,318	
Net Operating Income	639,342	688,117	761,257	733,970	757,992	

Snapshot PRO FORMA

Property & Capital Inputs		Property Name	1406 Alexandria			Property City	Hollywood	State	Ca
Property Type	Multifamily	Projected				Actual			
# of Units	30								
Total Investment	\$3,127,941	INCOME	Annual	per Unit	% of EGI	INCOME	Annual	per Unit	% of EGI
Year Built	2024	Gross Potential Rents	\$900,000	\$30,000	107.00%	Gross Potential Rents	\$800,000	\$26,667	107%
Total Square Footage	9,000	Vacancy Assumption	-63,000	-2,500	7%	Vacancy Assumption	-56,000	-2,133	7%
Price per Unit	\$115,113	Guest Concierge Services	\$12,000	370	1.30%	Guest Concierge Services	\$12,000	370	1.30%
Acquisition Cap Rate	18.08%	Other Incm (i.e. vending r	\$2,000	67	0.20%	Other Incm (i.e. vending mach	\$2,000	67	0.20%
Price per sq. foot	\$384								
Grosse Rent Multiplier (GRM)	3.8	Effective Gross Income	\$851,000	\$28,037	100.00%	Effective Gross Income	\$758,000	\$24,970	89.10%
Capital Contribution	\$250,000								
Down Payment % of Price	7%								
		EXPENSES				EXPENSES			
		Adminsitration	\$17,000	567	2.00%	Adminsitration	\$17,000	567	2.00%
Financing Inputs		Management Fee	\$45,000	1,500	5.40%	Management Fee	\$45,000	1,500	5.40%
		Utilities	\$54,000	1,800	6.40%	Utilities	\$54,000	1,800	6.40%
<u>Loan Information: 1st</u>		Operations & Maintenance	\$9,000	300	1.10%	Operations & Maintenance	\$9,000	300	1.10%
Amount	\$3,203,382	Payroll Expenses	\$1,500	50	0.00%	Payroll Expenses	\$1,500	50	0.00%
Interest Rate	4.50%	Tax & Insurance Expenses	\$7,700	257	0.90%	Tax & Insurance Expenses	\$7,700	257	0.90%
Amortization (yrs)	10	Real Estate Taxes	\$48,658	1,622	5.80%	Real Estate Taxes	\$48,658	1,622	5.80%
Debt Service	\$398,392	Operating/Debt Service Reser	\$5,000	167	0.60%	Operating/Debt Service Reser	\$5,000	167	0.60%
<u>Loan Information: 2nd</u>		Replacement	\$6,000	200	0.70%	Replacement	\$6,000	200	0.70%
Amount	250000	Trash	\$5,000	167	0.60%	Trash	\$5,000	167	0.60%
Interest Rate	10	Administrative & Legal	\$10,000	333	1.20%	Administrative & Legal	\$10,000	333	1.20%
Amortization (yrs)	1 Years	Software and Development	\$8,000	267	1.00%	Software and Development	\$8,000	267	1.00%
Debt Service	\$16,666		\$216,858	\$7,229	25.80%	Projected Expenses	\$216,858	\$7,229	25.80%
		Total Expenses							
Debt Service Coverage Ratio (DSR)	1.57	NET OPERATING INCOME	\$634,142		74.20%	NET OPERATING INCOME	\$541,142		63.30%
Total Financing LTV	93%								
Weighted Avg. Cost of Funds	4.50%	Cash-on-Cash Return (Projected)			87.63%	Cash-on-Cash Return (Actual)			50.43%

icipated trends, and anticipated capital needs. Actual events or results may differ as a result of various factors, risks and uncertainties. Actual results, performance, or achievements may be materially different from the future results, performance, or achievements expressed or implied by this information. No representations or warranties are made regarding the accuracy or completeness of

[See the next tab to show pro forma numbers converted to a monthly average.]

Pro forma Income & Expenses per Month

18-Mo. Projected Operating Statement

[This page pulls the annual pro forma numbers from the previous page and converts them to a monthly average here.]

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	TOTALS
INCOME																			
Gross Potential Rents	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$75,000	\$75,000	\$1,158,000
Vacancy Assumption	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400
Guest Concierge Services	1000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$18,000
Other Incm (i.e. vending machine)	167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$3,006
Projected Gross Income	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$61,767	\$73,767	\$73,767	\$1,135,806
EXPENSES																			
Administration	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417
Management Fee	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Utilities	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Operations & Maintenance	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750
Payroll Expenses	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125
Tax & Insurance Expenses	642	642	642	642	642	642	642	642	642	642	642	642	642	642	642	642	642	642	642
Real Estate Taxes	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055	4,055
Operating/Debt Service Reserve	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417
Replacement	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Trash	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417	417
Administrative & Legal	833	833	833	833	833	833	833	833	833	833	833	833	833	833	833	833	833	833	833
Software and Development	667	667	667	667	667	667	667	667	667	667	667	667	667	667	667	667	667	667	667
Projected Expenses	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$18,072	\$325,296
NET OPERATING INCOME	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$43,695	\$810,510
Interest Investor Payment Schedule						\$12,500						\$12,500						\$12,500	\$37,500

[See the next tab to show investor Investor repayment Roadmap.]

Appraisal & Interest Roadmap														
	Month 6	Month 12	Month18	Month 24	Month30	Month 36	Month 42	Month 48	Month 54	Month 60				
10% Interst Payn	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$125,000			
Total Interest Payments											125000			
Retaining 10%														
Project 1 Appraisal			\$9,500,000								\$950,000	\$950,000		
Project 2 Appraisal						\$9,500,000					\$950,000	\$950,000		
Project 3 Appraisal									\$9,500,000		\$950,000	\$950,000		
Total Compensation w/10% Equity											\$2,850,000		Year 5 Total	
Plus Interest Payments											125000		~ \$2.975M	
Retaining 5%														
Project 1 Appraisal			\$9,500,000								\$475,000	\$475,000		
Project 3 Appraisal						\$9,500,000					\$475,000	\$475,000		
Project 3 Appraisal									\$9,500,000		\$475,000	\$475,000		
Total Compensation w/ 5% Equity											\$1,425,000		Year 5 Total	
Plus Interest Payments											125000		~ \$1.55M	

1406 ALEXANDRIA AVE LLC

LIMITED LIABILITY COMPANY DATA SHEET

Date of Organization: July 26, 2023
State of Organization: California
Principal Place of Business: [TBD]
Officers: [TBD]
Bank Accounts: [TBD]
Tax Year Ended: December 31

<u>Members</u>	<u>Number of Membership Units</u>
Aurelio Meza	500
Joe Romero	500
TOTAL	1,000

**OPERATING AGREEMENT
OF
1406 ALEXANDRIA AVE LLC**

This Operating Agreement (“Agreement”) of **1406 ALEXANDRIA AVE LLC** (the “Company”) effective as of this [REDACTED] day of August, 2023, by, between and among the undersigned, confirms our understanding as to the matters contained herein.

The parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.1. As used herein, the following terms and phrases shall have the meanings indicated:

A. “Act” shall mean the Limited Liability Company Act of the State of organization, as amended.

B. “Capital Account” shall mean, with respect to each Member, the account established for each Member pursuant to Section 6.5, which will initially equal the Capital Contributions of such Member and will be (a) increased by the amount of Net Profits allocated to such Member and (b) reduced by the amount of Net Losses allocated to such Member and the amount of Cash Flow distributed to such Member. Members’ Capital Accounts shall be determined and maintained in accordance with the rules of paragraph (b)(2)(iv) of Regulation Section 1.704-1 of the Code.

C. “Capital Contributions” shall mean the fair market value of the money, property and/or services contributed by the Members pursuant to Section 6.1.

D. “Cash Flow” shall have the meaning provided in Section 7.1.

E. “Code” shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent revenue laws.

F. “Company” shall mean this Limited Liability Company.

G. "Controlled Affiliates" shall mean any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with a Member. The term "control," as used in the immediately preceding sentence, shall mean, with respect to a corporation or limited liability company, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, the

possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity

H. “Manager” shall mean the person or entity designated by majority approval of the Members to serve as manager of the Company in accordance with this Agreement.

I. “Members” shall mean the persons designated as such in Schedule A of this Agreement, any successor(s) to their interests as such in the Company; and any other person who pursuant to this Agreement shall become a Member, and any reference to a “Member” shall be to any one of the then Members.

J. “Net Profits” and “Net Losses” shall mean the net profit or net loss, respectively, of the Company determined in accordance with Section 8.1.

K. The words “Membership Interest” shall mean a Member’s interest in the Company which shall be in the proportion that the Member’s share of the profits and losses of the Company bears to the aggregate shares of all the Members. A Membership Interest may be evidenced by a certificate issued by the Company. A Membership Interest may be expressed on a certificate as “Units” where a Member’s Units bears the same relationship to the aggregate Units of all Members that the Member’s Membership Interest bears to the aggregate Membership Interests of all Members. A Member’s Interest may be a certificated security or an uncertificated security within the meaning of section 8-102 of the Uniform Commercial Code if the requirements of section 8-103(c) are met, and if the requirements are not met such interest shall, for purposes of the Uniform Commercial Code, be deemed to be a general intangible asset.

L. “Person” shall mean any natural person, corporation, partnership, joint venture, association, limited liability company or other business or legal entity.

M. “Supermajority” shall mean two-thirds majority of the Membership Interest in the Company.

ARTICLE II

Organization of the Company

Section 2.1. The purpose of the Company is to conduct any lawful business for which limited liability companies may be organized and to do all things necessary or useful in connection with the foregoing.

Section 2.2. The Company name shall be “**1406 ALEXANDRIA AVE LLC**”. The business of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Managers deem appropriate or advisable. The Company’s name shall be the exclusive property of the Company, and no Member shall have any rights in the name or any derivation thereof.

Section 2.3. The Members shall be Members in the Company and shall continue to do business under the name of the Company unless and until the name of the Company is changed or shall terminate in accordance with the terms of this Agreement.

Section 2.4. The principal address of the Company shall be such place or places as the Members or Managers may determine. Written notice shall be given to all Members promptly after any change in the location of the principal office of the Company.

Section 2.5. The Company shall terminate on the date provided in the Certificate of Formation/Articles of Organization, except that the Company may terminate prior to such date as provided in this Agreement.

ARTICLE III

Status of Members

Section 3.1. No Member will be bound by, or be personally liable for the expenses, liabilities or obligations of the Company.

Section 3.2. No Member will be entitled to withdraw any part of his or her Capital Account or to receive any distributions from the Company except as expressly provided in this Agreement.

Section 3.3. No Member will have the right to require partition of the Company property or to compel any sale or appraisal of the Company's assets or any sale of a deceased Member's interest in the Company's assets except as expressly provided in this Agreement.

ARTICLE IV

Meeting of Members

Section 4.1. An annual meeting of Members shall be on such date and at the time and place (either within or without the state of its organization) as shall be fixed by the Members by majority consent. At the annual meeting, the Members may elect Managers, if any, and transact such other business as may properly be brought before the meeting.

Section 4.2. A special meeting of Members may be called at any time by Members holding at least Fifty Percent (50%) of the Membership Interest in the Company entitled to vote at such meeting. Any such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of Members shall be confined to the purposes set forth in the notice thereof.

Section 4.3. Written notice of the time, place and purpose of every meeting of Members (and, if other than an annual meeting, the person or persons at whose direction the meeting is being called), shall be given to each Member of record entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days prior to the date set for the meeting. Notice shall be given either personally or by mailing said notice by first class mail to each Member at his or her address

appearing on the record book of the Company or at such other address provided by said Member to the Company for the purpose of receiving notice.

A written waiver of notice setting forth the purposes of the meeting for which notice is waived, signed by the person or persons entitled to such notice, whether before or after the time of the meeting stated therein, shall be deemed equivalent to the giving of such notice. The attendance by a Member at a meeting either in person or by proxy without protesting the lack of notice thereof shall constitute a waiver of notice of such Member.

All notices given with respect to an original meeting shall extend to any and all adjournments thereof and such business as might have been transacted at the original meeting may be transacted at any adjournment thereof; no notice of any adjourned meeting need be given if an announcement of the time and place of the adjourned meeting is made at the original meeting.

Section 4.4. The holders of a majority in interest of the Membership Units in the Company present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of Members except as otherwise provided by statute or the Certificate of Formation/Articles of Organization. If, however, a quorum shall not be present or represented at any meeting of Members, the Members entitled to vote, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. When a quorum is once present to organize a meeting, such quorum is not deemed broken by the subsequent withdrawal of any Members.

Section 4.5. Every Member entitled to vote at any meeting shall be entitled to vote in accordance with his or her Membership Interest in the Company held by him or her of record on the date fixed as the record date for said meeting and may so vote in person or by proxy. Any Company action shall be authorized by a majority in interest of the votes cast by the Members entitled to vote thereon except as may otherwise be provided by statute, the Certificate of Formation/Articles of Organization or this Operating Agreement.

Section 4.6. Every proxy must be signed by the Member entitled to vote or by his or her duly authorized attorney-in-fact and shall be valid only if filed with the Company prior to the commencement of voting on the matter in regard to which said proxy is to be voted. No proxy shall be valid after the expiration of twelve (12) months from the date of its execution unless otherwise expressly provided in the proxy. Every proxy shall be revocable at the pleasure of the person executing it except as otherwise provided by statute. Unless the proxy by its terms provides for a specific revocation date and except as otherwise provided by statute, revocation of a proxy shall not be effective unless and until such revocation is executed in writing by the Member who executed such proxy and the revocation is filed with the Company prior to the voting of the proxy.

Section 4.7. All meetings of Members shall be presided over by a Member thereby chosen by the Members at the meeting. The person presiding at the meeting shall appoint any person present to act as secretary of the meeting.

Section 4.8. For the purpose of determining the Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof or to express consent or dissent from any proposal without a meeting, or for the purpose of determining the Members entitled to receive payment of any distribution of Cash Flow or the allotment of any rights, or for the purpose of any other action, the Members may fix, in advance, a date as the record date for any such determination of Members. Such date shall not be more than fifty (50) nor less than ten (10) days before the date of any meeting nor more than fifty (50) days prior to any action taken without a meeting, the payment of any distribution of Cash Flow or the allotment of any rights, or any other action. When a determination of Members of record entitled to notice of, or to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Members fix a new record date under this section for the adjourned date.

Section 4.9. The Company shall be entitled to treat the holder of record of any Membership Interest as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Membership Interest on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the Act.

Section 4.10. Members shall have the right and power to vote on all matters with respect to which this Agreement or California law requires or permits such Member action. Voting shall be based on each Member's proportionate Units. Unless otherwise stated in this Agreement or under California law, the vote of the Members holding a majority of the Units shall be required to approve or carry an action. Notwithstanding anything to the contrary set forth in this Agreement, actions requiring a "Supermajority" approval Units of the Members (designed as two-thirds of the Membership Units in the Company) shall be set forth in Schedule B attached hereto.

ARTICLE V

Management

Section 5.1. Management of the Company shall be managed by the Members, or alternatively, by one or more Managers approved by majority of the Members in writing. The Manager shall serve at the pleasure of the Members and may be elected or removed by Members holding a majority of the Units.

Section 5.2. The Manager, if any, shall not cause the Company to take any action requiring approval of the Members without obtaining such approval. The Manager shall conduct his or her duties as Manager with the due care and loyalty to the Company that would be required of an officer with respect to a California corporation.

Section 5.3. The Manager, if any, is an agent of the Company and has the authority to bind the Company and execute documents on behalf of the Company, subject to the restrictions set forth in this Agreement.

Section 5.4. Unless he or she resigns or is removed, the Manager shall hold office until a successor has been elected and qualified. Upon the resignation or removal of the Manager, the Members may appoint a successor Manager by majority approval of the Members.

Section 5.5. The Manager may resign at any time by giving written notice to the Members. The resignation of the Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 5.6. The Manager may be removed at any time, with or without cause, by the majority approval of the Members.

Section 5.7. The Manager will automatically be deemed terminated by the Company without any further action on the part of the Company or the Members if the Manager is determined by a court of competent jurisdiction to have engaged in fraud, willful misconduct (including specifically embezzlement or misappropriation of Company funds), or gross negligence with respect to the Company.

Section 5.8. The Members by Supermajority approval may appoint officers and/or Board of Directors of the Company at any time. The officers of the Company, if deemed necessary or advisable by the Members, may include a Chairperson, President, Vice President, Secretary, and Chief Financial Officer. The officers shall serve at the pleasure of the Members. Any individual may hold any number of offices. The officers shall exercise such powers and perform such duties as shall be determined from time to time by the Members by supermajority approval.

Section 5.9. Any person made or threatened to be made a party to an action or proceeding, whether civil or criminal, by reason of the fact that his or her testator or intestate, then, is, or was a Manager, Member, employee or agent of the Company, or then serves or has served on behalf of the Company in any capacity at the request of the Company, shall be indemnified by the Company against reasonable expenses, judgments, fines and amounts actually and necessarily incurred in connection with the defense of such action or proceeding or in connection with an appeal therein, to the fullest extent permissible by the Act. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled.

ARTICLE VI

Capital

Section 6.1. The Members have contributed or shall contribute to the Company in exchange for their Membership Interests, monies, property and/or services as set forth on Schedule A attached hereto.

Section 6.2. The fair market value and the adjusted basis of the contributing Member of any property other than cash and/or services contributed to the Company by a Member shall be set forth on Schedule A attached hereto.

Section 6.3. Except as expressly provided in this Agreement, no Member shall be required to make any additional contributions to the capital of the Company. To the extent approved by majority consent of the Members, from time to time, the Members may be permitted to make additional Capital Contributions if and to the extent they so desire, and if the majority of Members determine that such additional Capital Contributions are necessary and appropriate for the conduct of the Company's business. In that event, the Members shall have the opportunity, but not the obligation, to participate in such additional Capital Contributions on a pro rata basis in accordance with their Membership Percentage Interests. Each Member shall receive a credit to his or her Capital Account in the amount of any additional capital which he or she contributes to the Company. Immediately following such Capital Contributions, the Membership Percentage Interests shall be adjusted by the Company to reflect the new relative proportions of the Capital Accounts of the Members.

Section 6.4. No interest shall be paid on the Capital Account of any Member.

Section 6.5. A Capital Account shall be established for each Member on the books and records of the Company. If any assets of the Company are distributed to the Members in kind, the Capital Accounts of the Members shall be adjusted to reflect the difference between the fair market value of such assets on the date of distribution and the basis of the Company in such assets.

ARTICLE VII

Distributions of Cash

Section 7.1. The Company shall distribute to the Members from time to time all cash (regardless of the source thereof) of the Company which is not required for the operation or the reasonable working capital requirements of the Company (such cash is sometimes referred to herein as "Cash Flow"). For purposes of this Agreement all Cash Flow allocated to the Members shall be allocated among them in proportion to their respective Membership Interests.

Section 7.2. Distributions of Cash Flow shall be made from time to time in such manner as determined by majority vote of the Members.

ARTICLE VIII

Profits and Losses

Section 8.1. The Net Profits and Net Losses of the Company shall be the net profits and net losses of the Company as determined for Federal income tax purposes.

Section 8.2. The Net Profits and Net Losses of the Company and each item of income, gain, loss, deduction or credit entering into the computation thereof, shall be allocated to the Members in the same proportions that they share in distributions of Cash Flow pursuant to Section 7.1, or if there is no Cash Flow, that they would have shared if there had been Cash Flow.

Section 8.3. References herein to "Reg. Sec.", are to the regulations promulgated by the United States Treasury to the Code. The terms "minimum gain", "minimum gain chargeback",

“qualified income offset”, “nonrecourse deduction” and “nonrecourse liability” are to be interpreted consistent with the definitions and use of such terms in Reg. Sec. 1.704-2 and Reg. Sec. 1.704-1. The following special allocations shall be made in the following order:

A. Except as otherwise set forth in Reg. Sec. 1.704-2(f), if there is a net decrease in minimum gain, during the fiscal year of the Company, each Member, shall be specially allocated items of gross income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to that Member’s share of the net decrease of minimum gain determined in accordance with Reg. Sec. 1.704-2(g). Allocations in accordance with this Section shall be made first from the disposition of Company assets subject to nonrecourse liabilities, to the extent of the minimum gain attributable to those assets, and thereafter, from a pro-rata portion of the Company’s other items of income and gain for the taxable year. This Section is intended to comply with the minimum gain chargeback requirement of Reg. Sec. 1.704-2(f).

B. Except as otherwise set forth in Reg. Sec. 1.704-2(i)(4), if there is a net decrease in a Member’s nonrecourse liability minimum gain attributable to Members’ nonrecourse liabilities during any fiscal year, each Member who has a share of the Member nonrecourse liability minimum gain attributable to Member nonrecourse liability shall be specially allocated items of gross income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to that Member’s share of the net decrease in Members’ nonrecourse debt minimum gain attributable to such Member nonrecourse debt. Allocations pursuant to this Section shall be made first from gain recognized from the disposition of Company assets subject to Member nonrecourse liabilities to the extent of Member minimum gain attributable to those assets, and thereafter, from a pro-rata portion of the Company’s other items of income and gain for the fiscal year. This section is intended to comply with the minimum gain chargeback requirements of Reg. Sec. 1.704-2(i).

C. A Member who unexpectedly receives an adjustment, allocation or distribution described in (4), (5) or (6) of Reg. Sec. 1.704-1(b)(2)(ii)(d) will be allocated items of income and gain in an amount and manner sufficient to eliminate such deficit balance as quickly as possible. An allocation shall be made pursuant to this Section and if and to the extent a Member would have a deficit in his or her adjusted Capital Account after all other allocations provided for in this Section 8.3 were made as if this paragraph were not in the Agreement.

D. Nonrecourse deductions shall be allocated among the Members in the same proportion in which they share the Cash Flow of the Company.

E. Any nonrecourse deduction shall be allocated to any Member who bears the economic risk of loss with respect to the Member nonrecourse liability to which such deduction is attributable.

Section 8.4. Any Company gain or loss realized with respect to property, other than money, contributed to the Company by a Member shall be shared among the Members pursuant to Code section 704(c) and regulations to be promulgated thereunder so as to take account of the difference between the Company basis and the fair market value of the property at the time of the contribution (“built-in gain or loss”). Such built-in gain or loss shall be allocated to the contributing Member upon the disposition of the property.

ARTICLE IX

Transfer of Membership Interest in the Company

Section 9.1. Permitted Transfers. Each Member shall be permitted to transfer all or part of his or her Units in the Company to one or more Controlled Affiliates of such member, so long as such transferee agrees in writing to be bound by the terms of this Agreement (such a transfer is referred to herein as a "Permitted Transfer").

Section 9.2. Other Transfers of Units. Each time a Member proposes to transfer, assign, convey, sell, or otherwise dispose of all or any part of his or her Units (or as required by operation of law or other involuntary transfer to do so), other than Permitted Transfers described in Section 9.1, such Member shall:

A. Deliver a written notice to transfer his or her Units to the other Members stating (i) such Member's desire to transfer such Units, (ii) the name and address of the proposed transferee, (iii) the Units to be transferred, and (iv) the purchase price and terms of payment for which the Member proposes to transfer such Units.

B. If the other Members do not agree by Supermajority consent to allow such a transfer, then the proposing Member shall not be allowed to transfer his or her Units.

C. If the other Members do agree by Supermajority consent to allow the proposing Member to transfer his or her Units, such Member shall then offer such Units to each of the other Members in accordance with the terms set forth below:

D. Within thirty (30) days after receipt of the notice described in Section 9.2(A), each non-transferring Member shall notify the selling Member in writing of his or her desire to purchase a portion of the Units being so transferred at a discounted Ninety Percent (90%) of the purchase price of the Units set forth in Section 9.2(A). The failure of any Member to submit a notice within the applicable period shall constitute an election on the part of that Member not to purchase any of the Units which may be so transferred. Each Member so electing to purchase shall be entitled to purchase a portion of such Units in the same proportion that the Unit Percentage of the purchasing Member bears to the aggregate of the Unit Percentage of all of the Members electing to so purchase the Units being transferred. In the event any Member elects to purchase none or less than all his or her pro rata share of such Units, then the other Members can elect to purchase more than their pro rata share at Ninety Percent (90%) of the purchase price of the Units set forth in Section 9.2(A). If such Members fail to purchase the entire Units being transferred, the Company may purchase any remaining share of such Units at Ninety Percent (90%) of the purchase price of the Units set forth in Section 9.2(A).

E. Within ninety (90) days after receipt of the notice described in Section 9.2(A), the Company and the Members electing to purchase such Units shall have the first right to purchase or obtain such Units at Ninety Percent (90%) of the purchase price and the same terms and conditions designated in such notice except as otherwise required pursuant to this Agreement. If such notice provides for the payment of non-cash consideration, the Company

and such purchasing Members each may elect to pay the consideration in cash equal to the good faith estimate of the present Ninety Percent (90%) of the fair market value of the non-cash consideration offered.

F. If the Company and/or the other Members elect not to purchase all of the Units designated in such notice, then the transferring Member may transfer the Units described in the notice to the proposed transferee, providing such transfer (i) is completed within thirty (30) days after the expiration of the Company's and the other Members' right to purchase such Units and (ii) is made at the price and terms designated in such notice. If such Units are not so transferred, the transferring Member must give notice in accordance with this section prior to any other or subsequent transfer of such Unit.

Section 9.3. Tag Along and Drag Along Rights. The Members shall have the following rights in connection with a sale of Units:

A. Tag Along Right. Except with respect to a sale pursuant to Section 9.2, each non-selling Member shall be entitled to sell to the third-party purchaser the same portion (expressed as a percentage) of its Units as is being sold by the Selling Member(s), on the same terms and conditions as the Selling Member(s) in the underlying transaction, if within thirty (30) days of its receipt of such notice the non-selling Member(s) delivers a notice (a "Purchaser Notice") to the other Members stating that it intends to exercise its right to effect such sale (such right, the "Tag Along Right").

B. Drag Along Right. The Company shall, upon the supermajority vote of the Members, be entitled to require each of the non-selling Members to sell to the third-party purchaser the same portion (expressed as a percentage) of his or her Units as is being sold by the Selling Member(s) on the same terms and conditions as the Selling Member(s) proposes to sell his or her Units to the Third Party Purchaser, if the Company or the Selling Member(s) states in the Transaction Notice that he or she intends to exercise such right (such right, the "Drag Along Right"); provided, that, such non-selling Member shall not be required to make any representations or warranties other than with respect to unencumbered title to his or her Units and the power, authority and legal right to transfer such Units and such non-selling Member shall not be required to provide an indemnity.

Section 9.4. The Members agree to sign such additional documents as may be required in order to admit additional Members to or to remove Members from the Company, in accordance with the terms of this Agreement.

Section 9.5. All costs and expenses incurred by the Company in connection with the transfer of a Member's interest, including any filing fees and publishing costs and the fees and disbursements of counsel, shall be paid by the transferring Member.

Section 9.6. Each person who becomes a Member in the Company, by becoming a Member, shall and does hereby ratify and agree to be bound by the terms and conditions of this Agreement in its entirety.

ARTICLE X

Non-Solicitation

Section 10.1. Non-Solicitation of Employees. Each Member agrees that he or she shall not, directly or indirectly, through one or more of any of his or her respective representatives or agents, hire or solicit, or encourage any other Person to hire or solicit, any individual who has been employed by the other Member or by the Company within two (2) years prior to the date of such hiring or solicitation, or encourage any such individual to leave such employment. This Section 10.1 shall not prevent a Member from hiring or soliciting any employee or former employee of the Company who responds to a general solicitation that is a public solicitation of prospective employees and not directed specifically to any Company employees.

Section 10.2. Non-solicitation of Customers. Each Member further agrees that he or she shall not, directly or indirectly through one or more of any of his or her respective representatives or agents, solicit or entice, or attempt to solicit or entice, any customers or suppliers of the other Member or the Company for purposes of diverting their business from the other Member or Company.

ARTICLE XI

Confidentiality

Section 11.1. Each Member acknowledges that during the term of this Agreement, he or she will have access to and become acquainted with trade secrets, proprietary information, and confidential information belonging to the Company that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements, and other information provided pursuant to this Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists, or other business documents that the Company treats as confidential, in any format whatsoever (including oral, written, electronic, or any other form or medium) (collectively, "Confidential Information"). In addition, each Member acknowledges that (i) the Company has invested, and continues to invest, substantial time, expense, and specialized knowledge in developing its Confidential Information, (ii) the Confidential Information provides the Company with a competitive advantage over others in the marketplace, and (iii) the Company would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public. Without limiting the applicability of any other agreement to which any Member is subject, no Member shall, directly or indirectly, disclose or use (other than solely for the purposes of such Member monitoring and analyzing its investment in the Company) at any time, including, without limitation, use for personal, commercial, or proprietary advantage or profit, either during its association with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss, and theft.

Section 11.2. Nothing contained in Section 11 shall prevent any Member from disclosing Confidential Information (i) on the order of any court or administrative agency, (ii) on the request

or demand of any regulatory agency or authority having jurisdiction over such Member, (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories, or other discovery requests, (iv) to the extent necessary in connection with the exercise of any remedy hereunder, (v) to any other Member, the Manager, or the Company, (vi) to such Member's representatives who, in the reasonable judgment of such Member, need to know such Confidential Information and agree to be bound by the provisions of this Section 11 as if a Member; provided, that in the case of clause (i), (ii), or (iii), such Member shall notify the Company and other Members of the proposed disclosure as far in advance of such disclosure as practicable (but in no event make any such disclosure before notifying the Company and other Members) and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment satisfactory to the Company, when and if available.

Section 11.3. The restrictions of Section 11 shall not apply to Confidential Information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement, (ii) is or has been independently developed or conceived by such Member without use of Confidential Information, or (iii) becomes available to such Member or any of its representatives on a non-confidential basis from a source other than the Company, the other Members, or any of their respective representatives; provided, that such source is not known by the receiving Member to be bound by a confidentiality agreement regarding the Company.

Section 11.4. The obligations of each Member under Section 11 shall survive (i) the termination, dissolution, liquidation, and winding up of the Company, (ii) the dissociation of such Member from the Company, and (iii) such Member's transfer of its Membership Interests.

ARTICLE XII

Termination or Dissolution of Company

Section 12.1. The Company shall be terminated prior to the date of expiration of the term as provided in Section 2.5 if (a) a supermajority in interest of the Members consent that the Company should be terminated and dissolved, or (b) the Company is dissolved pursuant to this Agreement.

Section 12.2. [Intentionally Left Blank]

Section 12.3. If the Company is dissolved, the owners of a majority in interest of the remaining Members may elect to reconstitute and continue the Company as a successor Company upon the same conditions as are set forth in this Agreement. Any such election to continue the Company will not result in the creation of a new Company among the remaining Members, nor will such election require the amendment of this Agreement or the execution of an amended Agreement.

Section 12.4. Upon the termination and dissolution of the Company, the then Manager, or Managers, if any, or, if there is no Manager, any person elected to perform such liquidation by the written consent of the owners of a majority in interest of the Members, shall proceed to the

liquidation of the Company. The proceeds of such liquidation shall be applied and distributed as follows:

A. If any assets of the Company are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof, and any Member entitled to any interest in such assets shall receive such interest therein as a tenant-in-common with all other Members so entitled. The fair market value of such assets shall be determined by an independent appraiser to be selected by the Company's independent public accountants. The amount by which the fair market value of any Property to be distributed in kind to the Members exceeds or is less than the basis of such Property, shall, to the extent not otherwise recognized by the Company, be taken into account in computing Net Profits or Net Losses (and shall be allocated among the Members in accordance with Section 8.2) for purposes of crediting or charging the Capital Accounts of, and liquidating distributions to, the Members under Section 12.4.B.

B. All distributions upon liquidation of the Company shall be distributed as follows: to each of the Members, in proportion to the amounts of their respective positive Capital Accounts, as such accounts have been adjusted (i) in accordance with Section 6.5 to reflect the Net Profit or Net Loss realized or incurred upon the sale of the Company's property or assets; (ii) in accordance with Section 8.2 to reflect all Net Profits or Net Losses with respect to the year of liquidation. No Member shall be liable to repay the negative amount of his or her Capital Account.

Section 12.5. Each of the Members shall be furnished with a statement, reviewed by the Company's independent public accountants, which shall set forth the assets and liabilities of the Company as of the date of the Company's liquidation. Upon completion of the liquidation, the Managers shall execute and cause to be filed a Certificate of Dissolution of the Company and any and all other documents necessary with respect to termination of the Company.

ARTICLE XIII

Books and Reports

Section 13.1. The Members shall cause the Company to maintain the following records:

A. Complete and accurate books of account, in which shall be entered, fully and accurately, each and every transaction of the Company, shall be kept by the managing Members at the principal office of the Company. The fiscal year of the Company shall be the calendar year. The books of account of the Company shall be kept in accordance with sound accounting practices and principles applied in a consistent manner by the Company; provided, however, that all methods of accounting and treating particular transactions shall be in accordance with the methods of accounting employed for Federal income tax purposes. All determinations by the managing Members with respect to the treatment of any item or its allocation for Federal, state or local tax purposes shall be binding upon all the Members unless the determination is inconsistent with any express provision of this Agreement.

B. A current list of the full name and last known mailing address of each Member together with the contribution and share in profits and losses of each Member; a copy of the Certificate of Formation or Articles of Organization of the Company and any amendments thereto;

a copy of the Company Operating Agreement and any amendments thereto; a copy of the Company's federal, state and local income tax returns for the three most recent fiscal years.

C. Any Member shall have the right from time to time at his or her expense to have his or her accountants and representatives examine and/or audit the books and records of the Company and the information referred to in this Section, and the managing Members will make such books and records and information available for such examinations and/or audits.

Section 13.2. No value shall be placed for any purpose upon the Company name or the right to its use, or upon the goodwill of the Company or its business. Upon termination or dissolution of the Company (without reconstitution thereof) as provided in this Agreement, neither the Company name or the right to its use, nor the goodwill of the Company, shall be considered as an asset of the Company.

Section 13.3. The managing Members will cause to be sent to all Members within a reasonable period after the close of each year the following: (a) annual statements of the Company's gross receipts and operating expenses, and the capital accounts of each Member, prepared by the Company's independent public accountants, to be transmitted to each Member; and (b) a report to be transmitted to each Member indicating the Member's share of the Company's profit or loss for that year and the Member's allocable share of all items of income, gain, loss, deduction, and credit, for Federal income tax purposes.

ARTICLE XIV

Tax Elections

Section 14.1. In the event of a transfer of a Member's interest, or upon the death of a Member, or in the event of the distribution of Company property to any party hereto, the Company may (but need not necessarily) file an election, in accordance with Section 754 of the Code to cause the basis of the Company Property to be adjusted for Federal income tax purposes, as provided by Sections 734 and 743 of the Code.

ARTICLE XV

Dispute Resolution

Section 15.1. Deadlock. In the event that there is any dispute between or among the Members in relation to any decision relating to the Company (hereinafter "Deadlock Matter(s)", "Deadlock" respectively), said parties shall attempt in good faith to amicably resolve such Deadlock Matter(s). In the event the parties fail to reach a resolution within Seven (7) days, the Deadlock Matter(s) will be deemed a "dispute" and shall be settled exclusively and finally by a neutral third-party ("Referee") mutually agreed to by majority approval of the Members in writing.

A. Members will require the Referee to recommend an unequivocal solution of the Deadlock Matter(s), within Ten (10) days from the date such matter was referred to such Referee or within such time as mutually agreed to by the Members in writing. The Referee's decision shall

be conclusive, binding upon the Members, the Company, and shall be deemed a final resolution hereunder, unless otherwise unanimously rejected by the Members in accordance Section 15.2.

B. No action shall be taken by the Members and/or the Managers on any Deadlock Matter until the Deadlock Matter is resolved by the Referee or otherwise in accordance with this Agreement.

C. The selection, appointment, and service of the Referee shall be borne equally by the Parties.

Section 15.2. Arbitration. In the event that the Members fail to agree on a Referee or the Members unanimously reject in writing any decision of the Referee, the unresolved Deadlock Matter shall be submitted to binding arbitration in accordance with the laws of the State of California. The arbitrator(s) award will be final, and judgment may be entered upon it by any court having jurisdiction within the State of California. The prevailing party shall be entitled to attorney's fees and arbitration costs from the liable party(ies).

Section 15.3. Jurisdiction. The Members agree to submit to the jurisdiction and venue of Los Angeles, California for the enforcement and/or resolution of any dispute relating to or arising under this Agreement.

ARTICLE XVI

Miscellaneous

Section 16.1. Any notice or other communication under this Agreement shall be in writing and shall be considered given when mailed by registered or certified mail, return receipt requested, to the parties at the following addresses (or at such other address as a party shall have previously specified by notice to the others as the address to which notice shall be given to him):

- A. If to the Company, at the address of the Company.
- B. If to any Member, at his or her address set forth on the books and records of the Company.
- C. If to any Managers, at the address of the Company.

Section 16.2. This Agreement contains a complete statement of all arrangements among the parties with respect to the Company and cannot be changed or terminated orally or in any manner other than by a written agreement executed by all of the Members. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties relating to the subject matter of this Agreement which are not fully expressed in this Agreement.

Section 16.3. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted.

Section 16.4. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the jurisdiction in which the Company does business. If any provision of this Agreement, or the application thereof to any person or circumstance, shall for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected, but rather shall be enforced to the extent permitted by law.

Section 16.5. Anything hereinbefore in this Agreement to the contrary notwithstanding, all references to the Property of the Company are deemed to include the profits, losses and Cash Flow of the Property.

Section 16.6. Irrespective of the place of execution or performance, this Agreement shall be governed by and construed in accordance with the laws of the State of organization of the Company applicable to agreements made and to be performed in the State of organization of the Company.

Section 16.7. The captions, headings and table of contents in this Agreement are solely for convenience of reference and shall not affect its interpretation.

Section 16.8. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall be deemed to constitute a single document.

Section 16.9. Whenever the context so requires, the male gender when used herein shall be deemed to include the female gender, the female gender shall be deemed to include the male gender, the singular shall be deemed to include the plural and the plural shall be deemed to include the singular.

[Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

Aurelio Meza, an individual
Member

Joe Romero, an individual
Member

SCHEDULE A

Member Initial Contributions

List name of each Member, Membership Interest Percentage, Address, Social Security No., and Capital contribution:

Aurelio Meza
Name of Member

50%
Membership Percentage Interest

Address

Social Security #

Initial Contribution

Joe Romero
Name of Member

50%
Membership Percentage Interest

Address

Social Security #

Initial Contribution

SCHEDULE B

**Actions Requiring Supermajority Approval
of the Members**

The management decisions of the Company listed below shall require Supermajority approval of the Members. All other decisions require majority approval of the Members unless otherwise set forth in the Agreement. Day to day business decisions in the operations of the Company may be vested in Member(s) or Manager(s) by majority approval.

- A. Appointment or removal of the Board of Directors and/or officers of the Company.
- B. Amendment of the Articles or Agreement of the Company;
- C. Approval of any merger, sale, consolidation, reorganization, or liquidation of the Company;
- D. Approval of the sale of substantially all of the Company's assets;
- E. Voluntary dissolution or liquidation of the Company;
- F. Approval of any action related to a loan to the Company in excess of \$10,000;
- G. Approval of any guarantee, surety, assurance or other undertaking by the Company related to the debt or obligation of any third party;
- H. Licensing or grant or any rights in any intellectual property belonging to the Company to any third party, including without limitation any Member, other than in the ordinary course of business;
- I. Settlement of any claim, action, litigation, or dispute involving a payment by or to the Company in excess of \$10,000;
- J. Admission of new Members;
- K. Removal of any person as a Member of the Company;
- L. Any other actions requiring Supermajority approval of the Members, as set forth in this Agreement; and
- M. _____
- N. _____
- O. _____
- P. _____



6615 E. Pacific Coast Highway, Suite 240 • Long Beach, CA 90803
 OFFICE (562) 493-9393 • Fax: (562) 493-9357

Escrow No.: 0000063626-29
 Escrow Officer: Kelly Unger Wirchak
 Date: October 19, 2023

BUYER'S FINAL SETTLEMENT STATEMENT

PROPERTY:	1406 North Alexandria Avenue Los Angeles, CA 90027	DATE:	October 19, 2023
		CLOSING DATE:	October 17, 2023
		DISBURSEMENT DATE:	October 18, 2023
BUYER:	1406 Alexandria Ave LLC	ESCROW NO.:	0000063626-29

	<u>DEBITS</u>	<u>CREDITS</u>
FINANCIAL CONSIDERATION		
Total Consideration	1,245,000.00	
Deposit from Edwards Builders and Developers LLC fbo Joseph Romero		36,000.00
Deposit from Edwards Builders and Development LLC FBO		256,500.00
New 1st Trust Deed - Rehabbers Financial, Inc and/or its DBAs or assigns		700,000.00
New 2nd Trust Deed - Rehabbers Financial Inc, and or its DBA or Assigns		300,000.00
LOAN INFORMATION - Rehabbers Financial, Inc and/or its DBAs or assigns		
[Charges \$23,194.48]		
Credit Review fee	55.00	
Lender's Inspection Fee	200.00	
FedEx	50.00	
Wire fee	45.00	
Loan Fee	14,000.00	
Admin fee	5,000.00	
Value review fee	500.00	
Interest at \$209.0300/day from 10/16/2023 to 11/01/2023	3,344.48	
LOAN INFORMATION - Rehabbers Financial Inc, and or its DBA or Assigns		
[Charges \$7,478.28]		
Loan fee	6,000.00	
wire fee	45.00	
Interest at \$89.5800/day from 10/16/2023 to 11/01/2023	1,433.28	
PRORATIONS/ADJUSTMENTS		
1st 1/2 2023-2024 Taxes at \$727.26/semi-annually from 10/17/2023 to 01/01/2024	298.98	
Per diem late close penalty at \$200.00/daily from 09/23/2023 to 10/18/2023	5,000.00	
OTHER DEBITS/CREDITS		
Bamboo Ide8 Insurance Services LLC Homeowner's Insurance	2,436.00	
CA Transaction Coordination for TC Fee	400.00	
Title - Gerardo Estrada Hernandez for Notary Fee	175.00	
BBS Notary Services, Inc. for Notary Services	100.00	

Date: October 19, 2023

Escrow No.: 0000063626-29

	<u>DEBITS</u>	<u>CREDITS</u>
TITLE/TAXES/RECORDING CHARGES - Fidelity National Title Company		
Title - Lender's Title Insurance	1,206.00	
Title - Lender's Title insurance (2nd Loan)	410.00	
Title - Messenger Fee	14.02	
Title - Sub Escrow Fee	62.50	
Title - Endorsement Fee	50.00	
Title - Recording Service Fee	11.50	
Recording Grant Deed	38.00	
Recording Trust Deed	115.00	
Recording 2nd Trust deed (2nd Loan)	115.00	
ESCROW CHARGES - Cardinal Escrow, Inc.		
Title - Escrow Fee	3,085.00	
Total Refund	3,310.24	
TOTAL	\$ 1,292,500.00	\$ 1,292,500.00

SAVE THIS STATEMENT FOR INCOME TAX PURPOSES

kw

PRELIMINARY REPORT



3760 Kilroy Airport Way, Suite 110
Long Beach, CA 90806

Prelim Number:

**LBT2302972
Amendment 1**

Issuing Policies of **Fidelity National Title Insurance Company**

Fidelity National Title Company
3760 Kilroy Airport Way, Suite 110
Long Beach, CA 90806
Phone No.: 562-951-5200
Fax: 562-624-2594

Title Officer.: Vicky Ezzell
Email: vickysteam@fnf.com
Phone No.: (562) 951-5290
Fax No.: (562) 624-8585
File No.: LBT2302972-VE

Cardinal Escrow, Inc
6615 E Pacific Coast Hwy
Long Beach, CA 90803
Attn: Kelly Wirchak

Ref. No.:

Property: 1406 North Alexandria Avenue, Los Angeles, CA 90027-5804

In response to the application for a policy of title insurance referenced herein, **Fidelity National Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(ies) of title insurance to be issued hereunder will be policy(ies) of Fidelity National Title Insurance Company, a Florida corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Countersigned By:

Authorized Officer or Agent
Cindy Fried

Effective date: August 24, 2023 at 12:00 AM, Amendment 1 Reissued: September 11, 2023

The form of Policy or Policies of Title Insurance contemplated by this Report is:

ALTA Homeowner's Policy of Title Insurance 2021

ALTA Loan Policy 2021

1. The estate or interest in the Land hereinafter described or referred to covered by this Report is:

A Fee

2. Title to said estate or interest at the date hereof is vested in:

Susan Artian, Successor Trustee of The Arthur Artian and Olga Artian Family Trust: dated July 22, 1997; and Susan Artian, as Surviving Trustee under The Olga Artian Living Trust dated July 14, 2021 as to their interest of record

3. The Land referred to in this Report is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

EXHIBIT A
Legal Description

For APN/Parcel ID(s): 5543-022-006

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 30 OF LYMAN'S SUBDIVISION OF LOT 61 OF THE WESTERN SUBDIVISION OF THE LICK TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30 PAGE 1 OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTIONS

At the date hereof, items to be considered and exceptions to coverage in addition to the printed exceptions and exclusions in said policy form would be as follows:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2023-2024.
2. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
3. Water rights, claims or title to water, whether or not disclosed by the public records.
4. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the Public Records.
5. Any matters arising with regard to assessments of documentary transfer tax related to the measures below.

NOTICE: Certain cities in Los Angeles County impose a documentary transfer tax that is in addition to the Los Angeles County documentary transfer tax of \$.55 per \$500 (\$1.10 per \$1,000) based upon the purchase price or value of the property transferred. Additional transfer tax is imposed by the following cities in Los Angeles County:

Culver City
 Los Angeles
 Pomona
 Redondo Beach
 Santa Monica

For details about these taxes, please contact your title officer or escrow officer. Please be advised that, in the City of Santa Monica, effective March 1, 2023, for transfers of property with a sale price or value of \$8,000,000 or more, there will be a new, additional transfer tax of \$5.60 per \$100 (\$56.00 per \$1,000). In the City of Los Angeles, effective April 1, 2023, for transfers of property with a sale price or value of \$5,000,000 up to \$10,000,000, there will be a new, additional transfer tax of 4% of the entire sale price or value; for transfers with a sale price or value of \$10,000,000 or more, there will be a new, additional transfer tax of 5.5% of the entire sale price or value.

6. The Land described herein is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the Redevelopment Plan) as disclosed by a document.

Redevelopment Agency: Community Redevelopment Agency
 Recording Date: December 28, 1994
 Recording No.: 1994-2276774, of Official Records

7. The Land described herein is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the Redevelopment Plan) as disclosed by a document.

Redevelopment Agency: Community Redevelopment Agency
 Recording Date: November 30, 2007
 Recording No.: 2007-2636421, of Official Records

8. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$195,000.00
Dated: April 14, 2010
Trustor/Grantor Arthur Artian and Olga Artian as Trustee(s) of The Arthur Artian and Olga Artian Family Trust:
DTD 7-22-97
Trustee: American Securities Company
Beneficiary: Wells Fargo Bank, N.A.
Loan No.: None Shown
Recording Date: May 7, 2010
Recording No.: 2010-628162, of Official Records

The Deed of Trust set forth above is purported to be a "Credit Line" Deed of Trust. Under California Civil Code §2943.1 it is a requirement that the Trustor/Grantor of said Deed of Trust either immediately provide the beneficiary with the "Borrower's instruction to Suspend and Close Equity Line of Credit" or provide a satisfactory subordination of this Deed of Trust to the proposed Deed of Trust to be recorded at closing.

If the above credit line is being paid off, this Company will require that Escrow obtain written confirmation from the current Beneficiary that the account has been frozen prior to recording. Failure to do so will result in this Company holding funds at the close of Escrow until such confirmation is obtained from the Beneficiary.

This mortgage appears to be an equity line mortgage. A full satisfaction of same must be obtained and all credit cards and/or the balance of verified unused account checks must be sent to the lender together with a 'cancellation of equity line affidavit' from the mortgagor instructing the lender to close the account.

9. This item intentionally deleted
10. This item intentionally deleted
11. This item intentionally deleted

END OF EXCEPTIONS

PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.

REQUIREMENTS

1. In order to complete this report, the Company requires a Statement of Information to be completed by the following party(ies),

Party(ies): All parties

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

2. Any invalidity or defect in the title of the vestees in the event that the trust referred to herein is invalid or fails to grant sufficient powers to the trustee(s) or in the event there is a lack of compliance with the terms and provisions of the trust instrument.

If title is to be insured in the trustee(s) of a trust, (or if their act is to be insured), this Company will require a Trust Certification pursuant to California Probate Code Section 18100.5.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

3. The Company will require either (a) a complete copy of the trust agreement and any amendments thereto certified by the trustee(s) to be a true and complete copy with respect to the hereinafter named trust, or (b) a Certification, pursuant to California Probate Code Section 18100.5, executed by all of the current trustee(s) of the hereinafter named trust, a form of which is attached.

Name of Trust: The Arthur Artian and Olga Artian Family Trust dated July 22, 1997

4. The Company will require a current Trust Certification, pursuant to California Probate Code Section 18100.5, confirming the following facts and containing the following information, with respect to the hereinafter named Trust(s):

Name of Trust(s): The Arthur Artian and Olga Artian Family Trust dated July 22, 1997

- a) Date of execution and continued existence of the Trust;
- b) Identity of the Settlor(s)/Trustor(s) and the currently acting Trustee(s);
- c) Powers of the Trustee(s);
- d) Whether the Trust is revocable or not and, if revocable, who holds the power to revoke the Trust;
- e) If there are multiple trustees, the signature authority of the Trustees, including how many of the trustees are required to exercise powers of the Trust;
- f) The Trust Identification Number [usually a Social Security Number or an Employer Identification Number];
- g) The manner in which title to Trust assets should be held;
- h) The legal description of any interest in real property held in the trust; and
- i) The Certificate of Trust must contain a statement that the trust has not been revoked, modified, or amended so as to cause the representations to be incorrect and that it is being signed by all current Trustee(s) in the form of an acknowledged declaration.

Note: If an Affidavit of Death of a Trustee or Co-Trustee was or will be recorded, the signing successor or Surviving Trustee(s) must have the right to exercise the powers of the Trust.

The Company reserves the right to add additional items or make further requirements after receipt of the Trust

Certification.

END OF REQUIREMENTS

INFORMATIONAL NOTES

1. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
2. Note: None of the items shown in this report will cause the Company to decline to attach ALTA Endorsement Form 9 to an Extended Coverage Loan Policy, when issued.
3. Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land a Multi-Family Residence, known as 1406 North Alexandria Avenue, Los Angeles, CA, to an Extended Coverage Loan Policy.
4. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
5. Unless this company is in receipt of WRITTEN instructions authorizing a particular policy, Fidelity Title will AUTOMATICALLY issue the American Land Title Association Homeowner's Policy (02/03/10) for all qualifying residential 1-4 properties/transactions to insure the buyer at the close of escrow.
6. Note: The only conveyance(s) affecting said Land, which recorded within 24 months of the date of this report, are as follows:

Grantor: Olga Artian, Surviving Trustee under The Arthur Artian and Olga Artian Family Trust dated July 22, 1997
Grantee: Olga Artian and Susan Artian, as Trustee under The Olga Artian Living Trust dated July 14, 2021, to be held as the sole and separate property of Olga Artian
Recording Date: August 16, 2021
Recording No.: 2021-1247002, of Official Records
7. Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.: 5543-022-006
Fiscal Year: 2022-2023
1st Installment: \$699.65
2nd Installment: \$699.65
Exemption: \$7,000.00
Land: \$62,114.00
Improvements: 25,848.00
Personal Property: \$0.00
Code Area: 00013
8. Pursuant to Government Code Section 27388.1, as amended and effective as of 1-1-2018, a Documentary Transfer Tax (DTT) Affidavit may be required to be completed and submitted with each document when DTT is being paid or when an exemption is being claimed from paying the tax. If a governmental agency is a party to the document, the form will not be required. DTT Affidavits may be available at a Tax Assessor-County Clerk-Recorder.

FIDELITY NATIONAL TITLE COMPANY

9. The Company is required by Federal law to collect additional information about certain transactions in specified geographic areas in accordance with the Bank Secrecy Act. If this transaction is required to be reported under a Geographic Targeting Order issued by FinCEN, the Company must be supplied with a completed ALTA Information Collection Form ("ICF") prior to insuring the transaction contemplated herein.
10. Due to the special requirements of SB 50 (California Public Resources Code Section 8560 et seq.), any transaction that includes the conveyance of title by an agency of the United States must be approved in advance by the Company's State Counsel, Regional Counsel, or one of their designees.
11. Note: If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.
12. Note: Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of a Company agent, an authorized employee of the insured lender, or by using Bancserv or other Company-approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.
13. NOTE: Amended Civil Code Section 2941, which becomes effective on January 1, 2002, sets the fee for the processing and recordation of the reconveyance of each Deed of Trust being paid off through this transaction at \$45.00. The reconveyance fee must be clearly set forth in the Beneficiary's Payoff Demand Statement ("Demand"). In addition, an assignment or authorized release of that fee, from the Beneficiary to the Trustee of record, must be included. An example of the required language is as follows:

The Beneficiary identified above hereby assigns, releases or transfers to the Trustee of record, the sum of \$45.00, included herein as 'Reconveyance Fees', for the processing and recordation of the Reconveyance of the Deed of Trust securing the indebtedness covered hereby, and the escrow company or title company processing this pay-off is authorized to deduct the Reconveyance Fee from this Demand and forward said fee to the Trustee of record or the successor Trustee under the Trust Deed to be paid off in full.

In the event that the reconveyance fee and the assignment, release or transfer are not included within the demand statement, then Fidelity National Title Insurance Company and its Underwritten Agent may decline to process the reconveyance and will be forced to return all documentation directly to the Beneficiary for compliance with the requirements of the revised statute.

14. Note: Part of the RESPA Rule to simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs requires the settlement agent to disclose the agent and underwriter split of title premiums, including endorsements as follows:

Line 1107 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title agent. Fidelity National Title Company retains 88% of the total premium and endorsements.

Line 1108 used to record the amount of the total title insurance premium, including endorsements, that is retained by the title underwriter. Fidelity National Title Insurance Company retains 12% of the total premium and endorsements.

END OF INFORMATIONAL NOTES