

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

UNITED STATES SECURITIES AND)	
EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	No. 18-CV-5587
)	
EQUITYBUILD, INC. EQUITYBUILD)	
FINANCE., LLC, JEROME H. COHN, and)	
SHAUN D. COHEN,)	
)	
Defendants.)	

**OBJECTION AND RESPONSE TO RECEIVER’S THIRD MOTION FOR
APPROVAL OF THE SALE OF CERTAIN REAL ESTATE**

Claimant, Creditor, Investor-Lender and/or Equity Investor, Kirk Road Investments LLC, (hereinafter “Kirk Road”), by its attorneys Jerome F. Crotty, Kevin P. Brown and Rieck and Crotty P.C., as and for its Response and Objection to Receiver’s Third Motion for Approval of the Sale of Certain Real Estate, states as follows:

INTRODUCTION

Presently before the Court is the Receiver’s Third Motion for Approval of the Sale of Certain Real Estate (hereinafter “Third Motion”). In the Third Motion, the Receiver requests the approval of the sale of 8047-55 South Manistee Avenue, Chicago, Illinois (8047-55 South Manistee”) and the approval of the payment of various cost and expenses associated with the sale as part of the closing as set forth more fully in the Third Motion. After the payment of said costs, the Receiver requests that “(p)ending the completion of

the claims process and to-be-approved distribution plan, the proceeds from the sale of 8047-55 South Manistee will be held in the Receivership operating account and remain available to pay operating expenses associated with the Receivership.”

As set forth more fully below, Kirk Road objects to the balance of the proceeds being held in the Receiver’s operating account and remaining available for the payment of operating expenses associated with the Receivership. Kirk Road asserts that as a result of its unrecorded mortgage and/or equitable lien interest in 8047-55 South Manistee, the balance of the proceeds of sale should be “held in a separate subaccount established by the (and for which the Receiver will maintain an accounting as to all sums deposited therein) and will not be available to pay operating expenses of the Receivership, absent further order of Court” as the Receiver has requested in other Motions presented to the Court seeking the approval of the sale of other properties subject to mortgages, liens claims or encumbrances. See the relief requested in the Receiver’s Fourth Motion for Approval of the Sale of Certain Real Estate and for the Avoidance of Certain Mortgages, Liens, Claims and Encumbrances (hereinafter “Fourth Motion”), which is currently pending before this Court; Docket Entry 583 and Paragraph 11 of the Court’s Revised Order Granting Receiver’s Second Motion for Approval of Sale; Docket Entry 571 and Paragraph 14 of the Court’s Order granting Receiver’s First Motion for Court Approval of Sale; Docket Entry 346.

Factual Background

Title to 8047-55 Manistee is held by Chicago Capital Fund II (hereinafter “CC Fund II”). Third Motion, ¶ 8. CC Fund II was an investment opportunity offered by Defendants in which investors could purchase \$50,000 notes from CC Fund II pursuant to a Private Placement Memorandum. See a copy of the Private Placement Memorandum attached hereto as Exhibit 1. Kirk Road is an investor and subscriber in CC Fund II. Kirk Road purchased a \$250,000.00 in note from CC Fund II. See a copy of Kirk Road’s executed Subscription Agreement attached as Exhibit A to Exhibit 1, i.e. Pgs. 52 to 63 of Exhibit 1. Pursuant to Paragraph 3 of the Subscription Agreement, Kirk Road delivered to CC Fund II the applicable Subscription Documents. See Exhibits A and C, to Exhibit 1, i.e. Pgs. 52 to 63 and 71 to 74 respectively of Exhibit 1. Kirk Road also deposited \$250,000.00 in CC Fund II’s Holding Account as required by the Subscription Agreement. See the \$235,000.00 wire transfer confirmation attached hereto as Exhibit 2 and the \$15,000.00 Reinvestment Request Form attached as Exhibit F to Exhibit 1, i.e. Pgs. 80 to 83 of Exhibit 1. Upon receipt of the same, CC Fund II should have signed and returned to Kirk Road a Note in the amount of \$250,000 as provided by Paragraph 7 of the Subscription Agreement. See a copy of the \$250,000 Note which should have been returned to Kirk Road attached as Exhibit B to Exhibit 1, i.e. Pgs. 64 to 70 of Exhibit 1.¹

¹ Defendants failed to return an executed Note to Kirk Road. However, an executed copy of the Note may be in the Defendants’ documents currently in possession of the Receiver and thus may be produced during discovery herein.

Accordingly, Kirk Road is a Claimant, Creditor, Investor-Lender and/or Equity Investor herein.

Pursuant Paragraph 6.2 of the CC Fund II Private Placement Memorandum and Paragraph 6 of the Note, CC Fund II should also have executed and recorded the Mortgage against the properties purchased by CC Fund II including 8047-55 South Manistee. See a copy of the Mortgage attached as Exhibit G to Exhibit 1, i.e. Pgs. 84 to 98 of Exhibit 1. Based upon the facts set forth in the Receiver's Third Motion, it appears CC Fund II never executed and recorded the Mortgage recorded against the properties owned by CC Fund II, including 8047-55 South Manistee.²

ARGUMENT

- I. **The Proceeds Of Sale Of 8047-55 S. Manistee Should Be Deposited Into A Separate Sub-Account And Should Not Be Available To Pay Operating Expenses Of The Receiver Without Further Order Of Court Because Kirk Road Holds A Mortgage And/Or Other Security Interest In The Property Which Should Attach To The Proceeds Of Sale.**

As the Magistrate herein has previously ruled, the Receiver herein takes the receivership property subject to all the liens, priorities, or privileges existing or accruing under state law. *SEC v. Equitybuild, Inc.*, 2019 U.S. Dist. Lexis 23656. Thus, it has been the Receiver's practice in prior Motions seeking the approval of the sale of certain real estate which was subject to a mortgage, lien, claim or encumbrance, to request that the proceeds

² An executed copy of the Mortgage may be in the Defendants' documents currently in possession of the Receiver and thus may be produced during discovery herein.

of sale of such real estate be deposited in a separate sub-account which would not be available to the Receiver to pay operating expenses without further Order of Court. See the Receiver's Fourth Motion For Approval Of The Sale Of Certain Real Estate And For Avoidance Of Certain Mortgages, Liens, Claims And Encumbrances, currently pending before the Court; Docket Entry 583 and Paragraph 11 of the Court's Revised Order Granting Receiver's Second Motion for Approval of Sale; Docket Entry 571 and Paragraph 14 of the Court's Order granting Receiver's First Motion for Court Approval of Sale; Docket Entry 346. The Receiver requested that the proceeds of the sale of be treated in such a manner because the Receiver sought to protect the interest of the lien holders under Illinois law and thus, requested that the mortgage, lien, claim or encumbrance attach to proceeds of sales after the Court's approval of the same. Given the Receiver's treatment of the proceeds of sale of other properties encumbered by a mortgage, lien, claim or encumbrance, the proceeds from the sale of 8047-55 South Manistee should be treated in the same fashion because Kirk Road as well as the other investor/subscribers in CC Fund II, hold an unrecorded mortgage, lien, claim or encumbrance against 8047-55 South Manistee.³

³ Should the Court Order funds from the sale of 8047-55 South Manistee be deposited in a separate sub-account which will not be available to the Receiver to pay operating expenses without further Order of Court, Kirk Road will be filing a Motion seeking to modify the Court's Revised Order Granting Receiver's Second Motion for Approval of Sale; Docket Entry 571 and Order granting Receiver's First Motion for Court Approval of Sale; Docket Entry 346; with respect to the other properties in CC Find II and

A. Kirk Road Holds An Unrecorded Mortgage Against 8047-55 South Manistee.

Pursuant to the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et. seq., a mortgage is defined as follows:

“Mortgage” means any consensual lien created by a written instrument which grants or retains an interest in real estate to secure a debt or other obligation. The term “mortgage” includes, without limitation:

- (a) mortgages securing “reverse mortgage” loans as authorized by subsection (a) of Section 5 of the Illinois Banking Act [205 ILCS 5/5];
- (b) mortgages securing “revolving credit” loans as authorized by subsection (c) of Section 5 of the Illinois Banking Act [205 ILCS 5/5], Section 1-6b of the Illinois Savings and Loan Act [205 ILCS 105/1-6b] and Section 46 of the Illinois Credit Union Act [205 ILCS 305/46];
- (c) every deed conveying real estate, although an absolute conveyance in its terms, which shall have been intended only as a security in the nature of a mortgage;
- (d) equitable mortgages; and
- (e) instruments which would have been deemed instruments in the nature of a mortgage prior to the effective date of this amendatory Act of 1987. 735 ILCS 5/15-1207.

Given the definition of mortgage, the CC Fund II Private Memorandum would be considered a mortgage under Illinois law. The CC Fund II Private Placement Memorandum provided that upon the acceptance of Kirk Road’s \$250,000.00 investment and subscription in CC Fund II, Kirk Road was to receive a note in the amount of

the properties in Chicago Capital Fund I which have been sold pursuant to prior Order of Court.

\$250,000.00, secured by a mortgage on the properties purchase by CC Fund II. See Pars. 6.1 and 6.2 of Exhibit 1 hereto. As part of its investment in CC Fund II, Kirk Road completed and executed the subscription documents, including the Subscription Agreement, which was executed and accepted by CC Fund II. See Exhibit A and C to Exhibit 1 and Exhibit 2 hereto. Upon accepting Kirk Road's subscription and investment, however, CC Fund II did not forward Kirk Road the execute Note and it appears did not execute and record the Mortgage against the properties purchased by CC Fund II, including 8047-55 South Manistee.

The execution and recording of the Mortgage attached to the CC Fund II Private Placement Memorandum is not necessary in order for Kirk Road to have a mortgage on 8047-55 South Manistee. The Private Placement Memorandum and the executed and accepted Subscription Agreement provide Kirk Road with an unrecorded mortgage under Illinois law since they are a "consensual lien created by a written instrument which grants or retains an interest in real estate to secure a debt or other obligation." Moreover, an unrecorded mortgage is enforceable against 8047-55 South Manistee as Illinois law makes clear.

1. An Unrecorded Mortgage Is Enforceable Between The Parties.

The purpose of recording a mortgage is the perfection of a party's interest in real estate against subsequent third parties obtaining an interest in such property. *U.S. Bank, N.A. v. Kennedy*, 2014 IL App (2d) 130453-U, Par. 52 (2nd Dist. 2014) ("The significance of

the recordation is the perfection of the security interest in the mortgage for purposes of precedence (see *Aames Capital Corp. v. Interstate Bank of Oak Forest*, 315 Ill. App. 3d 700, 704, 734 N.E.2d 493, 248 Ill. Dec. 565 (2000) (first mortgage recorded is presumed to have priority; recordation is to protect and give notice to subsequent purchasers against unrecorded instruments)); it does not affect the validity of the transfer.”) Thus, while an unrecorded mortgage does not have a priority against subsequently recorded interests, it remains enforceable between the original parties to the mortgage. *Harms v. Sprague*, 105 Ill. 2d 215, 224 to 225 (1984). Accordingly, Kirk Road’s mortgage created by the Private Placement Memorandum and Subscription Agreement should attach to the proceeds of sale of 8047-55 South Manistee pending further Order of Court in the same manner the Receiver has requested in prior Motions seeking the approval of the sale of other real estate herein in which there were recorded mortgages, liens, claims or encumbrances against those properties.⁴

B. Alternatively, If This Court Finds The Private Placement Memorandum And Subscription Agreement Are Not A Mortgage And An Executed But Unrecorded Mortgage Is Not Produced During Discovery, Kirk Road Holds An Equitable Mortgage And/Or An Equitable Lien Against 8047-55 South Manistee.

An equitable mortgage is a subtype of mortgages which is also created by a consensual written instrument. *Id.* § 15-1207(d); *Paliatka v. Bush*, 2018 IL App (1st) 172435,

⁴ The proceeds of sale of 8047-55 South Manistee should be also treated as if a mortgage attaches thereto until discovery is completed, since discovery could result in the production of the executed but unrecorded Mortgage.

¶ 21 (1st Dist. 2018). In order to create an equitable mortgage, all that is necessary is an express written agreement in which the contracting parties indicate an intention to make a particular property the security for a debt, or which promises to convey or assign property as security for the payment of a debt. *First Illinois Nat'l Bank v. Hans*, 143 Ill. App. 3d 1033, 1036 (2nd Dist. 1986). Express mortgage language is not necessary to create an equitable mortgage; only language which clearly demonstrates the parties' intention that a property be held as security for the payment of a debt. *Id.* Thus, if the Court holds the Private Placement Memorandum and Subscription Agreement are not a mortgage, they do constitute a consensual written instrument to allow the Court to find that Kirk Road has an equitable mortgage on 8047-55 South Manistee which should attach to the proceeds of the sale of the property.

Alternatively, if the Court finds that Kirk Road does not have either a mortgage or equitable mortgage on 8047-55 Kirk Road, the Court should find Kirk Road has an equitable lien on the property and thus, the proceeds of sale. An equitable lien is a remedy for an unenforceable debt which considerations of right and fairness require a lien be created. *Id.*, *Paliatka* at ¶ 30. The elements of an equitable lien are (1) a debt owed by the defendant to the plaintiff and (2) the existence of a res that is related to the debt owed. *Id.* Unlike an equitable mortgage, an equitable lien may be found when either (1) a writing by the parties expressed their intention to make real property the security for a debt but failed to use express lien language or (2) where fairness and justice require

imposing a lien even without an express agreement by the parties. *Id.* Thus, if the Private Placement Memorandum and Subscription Agreement do not create an actual mortgage or an equitable mortgage, they do create an equitable lien against 8047 South Manistee and thus the proceeds of the sale of the property.

CONCLUSION

For all the foregoing reasons, the Order Approving the Sale of 8047-55 South Manistee should provide that the proceeds of the sale after the payment of the costs related to the sale of the property should be deposited “in a separate subaccount established by the (and for which the Receiver will maintain an accounting as to all sums deposited therein) and will not be available to pay operating expenses of the Receivership, absent further order of Court.”

Respectfully submitted,

Kirk Road Investments LLC,

By: /s/ Kevin P. Brown
One of Its Attorneys

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EXHIBIT 1

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Chicago Capital Fund II, LLC

A Delaware limited liability company

\$7,750,000

Minimum Offering Amount: \$500,000

\$50,000 per Promissory Note (Unit) Min.

MINIMUM PURCHASE - 1

Promissory Note 15.375% Annual

Rate of Return, Paid Monthly

Maturity Date: 24 months

Redemption at Maturity - \$50,000 per Unit

Minimum

ACCREDITED INVESTORS ONLY

Chicago Capital Fund II, LLC, a Delaware limited liability company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Ten (10) and a maximum of One Hundred Fifty-Five (155) Secured Promissory Notes ("Notes") at an offering price of Fifty Thousand (\$50,000) Dollars per Note, for a minimum of Five Hundred Thousand (\$500,000) Dollars and a maximum total of Seven Million Seven Hundred Fifty Thousand (\$7,750,000) Dollars, to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each Investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING"). Notes of more than \$50,000 may be purchased, in increments of Ten Thousand (\$10,000) Dollars each, at the option of each Subscriber. The Company reserves the right to accept subscription for less than one unit.

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT IN THE NOTES
INVOLVES A DEGREE OF RISK (SEE "RISK FACTORS")**

The date of this Private Placement Memorandum is November 20, 2017.

	Offering Price	Selling Commissions	Proceeds to Company
Per Unit	\$50,000	\$0	\$50,000
Minimum Units	\$500,000	\$0	\$500,000
Maximum Units	\$7,750,000	\$0	\$7,750,000

Chicago Capital Fund II, LLC 1414 E 62nd Pl. Chicago, Illinois 60637
Telephone: (877) 978-1916

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IMPORTANT NOTICES

This Confidential Private Placement Memorandum (“Memorandum”) is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of Chicago Capital Fund II, LLC (the “Company”). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

DISCLAIMERS

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER

ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING
MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

JURISDICTIONAL (NASAA) LEGENDS

FOR RESIDENTS OF ALL STATES: THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN A PARTICULAR STATE. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE HEREBY ADVISED TO CONTACT THE COMPANY. THE SECURITIES DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS (COMMONLY CALLED "BLUE SKY" LAWS). THESE SECURITIES MUST BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF SUCH SECURITIES UNDER SUCH LAWS, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED. THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THE STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OF SALE MAY BE MADE IN ANY PARTICULAR STATE.

1. NOTICE TO ALABAMA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

2. NOTICE TO ALASKA RESIDENTS ONLY: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 AAC 08.503. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF 45.55.170. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING

THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

3. NOTICE TO ARIZONA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE ARIZONA SECURITIES ACT IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PURSUANT TO A.R.S. SECTION 44-1844 (1) AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE ALSO REGISTERED OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

4. NOTICE TO ARKANSAS RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN RELIANCE UPON CLAIMS OF EXEMPTION UNDER THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THIS OFFERING OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

5. FOR CALIFORNIA RESIDENTS ONLY: THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY SECTION 25100, 25102, OR 25104 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITION UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

6. FOR COLORADO RESIDENTS ONLY: THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991 BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991, IF SUCH REGISTRATION IS REQUIRED.

7. NOTICE TO CONNECTICUT RESIDENTS ONLY: SHARES ACQUIRED BY CONNECTICUT RESIDENTS ARE BEING SOLD AS A TRANSACTION EXEMPT UNDER SECTION 36b-31-21b-9b OF THE CONNECTICUT, UNIFORM SECURITIES ACT. THE SHARES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF CONNECTICUT. ALL INVESTORS SHOULD BE AWARE THAT THERE ARE CERTAIN RESTRICTIONS AS TO THE TRANSFERABILITY OF THE SHARES.

8. NOTICE TO DELAWARE RESIDENTS ONLY: IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

9. NOTICE TO DISTRICT OF COLUMBIA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES BUREAU OF THE DISTRICT OF COLUMBIA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

10. NOTICE TO FLORIDA RESIDENTS ONLY: THE SHARES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE SHARES REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF SAID ACT. THE SHARES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL OFFEREEES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(11)(a)(5) OF THE ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN [FLORIDA], ANY SALE IN [FLORIDA] MADE PURSUANT TO [THIS SECTION] IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST

TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (11) (A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS CONFIDENTIAL EXECUTIVE SUMMARY. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

11. NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE GEORGIA SECURITIES ACT PURSUANT TO REGULATION 590-4-5-04 AND -01. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

12. NOTICE TO HAWAII RESIDENTS ONLY: NEITHER THIS PROSPECTUS NOR THE SECURITIES DESCRIBED HEREIN BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.

13. NOTICE TO IDAHO RESIDENTS ONLY: THESE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT IN RELIANCE UPON EXEMPTION FROM REGISTRATION PURSUANT TO SECTION 30-14-203 OR 302(c) THEREOF AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SAID ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SAID ACT.

14. NOTICE TO ILLINOIS RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

15. NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 23-2-1-2 OF THE INDIANA SECURITIES LAW AND HAVE NOT BEEN REGISTERED UNDER SECTION 23-2-1-3. THEY CANNOT THEREFORE BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID LAW OR UNLESS AN EXEMPTION FORM REGISTRATION IS AVAILABLE. A CLAIM OF EXEMPTION UNDER SAID LAW HAS BEEN FILED, AND IF SUCH EXEMPTION IS NOT DISALLOWED SALES OF THESE SECURITIES MAY BE MADE. HOWEVER, UNTIL SUCH EXEMPTION IS GRANTED, ANY OFFER MADE PURSUANT HERETO IS PRELIMINARY AND SUBJECT TO MATERIAL CHANGE.

16. NOTICE TO IOWA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED; THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE

11. NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE GEORGIA SECURITIES ACT PURSUANT TO REGULATION 590-4-5-04 AND -01. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

12. NOTICE TO HAWAII RESIDENTS ONLY: NEITHER THIS PROSPECTUS NOR THE SECURITIES DESCRIBED HEREIN BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.

13. NOTICE TO IDAHO RESIDENTS ONLY: THESE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT IN RELIANCE UPON EXEMPTION FROM REGISTRATION PURSUANT TO SECTION 30-14-203 OR 302(c) THEREOF AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SAID ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SAID ACT.

14. NOTICE TO ILLINOIS RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

15. NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 23-2-1-2 OF THE INDIANA SECURITIES LAW AND HAVE NOT BEEN REGISTERED UNDER SECTION 23-2-1-3. THEY CANNOT THEREFORE BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. A CLAIM OF EXEMPTION UNDER SAID LAW HAS BEEN FILED, AND IF SUCH EXEMPTION IS NOT DISALLOWED SALES OF THESE SECURITIES MAY BE MADE. HOWEVER, UNTIL SUCH EXEMPTION IS GRANTED, ANY OFFER MADE PURSUANT HERETO IS PRELIMINARY AND SUBJECT TO MATERIAL CHANGE.

16. NOTICE TO IOWA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED; THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE

TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

17. NOTICE TO KANSAS RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 81-5-15 OF THE KANSAS SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

18. NOTICE TO KENTUCKY RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER TITLE 808 KAR 10:210 OF THE KENTUCKY SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

19. NOTICE TO LOUISIANA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER RULE 1 OF THE LOUISIANA SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

20. NOTICE TO MAINE RESIDENTS ONLY: THE ISSUER IS REQUIRED TO MAKE A REASONABLE FINDING THAT THE SECURITIES OFFERED ARE A SUITABLE INVESTMENT FOR THE PURCHASER AND THAT THE PURCHASER IS FINANCIALLY ABLE TO BEAR THE RISK OF LOSING THE ENTIRE AMOUNT INVESTED.

THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION UNDER §16202(15) OF THE MAINE UNIFORM SECURITIES ACT AND ARE NOT REGISTERED WITH THE SECURITIES ADMINISTRATOR OF THE STATE OF MAINE.

THE SECURITIES OFFERED FOR SALE MAY BE RESTRICTED SECURITIES AND THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS:

- (1) THE SECURITIES ARE REGISTERED UNDER STATE AND FEDERAL SECURITIES LAWS, OR
- (2) AN EXEMPTION IS AVAILABLE UNDER THOSE LAWS.

21. NOTICE TO MARYLAND RESIDENTS ONLY: IF YOU ARE A MARYLAND RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT

THESE SECURITIES ARE BEING SOLD AS A TRANSACTION EXEMPT UNDER SECTION 11-602(9) OF THE MARYLAND SECURITIES ACT. THE SHARES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF MARYLAND. ALL INVESTORS SHOULD BE AWARE THAT THERE ARE CERTAIN RESTRICTIONS AS TO THE TRANSFERABILITY OF THE SHARES.

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

23. NOTICE TO MICHIGAN RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 451.701 OF THE MICHIGAN UNIFORM SECURITIES ACT (THE ACT) AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF MICHIGAN ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT, OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

24. NOTICE TO MINNESOTA RESIDENTS ONLY: THESE SECURITIES BEING OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION, OR AN EXEMPTION THEREFROM.

25. NOTICE TO MISSISSIPPI RESIDENTS ONLY: THE SHARES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE MISSISSIPPI SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE MISSISSIPPI SECRETARY OF STATE OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE SECRETARY OF STATE NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, OR APPROVED OR DISAPPROVED THIS OFFERING. THE SECRETARY OF STATE DOES NOT RECOMMEND THE PURCHASE OF THESE OR ANY OTHER SECURITIES. EACH PURCHASER OF THE SECURITIES MUST MEET CERTAIN SUITABILITY STANDARDS AND MUST BE ABLE TO BEAR AN ENTIRE LOSS OF THIS INVESTMENT. THE SECURITIES MAY NOT BE TRANSFERRED FOR A PERIOD OF ONE (1) YEAR EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE MISSISSIPPI SECURITIES ACT OR IN A TRANSACTION IN COMPLIANCE WITH THE MISSISSIPPI SECURITIES ACT.

26. FOR MISSOURI RESIDENTS ONLY: THE SECURITIES OFFERED HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE PURCHASER IN A TRANSACTION

EXEMPT UNDER SECTION 4.G OF THE MISSOURI SECURITIES LAW OF 1953, AS AMENDED. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF MISSOURI. UNLESS THE SECURITIES ARE SO REGISTERED, THEY MAY NOT BE OFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION EXEMPT UNDER SAID ACT.

27. NOTICE TO MONTANA RESIDENTS ONLY: IN ADDITION TO THE INVESTOR SUITABILITY STANDARDS THAT ARE OTHERWISE APPLICABLE, ANY INVESTOR WHO IS A MONTANA RESIDENT MUST HAVE A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) IN EXCESS OF FIVE (5) TIMES THE AGGREGATE AMOUNT INVESTED BY SUCH INVESTOR IN THE SHARES.

28. NOTICE TO NEBRASKA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER CHAPTER 15 OF THE NEBRASKA SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

29. NOTICE TO NEVADA RESIDENTS ONLY: IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION NRS 92.520 OF THE NEVADA SECURITIES LAW. THE INVESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NEVADA ALLOWS THE SALE OF SECURITIES TO 25 OR FEWER PURCHASERS IN THE STATE WITHOUT REGISTRATION. HOWEVER, CERTAIN CONDITIONS APPLY, I.E., THERE CAN BE NO GENERAL ADVERTISING OR SOLICITATION AND COMMISSIONS ARE LIMITED TO LICENSED BROKER-DEALERS. THIS EXEMPTION IS GENERALLY USED WHERE THE PROSPECTIVE INVESTOR IS ALREADY KNOWN AND HAS A PRE-EXISTING RELATIONSHIP WITH THE COMPANY. (SEE NRS 90.530.11.)

30. NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE UNDER THIS CHAPTER HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN

ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

31. NOTICE TO NEW JERSEY RESIDENTS ONLY: IF YOU ARE A NEW JERSEY RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

32. NOTICE TO NEW MEXICO RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE NEW MEXICO DEPARTMENT OF BANKING NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

33. NOTICE TO NEW YORK RESIDENTS ONLY: THIS DOCUMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE SHARES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OF OTHERS TO TRADE OR MAKE A MARKET IN THE SHARES. AT SOME TIME IN THE FUTURE, THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFORE.

34. NOTICE TO NORTH CAROLINA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FORGOING AUTHORITIES HAVE NOT CONFIRMED ACCURACY OR DETERMINED ADEQUACY OF THIS DOCUMENT. REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION

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

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

36. NOTICE TO OHIO RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 1707.3(X) OF THE OHIO SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

37. NOTICE TO OKLAHOMA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED FOR SALE IN THE STATE OF OKLAHOMA IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION FOR PRIVATE OFFERINGS. ALTHOUGH A PRIOR FILING OF THIS MEMORANDUM AND THE INFORMATION HAS BEEN MADE WITH THE OKLAHOMA SECURITIES COMMISSION, SUCH FILING IS PERMISSIVE ONLY AND DOES NOT CONSTITUTE AN APPROVAL, RECOMMENDATION OR ENDORSEMENT, AND IN NO SENSE IS TO BE REPRESENTED AS AN INDICATION OF THE INVESTMENT MERIT OF SUCH SECURITIES. ANY SUCH REPRESENTATION IS UNLAWFUL.

38. NOTICE TO OREGON RESIDENTS ONLY: THE SECURITIES OFFERED HAVE BEEN REGISTERED WITH THE CORPORATION COMMISSION OF THE STATE OF OREGON UNDER PROVISIONS OF ORS 59.049. THE INVESTOR IS ADVISED THAT THE COMMISSIONER HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE COMMISSIONER. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE COMPANY CREATING THE SECURITIES, AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

39. NOTICE TO PENNSYLVANIA RESIDENTS ONLY: EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY SECTION 203(d), DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO

PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(m)), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. NO SALE OF THE SECURITIES WILL BE MADE TO RESIDENTS OF THE STATE OF PENNSYLVANIA WHO ARE NON-ACCREDITED INVESTORS IF THE AMOUNT OF SUCH INVESTMENT IN THE SECURITIES WOULD EXCEED TWENTY (20%) OF SUCH INVESTOR'S NET WORTH (EXCLUDING PRINCIPAL RESIDENCE, FURNISHINGS THEREIN AND PERSONAL AUTOMOBILES).

EACH PENNSYLVANIA RESIDENT MUST AGREE NOT TO SELL THESE SECURITIES FOR A PERIOD OF TWELVE (12) MONTHS AFTER THE DATE OF PURCHASE, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

40. NOTICE TO RHODE ISLAND RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE DEPARTMENT OF BUSINESS REGULATION OF THE STATE OF RHODE ISLAND NOR HAS THE DIRECTOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

41. NOTICE TO SOUTH CAROLINA RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE SOUTH CAROLINA UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE SOUTH CAROLINA SECURITIES COMMISSIONER. THE COMMISSIONER DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

42. NOTICE TO SOUTH DAKOTA RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED FOR SALE IN THE STATE OF SOUTH DAKOTA PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SOUTH DAKOTA BLUE SKY LAW, CHAPTER 47-31, WITH THE DIRECTOR OF THE DIVISION OF SECURITIES OF THE DEPARTMENT OF COMMERCE AND REGULATION OF THE STATE OF SOUTH DAKOTA. THE EXEMPTION DOES NOT CONSTITUTE A FINDING THAT THIS MEMORANDUM IS TRUE, COMPLETE, AND NOT MISLEADING, NOR HAS THE DIRECTOR OF THE DIVISION OF SECURITIES PASSED IN ANY WAY UPON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THESE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

43. NOTICE TO TENNESSEE RESIDENT ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD. EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

44. NOTICE TO TEXAS RESIDENTS ONLY: THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED

HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.

45. NOTICE TO UTAH RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE UTAH SECURITIES ACT. THE SECURITIES CANNOT BE TRANSFERRED OR SOLD EXCEPT IN TRANSACTIONS WHICH ARE EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE

IN COMPLIANCE WITH THE ACT.

46. NOTICE TO VERMONT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE STATE OF VERMONT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

47. NOTICE TO VIRGINIA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION UNDER SECTION 13.1-514 OF THE VIRGINIA SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

48. NOTICE TO WASHINGTON RESIDENTS ONLY: THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR PRIVATE PLACEMENT MEMORANDUM AND THE SECURITIES HAVE NOT BEEN REGISTERED IN RELIANCE UPON THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, AND THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, OR UNLESS AN EXEMPTION FROM REGISTRATION IS MADE AVAILABLE.

49. NOTICE TO WEST VIRGINIA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 15.06(b)(9) OF THE WEST VIRGINIA SECURITIES LAW AND MAY NOT BE REOFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

50. NOTICE TO WISCONSIN RESIDENTS ONLY: IN ADDITION TO THE INVESTOR SUITABILITY STANDARDS THAT ARE OTHERWISE APPLICABLE, ANY INVESTOR WHO IS A WISCONSIN RESIDENT MUST HAVE A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) IN EXCESS OF THREE AND ONE-THIRD (3 1/3) TIMES THE AGGREGATE AMOUNT INVESTED BY SUCH INVESTOR IN THE SHARES OFFERED HEREIN.

51. FOR WYOMING RESIDENTS ONLY: ALL WYOMING RESIDENTS WHO SUBSCRIBE TO PURCHASE SHARES OFFERED BY THE COMPANY MUST SATISFY THE FOLLOWING MINIMUM FINANCIAL SUITABILITY REQUIREMENTS IN ORDER TO PURCHASE SHARES:

(1) A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF TWO HUNDRED FIFTY THOUSAND (\$250,000) DOLLARS; AND

(2) THE PURCHASE PRICE OF SHARES SUBSCRIBED FOR MAY NOT EXCEED TWENTY PERCENT (20%) OF THE NET WORTH OF THE SUBSCRIBER; AND

(3) "TAXABLE INCOME" AS DEFINED IN SECTION 63 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, DURING THE LAST TAX YEAR AND ESTIMATED "TAXABLE INCOME" DURING THE CURRENT TAX YEAR SUBJECT TO A FEDERAL INCOME TAX RATE OF NOT LESS THAN THIRTY-THREE PERCENT (33%).

IN ORDER TO VERIFY THE FOREGOING, ALL SUBSCRIBERS WHO ARE WYOMING RESIDENTS WILL BE REQUIRED TO REPRESENT IN THE SUBSCRIPTION AGREEMENT THAT THEY MEET THESE WYOMING SPECIAL INVESTOR SUITABILITY REQUIREMENTS.

THIS OFFERING IS FOR ACCREDITED INVESTORS ONLY

During the course of the Offering and prior to any sale, each offeree of the Notes and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein. Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS MEMORANDUM, PLEASE WRITE OR CALL:

Chicago Capital Fund II, LLC

1414 E 62nd Pl.

Chicago, Illinois 60637

(877) 978-1916

1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM IN ITS ENTIRETY.

Chicago Capital Fund II, LLC (the “Company”) was formed on September 27, 2017 as a Delaware limited liability company. The Company is in the business of purchasing, stabilizing, and disposing of (or refinancing) the buildings located at 7549-59 S Essex Ave., 8047-55 S Manistee Ave. & 2909 E 78th St, Chicago, IL (the “Buildings”). The Securities offered are up to One Hundred Fifty-Five (155) Notes issued by the Company at Fifty Thousand (\$50,000) Dollars per Note, payable in cash at the time of subscription (see “Exhibit “B” for copy of the Form of Promissory Note). The minimum purchase is one (1) Note. The Company reserves the right to accept subscriptions for Notes that are less than the minimum amount of Fifty Thousand (\$50,000) Dollars. **The Notes have an annual rate of return of Fifteen and 375/1000 Percent (15.375%) simple interest per annum with a maturity date of twenty-four (24) months from the Commencement Date of each Note.** Interest on all Notes will be paid on a monthly basis. The Notes will be secured by a first mortgage on all of the Buildings (the “Mortgage”), wherein all investors in this Offering will be joint beneficiaries of that the Mortgage. The Mortgage will only be recorded once, at the end of this Offering.

Each holder of a Note with an amount of at least Fifty Thousand Dollars (\$50,000) will also receive a one-time payment of $\frac{3}{4}$ percent (0.75%) bonus, each holder of a Note with an amount of at least One Hundred Thousand Dollars (\$100,000) will also receive a one-time payment of 1 and $\frac{1}{4}$ percent (1.25%) bonus, each holder of a Note with an amount of at least Two Hundred Fifty Thousand Dollars (\$250,000) will also receive a one-time payment of 2 and $\frac{1}{2}$ percent (2.50%) bonus. Funds must not be a result of a reinvestment from a previous investment with The Company or Its affiliates but must instead be new capital in order to be eligible. The Notes offered pursuant to this Confidential Private Placement Memorandum will be secured by a first trust mortgage on the Buildings.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty.

This offering will commence on November 20, 2017, and will terminate no later than October 1, 2018, unless extended by the Company to an extension date no later than December 1, 2018 (see “TERMS OF THE OFFERING”).

The gross proceeds of the offering will be a minimum of Five Hundred Thousand (\$500,000) Dollars and a maximum of Seven Million Seven Hundred Fifty Thousand (\$7,750,000) Dollars. The use of the proceeds is to purchase, renovate and either sell or refinance the Buildings as described herein (see “USE OF PROCEEDS”).

2. THE COMPANY

Chicago Capital Fund II, LLC (the “Company”) was formed on September 27, 2017, as a Delaware limited liability company. At the date of this offering, One Thousand (1,000) of the Company’s Membership Units were authorized, issued and outstanding. The Company is in the business of purchasing renovating and selling (or refinancing) the buildings located at 7549-59 S Essex Ave, Chicago, IL 60649, 8047-55 S Manistee Ave., Chicago, IL 60617 & 2909 E 78th St., Chicago, IL 60649.

2.1 RELATED ENTITIES

Several related entities to the Company will assist the Company in purchasing, renovating and managing the Buildings. EquityBuild, Inc., a Florida corporation and an affiliate of the Company, will be responsible for arranging the purchase of the Buildings and managing the close of the purchase. EquityBuild, Inc., a Florida corporation, entered into the purchase agreement for the Buildings and will assign that purchase agreement to the Company prior to the purchase of the Buildings. EquityBuild, Inc. will also perform development and consulting services for the Company, for which it will be paid a development fee of \$551,000. **THESE FEES TO BE PAID TO RELATED ENTITIES WERE NOT THE RESULT OF ARMS’ LENGTH BARGAINING AND MAY BE MORE OR LESS THAN THE COMPANY WOULD PAY TO UNRELATED PARTIES.**

The Company was originally formed by South Shore Property Holdings, LLC a Delaware limited liability company, owned 100% by Jerome H. Cohen, a

Florida individual. That affiliate will hold 100% of the membership interests in the Company, Chicago Capital Fund II, LLC. The Company has hired an affiliated developer, EquityBuild Inc., to manage the stabilization process by hiring unrelated third-party property managers and general contractors to complete all renovation work on the Buildings. EquityBuild Inc., is wholly owned by Jerome H. Cohen, a Florida individual.

The Company has hired EquityBuild Finance, LLC, a wholly owned subsidiary of EquityBuild Inc., to manage and service the initial bridge financing per the terms of this Confidential Private Placement Memorandum.

2.2 BUSINESS PLAN

Executive Summary:

Chicago Capital Fund II, LLC a Delaware limited liability company (the “Company”) is offering debt instruments through a Confidential Private Placement Memorandum. The funds from this Offering will be used to purchase, renovate, and stabilize three multifamily apartment buildings; 7549-59 S Essex Ave., 8047-55 S Manistee Ave., and 2909 E 78th St. (the “Buildings”), in the South Shore neighborhood of Chicago. The Buildings are currently under contract to be purchased for \$4,450,000 with an expected closing during December 2017. The Company anticipates an overall renovation cost of approximately \$1,060,000 to upgrade units and building systems as needed. Additional anticipated costs include \$695,000 in closing fees and costs, as well as \$1,510,000 in financing fees and costs, and \$10,000 in initial operating capital. **ANY COST OVERRUNS WILL BE THE RESPONSIBILITY OF CHICAGO CAPITAL FUND II, LLC AND WILL NOT AFFECT THE INVESTORS IN THIS OFFERING.**

The buildings have a current occupancy of 86% with an average rent of \$788 per month. The Company believes that it can achieve average rents of \$936 per month within eighteen to twenty-four months and it will then sell or refinance the building at an appraised value that will reflect the higher rents. **THERE IS NO GUARANTEE THAT SUCH**

INCREASED RENTS WILL BE ACHIEVED OR THAT THE COMPANY WILL BE ABLE TO SELL OR REFINANCE THE BUILDING.

Business Plan:

The Company, Chicago Capital Fund II, LLC, is a single purpose entity for the sole objective of purchasing, stabilizing, and disposing of (or refinancing) the Buildings within eighteen to twenty-four months.

The Company anticipates closing the purchase of the Buildings at a purchase price of \$4,450,000 during December 2017. At the closing, an unrelated third party property manager will be selected by the Company or an affiliate of the Company. Within thirty days of the closing of the acquisition, the Company will begin a competitive bidding process to select the most cost-effective competent bid from a pool of third party unrelated general contractors per the scope of work as determined by the Company and its affiliates. In the following thirty days the Company will award the bid to the selected general contractor and renovation work will commence. The Company anticipates the work on the core building systems and initial vacant units to be completed within ninety days of the awarded bid. Concurrently, the Company will co-ordinate with the Property Manager a lease up process whereby the Property Manager will systematically issue notices of rental increases to the tenants commensurate with the rental targets as determined by the Company. Tenants who do not accept the rental increases will re-locate and renovation work will begin in that unit based on the scope as determined by the developer subject to the Unit Updates budget constraint. Tenants who do accept the rental increases will remain in their units and no substantial renovation will occur within that unit. The Company anticipates that the total unit turn and lease up process will take fifteen to eighteen months. Upon completion of the unit turn and renovation process, the Company will seek a debt refinance from a Government Sponsored Enterprise, Bank, CMBS, or other stabilized debt vehicle to pay off the bridge debt raised as part of this Confidential Private Placement Memorandum, a process that the Company anticipates will take ninety days from the end of the stabilization process with a full repayment of the bridge debt to occur within eighteen to twenty-four months. **THERE IS NO GUARANTEE THAT THE STABILIZATION PROCESS AND THE REFINANCING WILL OCCUR DURING THAT PERIOD OF TIME. INVESTORS SHOULD BE AWARE THAT, IN THAT EVENT, IT MAY NOT BE POSSIBLE TO REPAY THEIR PROMISSORY NOTES AS ANTICIPATED.**

Related Entities:

The Company was originally formed by South Shore Property Holdings, LLC a Delaware limited liability company, owned 100% by Jerome H. Cohen, a Florida individual. That affiliate will hold 100% of the membership interests in the Company, Chicago Capital Fund II, LLC. The Company has hired an affiliated developer, EquityBuild Inc., to manage the stabilization process by hiring unrelated third-party property managers and general contractors to complete all renovation work on the Buildings. EquityBuild Inc., is wholly owned by Jerome H. Cohen, a Florida individual. The Company has hired EquityBuild Finance, LLC, a wholly owned subsidiary of EquityBuild Inc., to manage and service the initial bridge financing per the terms of this Confidential Private Placement Memorandum.

Fee Structure:

The Company will be entitled to all revenues of the offering entity net of costs and fees, including but not limited to: direct building operating costs, closing costs, management fees, financing charges and interest, and other costs. A developer fee will be paid to EquityBuild Inc. in an amount equal to 10% of the total purchase and renovation costs. An acquisition fee in the amount of 2% of the net purchase price of the building will be paid to EquityBuild Inc. An Asset Management Fee in the amount of 5% of the Net Operating Income of the building shall be paid to the developer, EquityBuild, Inc. A loan origination fee of 4%, based on the initial loan balance and financed interest charges will be paid to EquityBuild Finance, LLC. **THESE FEES WERE NOT NEGOTIATED AT ARMS-LENGTH AND NO REPRESENTATION IS BEING MADE THAT THOSE FEES ARE REASONABLE OR ARE LESS OR MORE THAN WOULD BE NEGOTIATED AT ARMS-LENGTH.**

The Business Plan of the Company, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the Business Plan before purchasing Notes. **The Company makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein. SEE "EXHIBIT D - BUSINESS PLAN."**

2.3 PURCHASE OF THE BUILDINGS

EquityBuild, Inc. an affiliate of the Company, entered into a purchase agreement with the current owners of the Buildings for a purchase price of Four Million Four Hundred and Fifty Thousand (\$4,450,000.00) Dollars. Pursuant to the Purchase Agreement, EquityBuild, Inc. has conducting due diligence on the Buildings. Under the Purchase Agreement, if not extended, the purchase must be completed on or before December 20, 2017. **If the purchase of the Buildings is not completed by December 20, 2017, the Company anticipates that it will be able to extend the purchase contract for at least thirty (30) days or longer. If sufficient funds are not raised in this Offering to fund the purchase of the building, then an affiliate of the Company intends to loan whatever additional funds are necessary to complete the purchase.**

3. MANAGEMENT

3.1 LLC MANAGERS

The success of the Company is highly dependent upon the services and expertise of existing management. At the present time, three individuals are actively involved in the management of the Company:

Jerome H. Cohen – Chief Executive Officer

Jerome H. Cohen is the founder and Chief Executive Officer of the EquityBuild companies. Mr. Cohen has a decades-long track record as an entrepreneur, both in operating companies and in real estate. In 1979, Mr. Cohen founded American Pest Management Company in Pennsylvania, and built that company until it was sold in 1984. From 1984 through 1997, Mr. Cohen built a large portfolio of personal real estate investments, located in several states. While continuing his personal real estate investments, Mr. Cohen

also founded and built Global 2-Way, Inc., a two-way radio dealer headquartered in Marco Island, Florida that became one of the largest two-way radio dealers in the United States. Mr. Cohen sold that company in 1994 and founded EquityBuild, Inc. in Florida in 2007.

Shaun D. Cohen – President

Shaun D. Cohen is the son of Jerry Cohen and has been involved in real estate investing since he bought and managed his first investment property at age 10. He also worked in construction and property management for American Home Rentals located in Philadelphia.

Shaun Cohen graduated from St. Johns College in Annapolis, Maryland with a B.A. degree in 2000 and received his Masters' Degree in Economics from George Mason University in Fairfax, Virginia in 2009. He became Vice-President of EquityBuild, Inc. in 2009 and from 2010 to the current time, he has served as President of EquityBuild Finance, LLC.

Ronald J. Bol – Chief Operating Officer

Mr. Bol has spent over 27 years in real estate, with a focus on residential and commercial asset acquisition and construction. His expertise spans from strategy consulting to business development and operations, with an emphasis on value engineering and value creation over a combined commercial asset portfolio worth well over \$250 million.

Mr. Bol is the creator of the PCR process and inspection protocol used to analyze each opportunity considered by EquityBuild. He led the team and is co-developer of the proprietary Asset Management program used to monitor the performance of each building within the portfolio which produces, in real time, a report that will identify deviations from projections and prescribe the actions required to correct them. With his background in real estate, value engineering and contractor means and methods, Mr. Bol has been frequently consulted for architectural and engineering firms throughout the Chicago Metropolitan area. This includes nationally recognized firms such as Raths, Raths & Johnson, Klein & Hoffman, Wiss, Janey, Elstner, Walker Parking Consultants

and Desman Associates. He has also provided consulting and construction services to national property management firms that include CBRE, Cushman & Wakefield, Draper & Kramer and Hines Interests.

As Chief Operating Officer EquityBuild, Mr. Bol is focused on the operational activities connected to the acquisition of value add commercial assets and the acquisition and transformation of underperforming or distressed commercial assets through which investor returns are delivered and communities are improved.

The management team may be expanded with additional qualified and experienced executives, professionals and consultants in the future.

3.2 OPERATIONS AND OTHER PROPERTIES DEVELOPED BY RELATED ENTITIES.

The Manager of the Company will be EquityBuild, Inc., a Florida corporation (“EBI”) that is owned entirely by Jerome H. Cohen. Overall operations of the EquityBuild companies have been ongoing since 1984.

The EquityBuild companies and their owners have decades of experience and understand real estate investing and development to add value to its buildings. EquityBuild and its owners bring deep and specific knowledge, enormous experience and a continuing work ethic, in order to maximize profits and avoid mistakes.

EquityBuild's proprietary econometric model identifies undervalued markets with properties that have low purchase prices combined with high potential rents, at a sufficient volume that delivers economies of scale. This drives costs down and profit potential up. Utilizing our hyper-local knowledge, certain neighborhoods in Chicago currently meet those criteria, which is why EquityBuild has been investing there.

EquityBuild's rigorous three-stage underwriting process ensures that we discover faults and vulnerabilities in major building systems before a purchase is completed.

The owners of the EquityBuild Companies have handled more than 700 real estate transactions. EquityBuild has a solid track record structuring deals to generate positive free cash flow after mortgage and all operating expenses are paid.

Recent Examples of Properties Similar to 7549-59 S Essex Ave., 8047-55 S**Manistee Ave. & 2909 E 78th St. owned by Affiliates of the Company.**

Here are a number of EquityBuild's recent multi-family real estate transactions in Chicago:

7635 South Coles Avenue

13-unit building, purchase price: \$580,000, rehabilitation cost: \$440,000, total cost: \$1,020,000

Refinance value is estimated at \$1,370,000, increase: \$350,000 / 34.3%, purchase cap rate: 19.38%, refinance cap rate: 8.20%

Performance Indicator: Costs were estimated within 2.5% of final total, refinance value 34% higher than total purchase and rehabilitation cost.

7109 South Calumet Avenue

21-unit building, purchase price: \$1,100,000, rehabilitation cost: \$126,000, total cost: \$1,226,000

Refinance value is estimated at \$2,245,000, increase: \$1,019,000 / 83.1%, purchase cap rate: 14.38%, refinance cap rate: 7.05%

Performance Indicator: Rehabilitation has been completed 26% below estimate, refi value \$1.01 million higher than total purchase and rehabilitation cost.

6558 South Vernon Avenue

12-unit building, purchase price: \$808,833, rehabilitation cost: \$0, total cost: \$808,833

Refinance value is estimated at \$1,050,000, increase: \$241,167 / 29.8%, purchase cap rate: 11.09%, refi cap rate: 8.55%

Performance Indicator: This property not yet refinanced, refinance value is estimated at 30% above total costs – based on December 2015 appraisal. EquityBuild

believes that the value has increased further since then.

7200 South Stony Island Avenue

24-unit building, purchase price: \$350,000, rehabilitation cost: \$1,185,635, total cost: \$1,535,635

Refinance value is estimated at \$1,750,000, increase: \$214,365 / 14.0%, purchase cap rate: 45.06%, refinance cap rate: 9.01%

Performance Indicator: Estimated refinance value is \$214,000 higher than total purchase and rehab cost. This building included a full rehabilitation of all systems. As a result, the cost of the renovation substantially exceeded the purchase price.

6142 South Martin Luther King Drive

15-unit building, purchase price: \$145,000, rehabilitation cost: \$952,985, total cost: \$1,097,985

Refinance value is estimated at \$1,800,000, increase: \$702,015 / 63.9%, purchase cap rate: 93.58%, refinance cap rate: 7.54%

Performance Indicator: After purchase, EquityBuild decided to do upgraded finishes which led to higher rehabilitation costs than initially estimated. These upgraded finishes also had the effect of raising the NOI and refinance value which was 63.9% above total cost.

6201 South Langley Avenue

12-unit building, purchase price: \$210,000, rehabilitation cost: \$600,000, total cost: \$810,000

Refinance value is estimated at \$1,300,000, increase: \$490,000 / 60.5%, purchase cap rate: 48.56%, refinance cap rate: 7.84%

Performance Indicator: The Property was refinanced in two stages, and the result was that the refinance value was approximately 60% above total purchase and rehabilitation cost.

(Note: There is a standard deviation of 10% on NOI (net operating income). NOI is a

projection based on knowledge at the time of its preparation that may deviate 10% from the represented value to account for market fluctuation in rents and expenses correlated with commodity pricing.)

The above properties are listed as examples of the type of multi-family residential deals that have been done by EquityBuild in the past. The performance of these buildings is no guarantee that the building being financed with the Notes in this Offering will be comparable. EquityBuild has estimated certain results of these properties and believes that the results are correct and accurate. The status of each of these properties is described as of the date of this Memorandum, and that status may change in the future. IF ANY PROSPECTIVE INVESTOR WISHES FURTHER INFORMATION ON THESE PROPERTIES, PLEASE CONTACT THE COMPANY.

EquityBuild's Selection Methods for Properties and Its Real Estate Expertise

Only one in ten properties that EquityBuild analyzes meets EquityBuild's rigorous standards – executing on cash flow, upside and speed of added value.

EquityBuild's expertise in planning and executing affordable rehabilitation work, and its substantial market intelligence, allow EquityBuild to deliver desirable units in affordable buildings. EquityBuild believes that its properties deliver strong, positive cash flow while locking in resale value.

The EquityBuild Companies currently own more than 90 buildings in Chicago, containing over 1,200 units. This volume gives EquityBuild substantial market power in renting these apartments. Because of EquityBuild's power in the market, EquityBuild is able to hire top quality, licensed property managers substantially below the market rate.

In order to maximize Net Operating Income (NOI), EquityBuild believes that experienced managers keep units filled, and rents at or above market rates, while ensuring that properties are properly maintained. EquityBuild has also forged strong relationships with city officials and decision makers, and believes that these relationships will assist in future purchases and development.

4. TERMS OF THE OFFERING

4.1 GENERAL TERMS OF THE OFFERING

This Private Offering Memorandum is offering a minimum of Ten (10) and a maximum of One Hundred Fifty-Five (155) Notes at Fifty Thousand (\$50,000) Dollars per Note, for a minimum of Five Hundred Thousand (\$500,000) Dollars and a maximum of Seven Million Seven Hundred Fifty Thousand (\$7,750,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see “**INVESTOR SUITABILITY REQUIREMENTS**”). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$500,000 (the “minimum offering proceeds”) for this Offering. The Company reserves the right to accept subscriptions for Notes that are less than the minimum amount of Fifty Thousand (\$50,000) Dollars.

4.2 MINIMUM OFFERING AMOUNT - BANK ACCOUNT

The Company has established a bank account with Wells Fargo Bank into which the minimum offering proceeds will be placed. At least Ten (10) Notes must be sold for \$500,000 before such proceeds will be released from the holding account and utilized by the Company for the initial acquisition costs for the Buildings. After the minimum number of Notes are sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company. **THIS BANK ACCOUNT IS NOT AN ESCROW ACCOUNT AND THE COMPANY MAY WITHDRAW FUNDS FROM THIS ACCOUNT AT ANY TIME.**

4.3 NONTRANSFERABILITY OF NOTES

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “Securities Act”), and are being offered in reliance upon an exemption under Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been

registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

4.4 CLOSING OF THE OFFERING

The Notes are offered and closed only when a properly completed Subscription Agreement (**Exhibit A**); Note (**Exhibit B**), and Investor Questionnaire (**Exhibit C**) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any time prior to acceptance by the Company, except as provided by certain state laws, or if more than thirty (30) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Confidential Private Placement Memorandum (see "**USE OF PROCEEDS**").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Five Hundred Thousand Dollars (\$500,000); or
2. Upon receipt of the maximum offering subscription amount of Seven Million Seven Hundred Fifty Thousand Dollars (\$7,750,000).

3. On June 30,, 2018, unless the Company extends the date of the Offering until not later than October 1, 2018.

Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

5. PLAN OF DISTRIBUTION

5.1 OFFERING OF NOTES

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to state and federal securities rules and regulations. This Offering is made solely through this Private Placement Memorandum. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a “best efforts” basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this Confidential Private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see “**TERMS OF THE OFFERING**”).

5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS

The Company has the option to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws. At this point, the Company does not have the intention of offering these Notes through these parties, but may decide to do so in the future.

6. DESCRIPTION OF NOTES

6.1 NOTES

The Company is offering up to One Hundred Fifty-Five (155) Notes of the Company to potential investors at Fifty Thousand (\$50,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Company reserves the right to accept subscriptions for Notes for less than the minimum amount of Fifty Thousand (\$50,000) Dollars, in which case it may increase the number of Notes offered. The Notes will have an annual rate of return of **Fifteen and 375/1000 Percent (15.375%) percent simple interest** over the term thereof, with a maturity date of twenty-four (24) months from the Commencement Date of each Note. A subscriber may purchase a Note of more than Fifty Thousand (\$50,000) Dollars, provided that the Note amount must be purchased in increments of Ten Thousand (\$10,000) Dollars each. Interest on all Notes will be paid on a monthly basis.

All principal will be paid at maturity. Principal may be prepaid at the sole discretion of the Company, without a prepayment penalty. The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

6.2 SECURITY FOR PAYMENT OF THE NOTES

The Notes being offered by the Company in this Confidential Private Placement Offering are secured Notes that will be secured by a mortgage on the Buildings securing the Notes.

6.3 REPORTS TO NOTEHOLDERS

The Company will furnish annual unaudited reports to its Noteholders ninety (90) days after the end of its fiscal year. The Company may issue other interim reports to its

Noteholders as it deems appropriate. The Company's fiscal year ends on December 31st of each year.

7. USE OF PROCEEDS

The gross proceeds of the Offering will be a minimum of Five Hundred Thousand (\$500,000) Dollars and a maximum of Seven Million Seven Hundred Fifty Thousand (\$7,750,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

Sources and Application of Proceeds

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$7,750,000	100%	\$500,000	100%

Application of Proceeds

Offering Expenses (1)	\$10,000	0.13%	\$10,000	2.00%
Commissions (2)	\$0	0%	\$0	0%
Total Offering Expenses & Fees	\$10,000	0.13%	\$10,000	2.00%
Net Offering	\$7,715,000	99.55%	\$490,000	98.00%

Proceeds	\$7,715,000	99.55%	\$490,000	98.00%
Building Purchase	\$4,450,000	57.61%	\$490,000	98.00%
Building Renovation	\$1,060,000	13.72%	\$0	0.00%
Purchaser Legal	\$5,000	0.06%	\$0	0.00%
Prepaid Insurance	\$21,796	0.28%	\$0	0.00%
Acquisition Fee	\$89,000	1.15%	\$0	0.00%
Development Fee	\$551,000	7.13%	\$0	0.00%
Inspection	\$1,500	0.02%	\$0	0.00%
Title & Closing Fees	\$16,704	0.22%	\$0	0.00%
Lender Orig. Costs	\$305,800	3.96%	\$0	0.00%
Financed Interest	\$1,200,000	15.53%	\$0	0.00%
Lender Legal Costs	\$14,000	0.18%	\$0	0.00%
Operating Capital	\$10,000	0.13%	\$0	0.00%
Total Application of Proceeds	\$7,724,800	99.67%	\$490,000	98.00%

8. CAPITALIZATION STATEMENT

8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred Fifty-Five (155) Notes or Seven Million Seven Hundred Fifty Thousand (\$7,750,000) Dollars.

	AS ADJUSTED 4/21/17	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$7,750,000</u>
Membership Units \$.01 par value, 1,000 Interests authorized, 1000 Interests issued and outstanding	\$100	\$100
Net Interest Holders' Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$7,750,100</u>

9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

9.1 RESULTS OF OPERATIONS

The Company is a development stage company and has not yet commenced its principal operations.

9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

10. CERTAIN TRANSACTIONS

10.1 DELAWARE LIMITED LIABILITY COMPANY

Chicago Capital Fund II, LLC is a privately held Delaware limited liability company, organized on September 27, 2017.

10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to Seven Million Seven Hundred Fifty Thousand (\$7,750,000) Dollars of Notes to selected investors, effective on November 20, 2017.

10.3 RELATED PARTY TRANSACTIONS

THE COMPANY HAS ENTERED INTO CERTAIN RELATED PARTY TRANSACTIONS WITH AFFILIATES, WHICH WILL RESULT IN CERTAIN FEES TO BE PAID TO THOSE AFFILIATES. THOSE FEES WERE NOT NEGOTIATED AT ARMS' LENGTH AND THE AMOUNTS PAID MAY BE LESS OR MORE THAN WOULD BE PAID TO UNRELATED PARTIES.

11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY

11.1 GENERAL

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Noteholder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Noteholder may be able to bring an action on behalf of himself in the event the Noteholder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

11.2 INDEMNIFICATION

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Illinois law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

12. RISK FACTORS

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING

SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM.

12.1 FORMATION OF THE COMPANY

The Company was formed on September 27, 2017. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

12.2 CONTROL BY COMPANY

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Noteholders will not have any voting rights in the Company.

12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT

All decisions with respect to the management of the Company will be made exclusively by the Manager of the Company. The Noteholders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

12.4 LIMITED TRANSFERABILITY OF THE NOTES

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is

available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

12.5 CAPITALIZATION OF THE COMPANY

Prior to this offering, the Company was funded by a related party, South Side Property Holdings, LLC, an affiliate. Independent of the amounts raised in this offering the Company does not have any other assets available to use to pay principal or interest on the Notes.

12.6 REGULATIONS

The Company is subject to various federal and state laws, rules and regulations governing, among other things, the licensing of, and procedures that must be followed by, mortgage owners and disclosures that must be made to consumer borrowers. Failure to comply with these laws may result in civil and criminal liability and may, in some cases, give consumer borrowers their right to rescind their mortgage loan transactions and to demand the return of finance charges paid to the company. Because the Company's business is highly regulated, the laws, rules and regulations applicable to the Company are subject to subsequent modification and change. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

12.7 CUSTOMER BASE AND MARKET ACCEPTANCE

The Company is very familiar with the rental rates and occupancy rates of multi-family buildings in this area of Chicago and believes that, with the upgrades to be made to the Buildings, the Company will be able to rent apartments relatively quickly and increase the occupancy rates and base rents. The Company intends to renovate and upgrade each apartment as it becomes vacant, and believes that it will be able to accomplish such renovation quickly and within its budget.

12.8 COMPETITION

There are many other multi-family buildings in this area of Chicago and rents

for apartments are competitive. The Company believes that, with the upgrades that it will accomplish whenever an apartment becomes vacant, and with proper marketing, it will be able to rent such upgraded apartments quickly at acceptable base rent levels. **HOWEVER, THE COMPANY DOES NOT GUARANTEE THAT OCCUPANCY RATES WILL BE HIGHER IN THE FUTURE, AND FAILURE TO MAINTAIN PROPER OCCUPANCY RATES MAY HAVE AN IMPACT UPON THE VALUE OF THE BUILDINGS.**

13. PRINCIPAL HOLDERS OF INTERESTS IN THE COMPANY

As of the date of this Offering, the Company has issued One Thousand (1000) Membership Units to South Side Property Holdings, an affiliate. **INVESTORS IN THIS OFFERING WILL RECEIVE PROMISSORY NOTES FROM THE COMPANY AND WILL NOT HAVE ANY EQUITY INTEREST OR OWNERSHIP OF ANY PORTION OF THE COMPANY.**

14. HOW TO INVEST

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifty Thousand (\$50,000)) Dollars by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. The Company reserves the right to accept subscriptions for Notes of less than the minimum of Fifty Thousand (\$50,000) Dollars. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

Exhibit A INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:

This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.

Exhibit B PROMISSORY NOTE: This Note will be signed by Chicago Capital Fund II, LLC

Exhibit C INVESTOR QUESTIONNAIRE: This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.

Exhibit D Business Plan of Chicago Capital Fund II, LLC

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see “**TERMS OF THE OFFERING.**” Such Investor should send his or her fully executed **SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE** to the Company should be addressed to the Company at **Chicago Capital Fund II, LLC, 1414 E 62nd Pl. Chicago, Illinois 60637.**

15. INVESTOR SUITABILITY REQUIREMENTS

15.1 INTRODUCTION

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision. The Notes will be sold only to “accredited investors” as defined in Regulation D of the United States Securities & Exchange Commission (“Accredited Investors.”) **IN NO CASE WILL THE NOTES BE SOLD TO ANY NON-ACCREDITED INVESTORS. THE COMPANY RESERVES THE RIGHT TO DECLINE TO ACCEPT THE SUBSCRIPTION OF ANY INVESTOR WHO IS DEEMED BY THE COMPANY AS NOT SUITABLE FOR THIS TYPE OF OFFERING.**

15.2 GENERAL SUITABILITY

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.

2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.

3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).

4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.

5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

15.3 ACCREDITED INVESTORS

In addition to satisfying the "General Standards" as defined above, all Subscribers for the Notes must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000)

Dollars excluding the value of the primary residence of such natural person;

2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be “looked through” and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

15.4 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received.

16. LITIGATION

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

17. ADDITIONAL INFORMATION

Reference materials described in this Confidential Private Placement Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential Investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to Subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

18. FORECASTS OF FUTURE OPERATING RESULTS

Any forecasts and proforma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management

regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

19. GLOSSARY OF TERMS

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

ACCEPTANCE. The acceptance by the Company of a prospective investor's subscription.

ACCREDITED INVESTORS. Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

BROKER-DEALER. A person or firm licensed with the FINRA, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

COMPANY. Refers to Chicago Capital Fund II, LLC, a Delaware limited liability company.

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (FINRA). A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

NOTES. A Fifty Thousand (\$50,000) Dollar investment consisting of one (1) Promissory Note issued by Chicago Capital Fund II, LLC, a Delaware limited liability company.

SECURITIES ACT OF 1933. A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

SECURITIES EXCHANGE ACT OF 1934. A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

SECURITIES AND EXCHANGE COMMISSION (SEC). An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

SUBSCRIPTION DOCUMENTS. Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

TERMINATION DATE. The earlier to occur of the date on which all Notes are sold or **October 1, 2018.**

EXHIBIT A

SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT

Print Name of Subscriber: Kirk Road Investments, LLC

Amount Loaned: \$ 250,000.00

Number of Notes: 1

CHICAGO CAPITAL FUND II, LLC

SUBSCRIPTION DOCUMENTS

OFFERING OF A MINIMUM OF TEN (10) AND A MAXIMUM OF ONE HUNDRED FIFTY-FIVE (155) SECURED PROMISSORY NOTES

MINIMUM OF FIFTY THOUSAND (\$50,000) DOLLARS PER NOTE

THE COMPANY RESERVES THE RIGHT TO ACCEPT SUBSCRIPTIONS FOR NOTES FOR LESS THAN THE MINIMUM AMOUNT OF FIFTY THOUSAND (\$50,000) DOLLARS.

November 20, 2017

SUBSCRIPTION INSTRUCTIONS
(Please read carefully)

Each subscriber for the Secured Promissory Notes, Fifty Thousand (\$50,000) Dollars per Note (the “Notes”) of Chicago Capital Fund II, LLC, a Delaware limited liability company (“the Company”), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to Chicago Capital Fund II, LLC at:

1414 E 62nd Pl.
Chicago, Illinois 60637

Payment for the Securities should be made by wire directly following the execution of remittance of the documents as directed in Section III below. The wire instructions will be furnished once the signed documents are received by the Company.

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:

Subscription Agreement
Promissory Note
Confidential Prospective Purchaser’s Questionnaire

- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.

- III. Payment for the Notes must be made by check as provided below:

Please send your wire as is specified in the wire instructions, included separately, in the appropriate amount, for the number of Notes purchased (at least Fifty Thousand (\$50,000) Dollars per Note), to “Chicago Capital Fund II, LLC”. Your wire should be made directly following your executed and remitted subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company’s operating account and will be available for use.

IV **SPECIAL INSTRUCTIONS**

FOR CORPORATIONS. Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

FOR PARTNERSHIPS. Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

FOR TRUSTS. Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

Subscription Agreement

To: Chicago Capital Fund II, LLC
1414 E 62nd Pl.
Chicago, Illinois 60637

Gentlemen:

1. **Subscription.** The undersigned hereby subscribes for 1 Notes of Chicago Capital Fund II, LLC (the “Company”), a Delaware limited liability company, and agrees to loan to the Company Two Hundred Fifty Thousand (\$ 250,000 .00) Dollars per Note for an aggregate loan of \$7,750,000.00 (the “Loan Amount”) upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum (“Private Placement Memorandum”) dated November 20, 2017 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifty Thousand (\$50,000) Dollars, but the Company has the discretion to offer Notes for loans more than the minimum in increments of Ten Thousand (\$10,000.00) Dollars above the minimum. The Company reserves the right to accept subscriptions for Notes for less than the minimum amount of Fifty Thousand (\$50,000) Dollars.

2. **Note Offering.** The Company is offering a minimum of Ten (10) and up to a maximum of One Hundred Fifty-Five (155) Notes at Fifty Thousand (\$50,000) Dollars per Note, with a minimum subscription of one (1) Note (the “Offering”). The Company reserves the right to accept subscription for Notes for less than the minimum amount of Fifty Thousand (\$50,000) Dollars. The minimum aggregate loan to the Company will be Five Hundred Thousand (\$500,000) Dollars and the maximum aggregate loan to the Company from this Offering will be Seven Million Seven Hundred Fifty Thousand (\$7,750,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the “Act”), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

3. **Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the “Agreement”), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the “Subscription Documents”). The Subscription Documents should be delivered to Chicago Capital Fund II, LLC, at 1414 E 62nd Pl. Chicago, Illinois 60637. The undersigned understands and agrees that he or it will not become a “Holder” of the Note(s) and the Company shall not become a “Maker” of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

4. **Making of Loan Amount.** The undersigned, upon acceptance of the subscription for Notes, to be issued by the Company, hereby promises to send a wire in the amount of the Note amount to the Company in accordance with the wire instructions to be received, in the amount indicated above.

5. Acceptance or Rejection of Subscription. The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than thirty (30) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

6. Offering Period. The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Five Hundred Thousand (\$500,000) Dollars; or
2. Upon receipt of the maximum offering subscription amount of Seven Million Seven Hundred Fifty Thousand (\$7,750,000) Dollars.
3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

7. Closing of the Loan. The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the "Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

8. Representations and Warranties.

- (a) The Company hereby represents and warrants as follows:

(i) The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Illinois and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto (*please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity*).

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan

to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be

transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

9. Foreign Person. If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

10. Indemnity. The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

11. Notice. All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to Chicago Capital Fund II, LLC at 1414 E 62nd Pl. Chicago, IL 60637.

Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

12. Miscellaneous.

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Illinois and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Illinois without regard to conflict of laws rules applied in State of Illinois. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Illinois with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this 11th day of December, 2017, at

Geneva (City), Illinois (State).

If the Investor is an INDIVIDUAL, complete the following:

The undersigned: [is] [is not] a citizen or resident of the United States.

Print Name of Individual:

Print Name of Spouse if Funds are to be invested in Joint Name or are Community Property:

Print Social Security Number of Individual:

Print Social Security Number of Spouse

Signature of Individual

Signature of Spouse if Funds are to be Invested in Joint Name or are Community Property

Print Address of Residence:

Print Telephone Number:

The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned: [is] x [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder).

Kirk Road Investments LLC

Print Name of Partnership, Corporation, Trust or Entity:

Additional Owner

Title of Authorized Representative

DocuSigned by:
Martha Johnson

Signature of Authorized Representative

Arizona

Print Jurisdiction of Organization or Incorporation

Martha Johnson

Print Name of Authorized Representative

27-4469367

Print Federal Tax Identification Number

Print Address of Residence:
1511 Kirkwood Drive

Geneva, IL 60134

Print Telephone Number:
630-232-3825

ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this 12th day of December, 2017.

Chicago Capital Fund II, LLC

By: DocuSigned by:
Jerry Cohen _____
B07F03F896EF4CC...

EXHIBIT B

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.

Borrower:	Chicago Capital Fund II, LLC, a Delaware limited liability company 1414 E 62 nd Pl. Chicago, IL 60637
Lender:	<u>Kirk Road Investments, LLC</u> <u>1511 Kirkwood Drive</u> <u>Geneva, IL 60134</u>
Principal Amount:	<u>\$ 250,000.00</u>
Interest Rate:	<u>15.375% per annum</u>
Closing Date:	<u>12/07/2017</u>
Maturity Date:	<u>12/01/2019</u>

1. PROMISE TO PAY. Chicago Capital Fund II, LLC, a Delaware limited liability company ("Borrower"), promises to pay to Lender, or order, in lawful money of the United States of America, on the Maturity Date, the Principal Amount, or so much thereof shall remain outstanding, together with interest on the unpaid outstanding principal balance thereof at the "Interest Rate" (as said term is herein defined).

2. PAYMENT. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid interest, then to any unpaid collection costs and late charges and then to the Principal Amount due and owing. Beginning on the first day the of the second calendar month after the Closing, Borrower will make monthly payments of interest only in the amount of \$ 3,203.13 to Lender at Lender's address set forth above or at such other place as Lender may designate in writing.

On the Maturity Date, a final "balloon" installment equal to the outstanding Principal Amount, together with accrued interest thereon calculated at the Interest Rate and all other amounts owed, if any, shall be due and payable.

3. PREPAYMENT. Prepayment of the loan evidenced hereby (the "Loan"), in whole or in part, will not be subject to a prepayment premium. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligations to continue to make monthly payments as provided for under this Promissory Note. Early payments will reduce the Principal Amount due.

4. BUSINESS PURPOSE. Borrower represents and agrees that the proceeds of this Note will be used for the purposes specified in 815 ILCS 205/4 and that the loan evidenced hereby constitutes a "business loan" which comes within the purview of said 815 ILCS 205/4.

5. **LATE CHARGE.** If a regularly scheduled interest payment is fifteen (15) calendar days or more late, Borrower will be charged 5.00% of the unpaid portion of the regularly scheduled payment. This provision shall not be deemed to excuse a late payment or be deemed a waiver of any other rights Lender may have, including, without limitation, the right to declare a default.

6. **COLLATERAL.** This Promissory Note is secured by that certain Mortgage (the "Mortgage"), which encumbers the properties located at 7549-59 S Essex Ave, Chicago, IL 60649, 8047-55 S Manistee Ave., Chicago, IL 60617 & 2909 E 78th St., Chicago, IL 60649 (collectively, the "Property") as more particularly described in the Mortgage.

7. **DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Promissory Note:

- (i) **Payment Default.** Borrower fails to make any payment when due under this Promissory Note, and fails to cure such default within fifteen (15) calendar days of such default.
- (ii) **Other Defaults.** The occurrence of a default or event of default under the terms and conditions of the Mortgage which default or event of default remains uncured beyond any applicable grace and/or cure period provided therefor.
- (iii) **Insolvency.** The appointment of a trustee or receiver for Borrower or for all or a substantial portion of the assets of Borrower or the making by Borrower of a general assignment for the benefit of creditors, or the filing by Borrower for bankruptcy, or the filing against Borrower of an involuntary bankruptcy petition which such involuntary petition is not dismissed for ninety (90) days.
- (iv) **Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan.

8. **LENDER'S RIGHTS.** Upon the occurrence of an Event of Default, Lender may declare the entire unpaid Principal Amount of this Promissory Note and all accrued but unpaid interest, together with all other applicable fees, costs and charges, if any, immediately due and payable, and pursue any and all remedies at law or in equity including the foreclosure of the Mortgage.

9. **JURY WAIVER.** LENDER AND BORROWER EACH HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LENDER OR BORROWER MAY BE PARTIES, ARISING OUT OF, OR IN ANY WAY PERTAINING TO, THIS PROMISSORY NOTE. IT IS AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY LENDER AND BORROWER, AND LENDER AND BORROWER EACH HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

10. **GOVERNING LAW.** This Promissory Note will be governed by, construed and enforced in accordance with federal law and the laws of the State of Illinois without regard to principles of conflicts of law.

11. VENUE. THE PARTIES, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING DIRECTLY, INDIRECTLY OR OTHERWISE IN CONNECTION WITH, OUT OF, RELATED TO OR FROM THIS NOTE SHALL BE LITIGATED ONLY IN COURTS HAVING A SITUS WITHIN THE COUNTY OF COOK, STATE OF ILLINOIS, AND THE PARTIES HEREBY CONSENT AND SUBMIT TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN SAID COUNTIES AND STATE. THE PARTIES HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST THE OTHER PARTY ON THIS NOTE IN ACCORDANCE WITH THIS SECTION.

12. SUCCESSOR INTERESTS. The terms of this Promissory Note shall be binding upon Borrower, and upon Borrower's successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

13. GENERAL PROVISIONS. If any part of this Promissory Note cannot be enforced, this fact will not affect the rest of the Promissory Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for the loan evidenced hereby, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this Loan than the maximum Lender would be permitted to charge or collect by federal law or the laws of the State of Illinois. Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the outstanding Principal Amount of this Loan, and when the Principal Amount has been paid in full, be refunded to Borrower. Lender may delay or forgo enforcing any of its rights or remedies under this Promissory Note without losing them. Borrower and any other person who signs, or endorses this Promissory Note, to the extent allowed by law, waives presentment, demand for payment, and notice of dishonor.

14. NOTICES. Notices to a party to this Note shall be effective upon delivery (or attempted delivery) after mailing by certified mail, return receipt requested or by overnight courier such as Federal Express. to the party at the address above.

15. NO WAIVER. The failure to exercise the option to accelerate the maturity of this Note or any other right, remedy, or recourse available to Lender hereof upon the occurrence of an Event of Default hereunder shall not constitute a waiver of the right of the holder of this Note to exercise the same at that time or at any subsequent time with respect to such Event of Default or any other Event of Default.

16. WARRANTIES. As a material inducement to Lender's entry into this Note, Borrower represents and warrants to Lender, as of execution of this Note and continuing thereafter, that:

AUTHORITY/ENFORCEABILITY: Borrower is in compliance with all laws and regulations applicable to its organization, existence and transaction of business and has all necessary rights and power to own, develop and operate the Property and Improvements as contemplated by the Mortgage.

BINDING OBLIGATIONS. Borrower is authorized to execute, deliver and perform its obligations under the Mortgage, and such obligations are the valid binding obligations of Borrower.

COMPLIANCE WITH LAWS. Borrower has, and at all time shall have, all permits, licenses, exemptions, and approvals necessary to construct, occupy, operate and market the Property,

and shall maintain compliance with all governmental requirements applicable to the Property and all other applicable statutes, laws, regulations and ordinances

LITIGATION. Except as disclosed to Lender in writing, there are no claims, actions, suits, or proceedings pending, or to Borrower's knowledge threatened against Borrower or affecting the Property or Improvements.

ACCURACY. All reports, documents, instruments, information and forms of evidence delivered to Lender concerning the Loan or security for the Loan or required by the Mortgage are accurate, correct and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission.

[Signature Page to Promissory Note Follows]

EXHIBIT A

EXHIBIT A - DESCRIPTION OF PROPERTY

Parcel 1: Lots 18, 19 and 20 in Block 2 in South Shore Park, being a Subdivision of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ (except streets) in Section 30, Township 38 North, Range 15, East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 2: Lots 27 to 30, inclusive in Block 12 in B. F. Jacob's Subdivision of Blocks 12 and 13 in the Circuit Court Commissioner's Partition of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ and the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ Section 31, Township 38 North, Range 15, East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 3: Lots 45 (except the Westerly 80.00 feet thereof) and Lot 47 (except the Westerly 80.00 feet thereof and except the Southerly 50.00 feet thereof) in Division No. 1, in Westfall's Subdivision of the East $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Southeast Fractional $\frac{1}{4}$ of Section 30, Township 38 North, Range 15, East of the Third Principal Meridian, in Cook County, Illinois.

Permanent Index Numbers: 21-30-302-011-0000, 21-31-115-016-0000 & 21-30-410-002-0000.

Property Addresses: 7549-59 S Essex Ave, Chicago, IL 60649, 8047-55 S Manistee Ave., Chicago, IL 60617 & 2909 E 78th St., Chicago, IL 60649.

EXHIBIT C

Investor Suitability Questionnaire

Chicago Capital Fund II, LLC

Investor Suitability Questionnaire

To: Prospective purchasers of Promissory Notes (the “Notes”) offered by Chicago Capital Fund II, LLC (the “Company”).

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an “Accredited Investor,” as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. *This questionnaire is not an offer to sell securities.*

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

Please answer all questions completely and execute the signature page

A. Personal

- 1. Name: Leroy & Martha Johnson
- 2. Address of Principal Residence: 1511 Kirkwood Drive; Geneva, IL 60134
Geneva County: Kane
- 3. Residence Telephone: 630-232-3825
- 4. Where are you registered to vote? IL
- 5. Your driver’s license is issued by the following state: IL
- 6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver’s license or have any other contacts, and describe your connection with such state:

- 7. Please send all correspondence to:
 (1) Residence Address (as set forth in item A-2)
 (2) Business Address (as set forth in item B-1)
- 8. Date of Birth: Leroy: 06/15/1944; Martha: 02/27/1946

9. Citizenship: USA

10. Social Security or Tax I.D. #: Leroy: 359-34-2795; Martha: 334-38-2858

B. Occupations and Income

1. Occupation: Leroy: Acct. Manager

(a) Business Address: Sterling Spring Company
Chicago, IL

(b) Business Telephone Number: 773-777-4647

2. If an individual, gross income during each of the last two years exceeded \$200,000:

(1) Yes (2) No (3) N/A

3. If an individual, estimated gross income during the current year is expected to exceed \$200,000.00

(1) Yes (2) No (3) N/A

4. If jointly with spouse, gross income during each of the last two years exceeded \$300,000

(1) Yes (2) No (3) N/A

5. If jointly with spouse, gross income during the current year is expected to exceed \$300,000

(1) Yes (2) No (3) N/A

C. Net Worth

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, excluding the value of your primary residence.)

(1) \$50,000-\$100,000 (2) \$100,000-\$300,000

(3) \$300,000-\$500,000 (4) \$500,000-\$750,000

(5) \$750,000-\$1,000,000 (6) over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to

provide for current needs and possible personal contingencies:

- (1) ___ \$50,000-\$100,000 (2) X \$100,000-\$300,000
- (3) ___ \$300,000-\$500,000 (4) ___ \$500,000-\$750,000
- (5) ___ \$750,000-\$1,000,000 (6) ___ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

- (1) X Yes (2) ___ No

D. Affiliation with the Issuer

Are you a director or executive officer of the Company?

- (1) ___ Yes (2) X No

E. Investment Percentage of Net Worth

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

- (1) X Yes (2) ___ No

F. Consistent Investment Strategy


Is this investment consistent with your overall investment strategy?

- (1) X Yes (2) ___ No

G. Prospective Investor's Representations

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

DocuSigned by:
 _____ Date: 12/9/2017
 Signature

Signature (of joint purchaser if purchase is to be made as joint tenants or as tenants in common)

EXHIBIT D

Chicago Capital Fund II, LLC

BUSINESS PLAN

EXHIBIT D

BUSINESS PLAN OF THE COMPANY

Executive Summary:

Chicago Capital Fund II, LLC a Delaware limited liability company (the “Company”) is offering debt instruments through a Confidential Private Placement Memorandum. The funds from this Offering will be used to purchase, renovate, and stabilize three multifamily apartment buildings; 7547 S Essex Ave., 8047 S Manistee Ave., and 2909 E 78th St. (the “Buildings”), in the South Shore neighborhood of Chicago. The Buildings are currently under contract to be purchased for \$4,450,000 with an expected closing during December 2017. The Company anticipates an overall renovation cost of approximately \$1,060,000 to upgrade units and building systems as needed. Additional anticipated costs include \$695,000 in closing fees and costs, as well as \$1,510,000 in financing fees and costs, and \$10,000 in initial operating capital.

The building has a current occupancy of 86% with an average rent of \$788 per month. The Company believes that it can achieve average rents of \$936 per month within eighteen to twenty-four months and it will then sell or refinance the building at an appraised value that will reflect the higher rents. **THERE IS NO GUARANTEE THAT SUCH INCREASED RENTS WILL BE ACHIEVED OR THAT THE COMPANY WILL BE ABLE TO SELL OR REFINANCE THE BUILDING.**

Business Plan:

The Company, Chicago Capital Fund II, LLC, is a single purpose entity for the sole objective of purchasing, stabilizing, and disposing of (or refinancing) the Buildings within eighteen to twenty-four months. The Company anticipates closing the purchase of the Buildings at a purchase price of \$4,450,000 during December 2017. At the closing, an unrelated third party property manager will be selected by the Company or an affiliate of the Company. Within thirty days of the closing of the acquisition, the Company will begin a competitive bidding process to select the most cost-effective competent bid from a pool of third party unrelated general contractors per the scope of work as determined by the Company and its affiliates. In the following thirty days the Company will award the bid to the selected general contractor and renovation work will commence.

The Company anticipates the work on the core building systems and initial vacant units to be completed within ninety days of the awarded bid. Concurrently, the Company will co-ordinate with the Property Manager a lease up process whereby the Property Manager will systematically issue notices of rental increases to the tenants commensurate with the rental targets as determined by the Company.

Tenants who do not accept the rental increases will re-locate and renovation work will begin in that unit based on the scope as determined by the developer subject to the Unit Updates budget constraint. Tenants who do accept the rental increases will remain in their units and no substantial renovation will occur within that unit.

The Company anticipates that the total unit turn and lease up process will take fifteen to eighteen months. Upon completion of the unit turn and renovation process, the Company will seek a debt refinance from a Government Sponsored Enterprise, Bank, CMBS, or other stabilized debt vehicle to pay off the bridge debt raised as part of this Confidential Private Placement Memorandum, a process that the Company anticipates will take ninety days from the end of the stabilization process with a full repayment of the bridge debt to occur within eighteen to twenty-four months. **THERE IS NO GUARANTEE THAT THE STABILIZATION PROCESS AND THE REFINANCING WILL OCCUR DURING THAT PERIOD OF TIME. INVESTORS SHOULD BE AWARE THAT, IN THAT EVENT, IT MAY NOT BE POSSIBLE TO REPAY THEIR PROMISSORY NOTES AS ANTICIPATED.**

Related Entities:

The Company was originally formed by South Shore Property Holdings, LLC a Delaware limited liability company, owned 100% by Jerome H. Cohen, a Florida individual. That affiliate will hold 100% of the membership interests in the Company, Chicago Capital Fund II, LLC. The Company has hired an affiliated developer, EquityBuild Inc., to manage to stabilization process by hiring unrelated third party property managers and general contractors to complete all renovation work on the Buildings. EquityBuild Inc., is wholly owned by Jerome H. Cohen, a Florida individual. The Company has hired EquityBuild Finance, LLC, a wholly owned subsidiary of EquityBuild Inc., to manage and service the initial bridge financing per the terms of this Confidential Private Placement Memorandum.

Fee Structure:

The Company will be entitled to all revenues of the offering entity net of costs and fees, including but not limited to; direct building operating costs, closing costs, management fees, financing charges and interest, and other costs. A developer fee will be paid to EquityBuild Inc. in an amount equal to 10% of the total purchase and renovation costs. An acquisition fee in the amount of 2% of the net purchase price of the building will be paid to EquityBuild Inc. An Asset Management Fee in the amount of 5% of the Net Operating Income of the building shall be paid to the developer, EquityBuild, Inc. A loan origination fee of 4%, based on the initial loan balance and financed interest charges will be paid to EquityBuild Finance, LLC. **THESE FEES WERE NOT NEGOTIATED AT ARMS-LENGTH AND NO REPRESENTATION IS BEING MADE THAT THOSE FEES ARE REASONABLE OR ARE LESS OR MORE THAN WOULD BE NEGOTIATED AT ARMS-LENGTH.**

EXHIBIT E

**FINANCIAL STATEMENTS OF THE
COMPANY**

Profit and Loss			
As of Nov. 2017			
Income			
Total Income			\$ 0.00
Gross Profit			\$ 0.00
Expenses			
Incorporation Fees			\$ 612.00
Total Expenses			\$ 612.00
Net Operating Income			-\$ 612.00
Net Income			-\$ 612.00

Balance Sheet	
As of Nov. 2017	
	Total
ASSETS	
Current Assets	
Bank Accounts	
Wells Fargo	100.00
Total Bank Accounts	\$ 100.00
TOTAL ASSETS	\$ 100.00
LIABILITIES AND EQUITY	
Total Liabilities	\$ 0.00
Equity	
Owners Equity	712.00
Net Income	-612.00
Total Equity	\$ 100.00
TOTAL LIABILITIES AND EQUITY	\$ 100.00

Exhibit F

REINVESTMENT REQUEST FORM

**CHICAGO CAPITAL FUND II, LLC
REINVESTMENT REQUEST FORM**

To: EquityBuild, Inc.
Manager
Chicago Capital Fund II, LLC (the "Company")

Gentlemen:

I previously loaned funds to an affiliate of your Company, and I would like to reinvest the proceeds of my loan in the Company. Here is the information on my loan to an affiliate and the amount that I want to invest in the Company:

Name of Lender(s) Kirk Road Investments, LLC

Address of Lender(s) 1511 Kirkwood Drive; Geneva, IL 60134

Initial Loan Amount \$ 15,000.00

Accrued Interest (to date) \$ paid

Total Due to me \$ 15,000.00

Entity that is the Borrower EquityBuild, Inc.

Date of Initial Loan 7/22/2015

Amount of Proceeds to be Invested in the Company \$ 15,000.00

Amount of Proceeds to be returned to me or my IRA custodian \$ _____

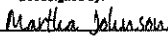
(For IRA investments only): Name and address of IRA Custodian:

Account Number of IRA: _____

I UNDERSTAND THAT MY PROPOSED SUBSCRIPTION FOR AN EQUITY INTEREST IN THE COMPANY IS SUBJECT TO THE TERMS AND CONDITIONS OF THE CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM DATED NOVEMBER 20, 2017, WHICH I HAVE RECEIVED AND REVIEWED, AND THAT SUCH UNITS ARE BEING OFFERED SUBJECT TO AN EXEMPTION FROM THE REQUIREMENTS OF REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. I UNDERSTAND THAT THE FUNDS BEING INVESTED IN THE COMPANY ARE FOR AN EQUITY INVESTMENT, NOT A DEBT INVESTMENT OR A LOAN. I FURTHER UNDERSTAND THAT MY ACCEPTANCE AS A SUBSCRIBER BY THE COMPANY IS AT THE DISCRETION OF THE COMPANY.

Account Owner Authorization and Signature

I hereby authorize EquityBuild, Inc., EquityBuild Finance, LLC and its subsidiaries and affiliates, and their agents to hold and release funds necessary to make the investment into the Company, based on the instructions above.

DocuSigned by:

BADB675F47C8401...

Printed Name: Kirk Road Investments, LLC

Date: 12/9/2017

FOR INTERNAL USE ONLY

Reviewed by Placement Agent: Yes No

Date Reviewed: _____

Review Conducted by: _____

Exhibit G

MORTGAGE

After Recording Return To:

MORTGAGE

THIS MORTGAGE (“MORTGAGE”) is made as of December 7th, 2017, by and between **CHICAGO CAPITAL FUND II, LLC** (the “GRANTOR”), for the benefit of the persons listed on Exhibit B attached hereto (collectively, the “BENEFICIARIES”).

RECITALS

WHEREAS, BENEFICIARIES have agreed to extend loans to the BORROWER in the aggregate principal amount of Seven Million Sven Hundred Fifty Thousand and 00/100 Dollars (\$7,750,000.00) (collectively herein, “LOAN”), which loans are evidenced by Promissory Notes (“NOTES”). The Maturity Date of the NOTES is December 1st, 2019.

As used in this MORTGAGE, the term “OBLIGATIONS” means: (a) the payment to the BENEFICIARIES of any and all sums owed by the GRANTOR to the BENEFICIARIES in accordance with the terms of the NOTES and MORTGAGE; (b) the performance by the GRANTOR of all the terms, covenants and conditions contained in this MORTGAGE and the NOTES; (c) the repayment of all sums which are at any time or from time to time advanced or paid by the BENEFICIARIES in accordance with the authorizations contained in this MORTGAGE; and (d) the payment of all of the costs, fees, commissions, and expenses of the BENEFICIARIES or any one of them in enforcing the provisions of the NOTES and this MORTGAGE.

The GRANTOR has agreed to grant the real property (the “LAND”) situated and lying in the State of Illinois as more particularly described on Exhibit A attached hereto, to the BENEFICIARIES, as security for the repayment and performance of the LOAN and as security for the satisfaction of all of the GRANTOR’S OBLIGATIONS.

NOW, THEREFORE, in consideration of the BENEFICIARIES’ agreements under the NOTES and this MORTGAGE, and in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the GRANTOR hereby agrees as follows for the benefit of the BENEFICIARIES:

GRANT

To secure the full and absolute payment and performance of each of the OBLIGATIONS, the GRANTOR grants, pledges, assigns, transfers and conveys the LAND to the BENEFICIARIES.

TOGETHER WITH all buildings, structures, and improvements, and all replacements thereof, now or hereafter existing on or to be erected upon the LAND (collectively, “IMPROVEMENTS”). The LAND and IMPROVEMENTS are collectively referred to as the “REAL PROPERTY.”

AND TOGETHER WITH all plant, equipment, apparatus, machinery, fittings, appliances, furniture, furnishings, fixtures and other chattels and personal property and replacements thereof, owned by the GRANTOR and now or at any time hereafter affixed or attached to, incorporated in, placed upon,

or in any way used in connection with the current or future utilization, enjoyment, occupation, or operation of the REAL PROPERTY, including by way of example and not by way of limitation, all lighting, heating, ventilating, air conditioning, incinerating, sprinkling, laundry, lifting and plumbing fixtures and equipment, water and power systems, loading and unloading equipment, burglar alarms and security systems, fire prevention and fire extinguishing systems and equipment, engines, boilers, ranges, refrigerators, stoves, furnaces, oil burners or units, communication systems and equipment, dynamos, transformers, motors, tanks, electrical equipment, elevators, escalators, cabinets, partitions, ducts, compressors, switchboards, storm and screen windows and doors, pictures, sculptures, awnings and shades, signs and shrubbery; as well as all building and construction materials and supplies of every kind, nature and description owned by the GRANTOR and located on or at the REAL PROPERTY, whether or not yet incorporated into any building, structure, or improvement, or located elsewhere and not as yet delivered to the REAL PROPERTY, which are intended to be used for the purpose of erecting, renovating, restoring, or repairing any building, structure, or improvement on the REAL PROPERTY, including by way of example and not by way of limitation, all steel, iron, concrete, sheet rock and plaster board, screws, paint, plaster, plastics, insulation, fiberglass, wood and wood products, glass, bricks, mortar, masonry, pipes, wiring, linoleum and tile and other floor and wall coverings, roofing and roofing materials, framing and molding (collectively, "PERSONALTY"), all of which the GRANTOR declares to be fixtures and permanent additions to the REAL PROPERTY.

AND TOGETHER WITH all plans and specifications, surveys and surveyor's reports, engineer's and architect's reports, diagrams and drawings, all licenses, permits and approvals and applications therefor from governmental authorities, service contracts, books, records, reports, accounting records, invoices, change orders, correspondence, diagrams, drawings, schematics, sales and promotional literature and forms, advertising materials and the like, wherever located and whenever created, compiled, or made with respect to the construction, leasing, use or occupancy of the REAL PROPERTY or any portion thereof.

AND TOGETHER WITH all easements, rights, privileges, and appurtenances thereunto belonging or in any way appurtenant, and all of the right, title, interest, estate, or claim of the GRANTOR in or to the streets, ways, alleys, and waters adjoining or adjacent to the REAL PROPERTY, whether now existing or hereafter acquired.

AND TOGETHER WITH all rights, benefits, profits, rents, and monies payable under, by reason of, or with respect to any restrictive covenants, easements, agreements applicable to the REAL PROPERTY or adjoining lands, or contracts of sale with respect thereto, and all proceeds and products thereof, with the right to: (a) collect any sums of money at any time payable to the GRANTOR in consequence of such rights and benefits, including the release, modification, or amendment thereof, for application to the OBLIGATIONS; and (b) utilize any collection or enforcement rights or remedies to collect the same which may be available to the GRANTOR under law.

AND ALSO TOGETHER WITH: (a) all of the proceeds of the voluntary or involuntary conversion of the aforementioned property or any part of the aforementioned property into cash or liquidated claims, whether by way of condemnation, insured casualty, judgment or otherwise, as well as a security interest which is hereby granted to the BENEFICIARIES in the same; (b) all rents, profits, and benefits, including any deposits of tenants to secure payment of the same and performance of the terms and conditions of any oral or written lease, with respect to the leasing of all or any portion of the REAL PROPERTY (each such lease is referred to herein as a "LEASE" and any and all rents, profits or other benefits payable under any LEASE are collectively referred to herein as "RENTS"), with the right to collect the RENTS at any time for application to the OBLIGATIONS and to utilize any collection or enforcement rights or remedies which may be available to the GRANTOR under law or any LEASE, but without any duty or obligation to perform on behalf of the GRANTOR any of the GRANTOR'S duties or

obligations to any lessee under any LEASE (each such lessee is referred to herein as a "LESSEE"); and (c) all revenues and profits, accounts receivable and contract rights, including any deposits of purchasers, with respect to any contract of sale for the sale of any of the aforementioned property, including without limitation any contract for the sale of all or any part of the REAL PROPERTY, with the right to collect the same at any time for application to the OBLIGATIONS and to utilize any collection or enforcement rights or remedies which may be available to the GRANTOR under law or any contract of sale, but without any duty or obligation to perform on behalf of the GRANTOR any of the GRANTOR'S duties or obligations with respect thereto.

All of the aforementioned REAL PROPERTY, PERSONALTY, and other rights and benefits and all other property described in the above stated granting clauses of this MORTGAGE are collectively referred to herein as the "SECURED PROPERTY."

TO HAVE AND TO HOLD the SECURED PROPERTY to secure the full, complete, timely and absolute payment, performance, completion, and satisfaction of each of the OBLIGATIONS, whether such OBLIGATIONS are existing or hereafter arising; provided, however, that if all of the OBLIGATIONS are duly paid, performed, completed and satisfied, and all agreements of the BENEFICIARIES to extend the LOAN or make any advances of principal thereunder or to make any other advance of sums under the NOTE shall have been terminated, then the BENEFICIARIES shall release and reconvey the SECURED PROPERTY to the GRANTOR or shall otherwise terminate this MORTGAGE, at the sole cost and expense of the GRANTOR.

ARTICLE 1)
REPRESENTATIONS, WARRANTIES,
COVENANTS AND AGREEMENTS OF THE GRANTOR

The GRANTOR represents, warrants, covenants and agrees as follows:

Section 1.1. Payment of Obligations. The GRANTOR shall pay punctually all of the OBLIGATIONS, together with interest thereon and any penalty, fee, charge, deposit, escrow or assessment, at the times and in the manner and amounts set forth in the NOTE and any amendment, substitution, extension or renewal thereof, this MORTGAGE, or as set forth in any other agreement or writing between the BENEFICIARIES and the GRANTOR relating or pertaining to any of the OBLIGATIONS.

Section 1.2. Performance. The GRANTOR shall perform fully all duties, obligations, and requirements and comply in all respects with the OBLIGATIONS, including without limitation each of the terms, covenants, conditions, representations and warranties of this MORTGAGE and the NOTE.

Section 1.3 Impositions. The GRANTOR shall pay and discharge, when and as due: (1) all taxes of every kind and nature, including without limitation all real property taxes and all personal property taxes; (2) all general and special assessments and levies; (3) all water, sewer and other utility charges, rents, and assessments; and (4) any and all other public charges, dues, levies, impositions, or assessments of a like or different nature, imposed upon or assessed against the SECURED PROPERTY or the rents, issues, income or profits thereof, and which are or may become liens against the same, as well as any ground rent to which the REAL PROPERTY may be subject (all of the foregoing items described in clauses (a), (b), (c) and (d) are collectively referred to herein as "IMPOSITIONS"). The GRANTOR shall not permit to exist any lien or security interest for any IMPOSITION other than (i) liens for taxes, assessments, levies, fees, rents, ground rents, and public charges not yet delinquent, and (ii) liens and security interests to which the BENEFICIARIES has specifically and in writing consented and with respect to which the GRANTOR has paid currently all sums secured thereby. The GRANTOR,

promptly upon the request of the BENEFICIARIES, shall deliver to the BENEFICIARIES receipts evidencing the payment of all IMPOSITIONS.

Section 1.4 Insurance. The GRANTOR shall maintain the following insurance coverages:

1.4.1 Casualty And Flood Insurance.

(1) Casualty Insurance. The GRANTOR shall obtain and at all times maintain “all-risk” casualty insurance insuring the SECURED PROPERTY against all risks which are customarily insured under “all-risk” insurance, in amounts equal to the greater of (i) the full replacement value of the SECURED PROPERTY, or (ii) an amount sufficient to prevent co-insurance liability. The coverage provided by such policy or policies shall include coverage for any and all loss or damage caused by fire, collapse, vandalism, malicious mischief, water damage, damage from rain, snow, sleet or ice, use of defective materials or methods in construction and such other risks as the BENEFICIARIES may reasonably require.

(2) Flood Insurance. If at any time all or any portion of the IMPROVEMENTS are determined to be located in an area designated as a special flood hazard area or as otherwise having special flood or mudslide hazards (“FLOOD HAZARD AREA”) by the Secretary of Housing and Urban Development or the Director of the Federal Emergency Management Agency, pursuant to the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973, as amended by the National Flood Insurance Reform Act of 1994, 42 U.S.C. Sections 4001-4129, as amended, the GRANTOR shall obtain and thereafter shall maintain flood hazard insurance in the full insurable value of the IMPROVEMENTS and the PERSONALTY located in or on such FLOOD HAZARD AREA, or the full amount of coverage available, if less than the full insurable value of such property. The GRANTOR shall be required to provide flood hazard insurance as described unless the GRANTOR’S insurance broker or a substitute therefor acceptable to the BENEFICIARIES certifies to the BENEFICIARIES in writing that the REAL PROPERTY is not in a FLOOD HAZARD AREA.

(3) General Requirements. No policy of casualty, builder’s risk, environmental, or flood insurance, if applicable, shall be subject to an aggregate loss deductible which exceeds any amount designated by the BENEFICIARIES as the permitted deductible with respect thereto. Duplicate originals or certified true copies of all policies of casualty insurance and, if applicable, builder’s risk, environmental, and flood insurance, shall be delivered to and retained by the BENEFICIARIES. The BENEFICIARIES shall be named under each such policy as first mortgagee, under a standard mortgage clause, and as sole loss payee. All casualty, builder’s risk, environmental, and flood insurance shall be written on forms which are reasonably satisfactory to the BENEFICIARIES, and which bear an endorsement prohibiting cancellation, material modification or termination, unless thirty (30) calendar days prior written notice thereof is provided to the BENEFICIARIES. Promptly after any casualty loss, the GRANTOR shall give the BENEFICIARIES notice of the same and the BENEFICIARIES shall have the right to join the GRANTOR in adjusting any loss resulting from such casualty. The proceeds arising from any casualty loss shall be payable to the GRANTOR, to be applied in accordance with paragraph 1.4.1 (d) below.

(4) Application of Insurance Proceeds. All insurance proceeds paid for each casualty loss to collateral securing any of the OBLIGATIONS shall be paid directly to the BENEFICIARIES to be applied, at the BENEFICIARIES’S option, either (i) to the repayment of the OBLIGATIONS (whether or not otherwise then due), with the balance of any such proceeds, if any, payable to or otherwise for the account of the GRANTOR, or (ii) to the payment of charges or expenses actually incurred by the GRANTOR in the restoration, reconstruction, repair, renovation or replacement of the damaged or destroyed collateral, pursuant to terms and conditions reasonably acceptable to the

BENEFICIARIES in its sole discretion. Provided that no event or circumstance has occurred and is continuing which is, or which with the giving of notice, the passage of time, or both, would be an "EVENT OF DEFAULT" (as hereinafter defined), the GRANTOR shall be permitted to use the insurance proceeds paid for each casualty loss securing the OBLIGATIONS to restore, reconstruct, or repair the loss, provided that the following conditions are satisfied: (A) no EVENT OF DEFAULT subsequently occurs during the course of the restoration, reconstruction, repair, renovation or replacement, (B) the applicable insurer has waived any right of subrogation against the GRANTOR regarding any insurance proceeds paid in connection with the insured casualty loss, (C) the amount of insurance proceeds, together with any separate funds set aside by the GRANTOR, are sufficient to accomplish the required restoration, reconstruction, repair, renovation, or replacement in a manner reasonably satisfactory to the BENEFICIARIES, (D) the GRANTOR submits a construction schedule, budget, and plans and specifications for the restoration or reconstruction which are reasonably satisfactory to the BENEFICIARIES, (E) the restoration, reconstruction, repair, renovation or replacement is diligently pursued in a workmanlike manner reasonably satisfactory to the BENEFICIARIES, and (F) the GRANTOR submits to the BENEFICIARIES an appraisal of the REAL PROPERTY, in form and substance acceptable to the BENEFICIARIES. Any insurance proceeds which are made available for paying the cost of repairing, replacing, restoring or reconstructing any damaged or destroyed collateral, as well as any additional sums to be contributed by the GRANTOR, shall be retained by the BENEFICIARIES, as additional security for the OBLIGATIONS, to be advanced to the GRANTOR over the course of such restoration, reconstruction, repair, renovation or replacement, under conditions and in accordance with procedures reasonably satisfactory to the BENEFICIARIES.

1.4.2 Commercial Liability. The GRANTOR shall obtain and at all times maintain commercial general liability insurance in amounts and upon policy forms satisfactory to the BENEFICIARIES, insuring against liability of the GRANTOR for damages (and actions for damages) as a result of any bodily injury, property damage or personal injury. The commercial liability insurance shall also provide products and completed operations and owner's protective liability coverages. The BENEFICIARIES shall be named as an additional insured under each commercial liability insurance policy, and the amounts of such insurance shall be at least equal to that customarily maintained by persons under similar circumstances and having facilities and providing services similar to those of the GRANTOR (or the GRANTOR'S general contractor, as the case may be), but in any event the amounts of coverage for bodily injury shall not be less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate. On the reasonable request of BENEFICIARIES, the GRANTOR shall supply the BENEFICIARIES with certificates summarizing the terms of such liability insurance policy and paid receipts indicating the payment of premiums due thereon.

1.4.3 Other Insurance Coverages. The GRANTOR shall maintain such other insurance coverages as are customarily maintained by persons in similar circumstances having facilities of comparable size and offering comparable services or products as those of the GRANTOR.

1.4.4 Qualification of Insurers. The insurance coverages required by this MORTGAGE shall be issued by insurers qualified to issue insurance in the state where the REAL PROPERTY is located (and, where necessary to provide the required coverages, any other jurisdiction in which property of the GRANTOR may be located or the GRANTOR may conduct operations or provide services). The insurers shall each be otherwise reasonably satisfactory to the BENEFICIARIES.

Section 1.5 Condition and Use of Improvements. The GRANTOR shall not abandon the SECURED PROPERTY at any time, nor commit any waste on the SECURED PROPERTY, nor make any change in the use of the SECURED PROPERTY which will in any way increase any ordinary fire or other hazard insurance risk arising out of the operation of, or the construction of IMPROVEMENTS on,

the SECURED PROPERTY. The GRANTOR shall maintain and keep the SECURED PROPERTY in good operating order and condition at all times and shall promptly make, from time to time, all repairs, renewals, replacements, additions, and improvements in connection therewith which are needed or desirable. The IMPROVEMENTS shall not be removed, demolished or substantially altered, nor shall any PERSONALTY be removed therefrom, without the prior written consent of the BENEFICIARIES, except where appropriate replacements, free of superior title, liens, security interests, or claims, are immediately made of a value at least equal to the value of the PERSONALTY removed. The GRANTOR shall permit the BENEFICIARIES, or their agents or employees, at all reasonable times to enter and inspect the SECURED PROPERTY.

Section 1.6 Title To Real Property; Permitted Liens. The GRANTOR warrants to the BENEFICIARIES that as of the date hereof the GRANTOR has good and marketable title to the SECURED PROPERTY free and clear of any and all liens, charges, restrictions, encumbrances, security interests and adverse claims whatsoever, other than liens, charges, restrictions, encumbrances or security interests which are: (1) set forth as exceptions to any commitment for title insurance or any title insurance policy accepted by the BENEFICIARIES; (2) expressly permitted as a prior lien or encumbrance pursuant to another provision of this MORTGAGE; or (3) otherwise expressly consented to in writing by the BENEFICIARIES (the items described in the foregoing clauses (a), (b) and (c) are collectively referred to herein as "PERMITTED LIENS"). The GRANTOR covenants and agrees that, at all times until the full payment, performance and satisfaction of the OBLIGATIONS, the GRANTOR shall (i) maintain good and marketable title to the SECURED PROPERTY free and clear of any and all liens, charges, restrictions, encumbrances, security interests and adverse claims whatsoever, excepting only PERMITTED LIENS and any subordinate liens on the SECURED PROPERTY which are consented to in writing by the BENEFICIARIES from time to time such consent not to be unreasonably withheld, (ii) take all steps and do all things reasonably necessary to establish, protect, preserve, and maintain the priorities and status of the liens and security interests in the SECURED PROPERTY established or intended to be established by this MORTGAGE; and (iii) forever warrant and defend the GRANTOR'S title to the SECURED PROPERTY and the validity and priorities of the liens and security interests of the MORTGAGE against the claims of any and all other persons. The GRANTOR agrees that the GRANTOR will execute such other and further assurances as may be reasonably required by the BENEFICIARIES.

Section 1.7 Transfer or Encumbrance. Title to all or any portion of the SECURED PROPERTY shall not be acquired by any person or entity other than the GRANTOR, by voluntary or involuntary conveyance, transfer, grant or assignment, by operation of law, or in any other manner, or, except for PERMITTED LIENS, become encumbered or charged with a lien or security interest of any kind or variety, whether voluntary or involuntary, including any mechanic's or materialman's lien or judgment lien, without the prior written consent of the BENEFICIARIES. The transfer or pledge of any ownership, equity, or voting interests in the GRANTOR, or the creation or issuance of additional ownership, equity, or voting interests which have the effect of diluting the then existing ownership, equity, or voting interests in the GRANTOR, shall constitute a prohibited transfer hereunder. The contrary notwithstanding, if the ownership of the SECURED PROPERTY becomes vested in any person or entity other than the GRANTOR, the or the BENEFICIARIES may, without notice to or consent from the GRANTOR, deal with such successor or successors in interest with reference to this MORTGAGE and the OBLIGATIONS in the same manner as with the GRANTOR, and any extension of the time of payment or performance of any of the OBLIGATIONS or any other modifications of the terms of the OBLIGATIONS thereafter shall not relieve the GRANTOR of the GRANTOR'S duties and liabilities to pay and perform the OBLIGATIONS when and as required by the terms of the NOTE and this MORTGAGE.

Section 1.8 Condemnation. The GRANTOR shall promptly notify the BENEFICIARIES of: (1) the institution of any proceedings for the condemnation of the SECURED PROPERTY or any portion thereof; or (2) any offer by any governmental authority, public utility or other PERSON having the power to exercise any right or power of condemnation, to purchase the SECURED PROPERTY or any portion thereof in lieu of the institution of condemnation proceedings. The GRANTOR shall promptly provide to the BENEFICIARIES copies of all pleadings and papers filed in any condemnation or other proceedings involving the SECURED PROPERTY. The BENEFICIARIES may participate in any such proceedings and the GRANTOR from time to time shall deliver to the BENEFICIARIES all instruments requested by them to permit such participation. All condemnation awards and other compensation are hereby assigned by the GRANTOR to the BENEFICIARIES, and upon receipt shall be paid to the BENEFICIARIES for application to the OBLIGATIONS. The BENEFICIARIES shall be under no obligation to question or contest the amount of any proposed condemnation award or compensation. The BENEFICIARIES shall have the right to have their interests represented in any condemnation proceedings by counsel selected by them at the sole expense of the GRANTOR.

Section 1.9 Zoning, Etc.; Restrictive Covenants. The GRANTOR shall comply in all material respects in the use and ownership of the SECURED PROPERTY with all applicable laws, rules and regulations of any federal, state, and local governmental authorities having jurisdiction over the SECURED PROPERTY, including but not limited to all zoning, subdivision, land use, and development laws, rules and regulations. The GRANTOR shall further comply in all material respects with all restrictions, covenants, easements, set-backs and other limitations on the use of the SECURED PROPERTY contained in documents of public record.

Section 1.10 Security Agreement. This MORTGAGE is intended to constitute a security agreement from the GRANTOR to the BENEFICIARIES in accordance with the District of Columbia UNIFORM COMMERCIAL CODE. The GRANTOR agrees to execute and deliver to the BENEFICIARIES for filing with the appropriate filing offices such financing and continuation statements as may be reasonably required by the BENEFICIARIES to perfect or continue as perfected the security interests created by this MORTGAGE.

Section 1.11 Environmental Requirements. The GRANTOR shall operate the SECURED PROPERTY in compliance with all federal, state, or local law, statute, ordinance or regulation, or court or administrative order or decree, or private agreement (collectively, "ENVIRONMENTAL REQUIREMENTS"). The GRANTOR shall defend, indemnify and hold harmless the BENEFICIARIES from all claims, actions, proceedings, losses, liabilities, damages, costs and expenses, including without limitation reasonable attorney's fees, for any failure or alleged failure of the SECURED PROPERTY to comply in all respects with all ENVIRONMENTAL REQUIREMENTS, and against all claims, actions, or proceedings which are based on or allege any failure of the GRANTOR, the BENEFICIARIES or the SECURED PROPERTY to comply in all respects with all applicable ENVIRONMENTAL REQUIREMENTS. The provisions of this Section and the duties of indemnification and to defend owed by the GRANTOR to the BENEFICIARIES shall survive payoff, release, or foreclosure of this MORTGAGE.

ARTICLE 2) EVENTS OF DEFAULT

The occurrence of any of the following events after the expiration of any applicable written notice, grace, and/or cure rights set forth in Section 2.8 hereof shall constitute an event of default ("EVENT OF DEFAULT") under this MORTGAGE and during the continuance thereof, shall entitle the BENEFICIARIES to exercise all rights and remedies provided in Article 3 hereof:

Section a) Failure To Pay Or Perform Obligations. A failure by the GRANTOR to pay or perform any of the OBLIGATIONS set forth in the NOTE and MORTGAGE, when and as due.

Section b) Involuntary Bankruptcy. The institution of involuntary "INSOLVENCY PROCEEDINGS" (as hereinafter defined) against the GRANTOR and the failure of any such INSOLVENCY PROCEEDINGS to be dismissed before the earliest to occur of: (a) the date which is ninety (90) calendar days after the institution of such INSOLVENCY PROCEEDINGS; (b) the entry of any order for relief in the INSOLVENCY PROCEEDING or any order adjudicating the GRANTOR insolvent; or (c) the impairment (as to validity, priority or otherwise) of any security interest or lien which secures the BENEFICIARIES. The term "INSOLVENCY PROCEEDINGS" means, with respect to any referenced person, any case or proceeding commenced by or against such person, under 11 U.S.C. Section 101, et seq., as amended ("UNITED STATES BANKRUPTCY CODE"), or under any other federal or state bankruptcy or insolvency law, or any assignments for the benefit of creditors, formal or informal moratoriums, receiverships, compositions or extensions with some or all creditors with respect to any indebtedness of such person.

Section c) Voluntary Bankruptcy. The commencement by the GRANTOR of a voluntary INSOLVENCY PROCEEDINGS.

Section d) Notice and Cure Rights. The contrary notwithstanding, no EVENT OF DEFAULT shall be deemed to have occurred until after the expiration of the applicable grace, notice, and/or cure period, if any.

ARTICLE 3) RIGHTS ON EVENT OF DEFAULT

Upon the occurrence and during the continuance of an EVENT OF DEFAULT, the BENEFICIARIES may accelerate and declare immediately due and payable all or any portion of the OBLIGATIONS, and institute foreclosure proceedings as provided below and may, with or without declaring the OBLIGATIONS immediately due and payable, and with or without foreclosing, exercise any other right or remedy provided for herein or in the NOTE, or as otherwise provided by applicable laws.

Section a) Foreclosure. Upon the occurrence of an EVENT OF DEFAULT, the GRANTOR further authorizes and grants to the BENEFICIARIES the right to sell the SECURED PROPERTY by judicial proceeding. Any sale of the SECURED PROPERTY shall be made in accordance with laws of Illinois and shall require the joinder of all BENEFICIARIES as parties to the judicial foreclosure action. The terms of the sale may be cash upon settlement of the sale or upon such other and additional terms except as specifically limited by applicable law or court rule. Such sale may be of the entire SECURED PROPERTY as a unit or of such parts or parcels of the entire SECURED PROPERTY as the BENEFICIARIES, in their sole and absolute discretion, deem necessary, proper, or convenient as permitted under the judicial proceedings.

i) Application of Proceeds. Upon the sale of the SECURED PROPERTY, the proceeds shall be applied as follows.

(a) To the payment of all expenses incident to the sale, including reasonable counsel fees.

(b) To the payment of the OBLIGATIONS, including interest thereon at the rate provided in the NOTE or in any other related document until final ratification of the final auditor's account in the foreclosure proceeding; and

(c) The balance remaining, if any, shall be paid to the GRANTOR, or to whomsoever shall be judicially determined to be entitled to the same.

Section b) Right To Maintain Separate Action. In the event that the GRANTOR fails to pay any OBLIGATIONS when and as due in accordance with the terms of the NOTE and this MORTGAGE, the BENEFICIARIES shall, in addition to all other rights and remedies to which it is entitled under this MORTGAGE, be entitled to institute such other actions or proceedings at law or in equity as selected by the BENEFICIARIES, jointly and severally. In such event, and without regard to any proceedings initiated by the BENEFICIARIES hereunder, the BENEFICIARIES may prosecute any such other actions or proceedings to judgment or final decree, and may enforce any such judgments or final decrees against the GRANTOR and collect out of the property of the GRANTOR wherever situated, as well as out of the SECURED PROPERTY, in any manner provided by law, monies adjudged or decreed to be payable. The BENEFICIARIES shall be entitled to recover judgment as aforesaid before, after, or during the pendency of any proceedings for the enforcement of the provisions of this MORTGAGE, or the foreclosure of the lien hereof. In the event of a sale of the SECURED PROPERTY, and of the application of the proceeds of sale as provided in this MORTGAGE, to the payment of the OBLIGATIONS, the BENEFICIARIES shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon the OBLIGATIONS, and shall be entitled to recover judgment for any portion of the OBLIGATIONS remaining unpaid, with interest as provided in the NOTE. No recovery of any judgment by the BENEFICIARIES and no levy of an execution under any judgment upon the SECURED PROPERTY or upon any other property of the GRANTOR shall affect in any manner or to any extent the lien of this MORTGAGE upon the SECURED PROPERTY or any part thereof, or any liens, rights, powers, or remedies of the BENEFICIARIES hereunder, and such liens, rights, powers, and remedies shall continue unimpaired as before. Any monies thus collected by the BENEFICIARIES under this Section shall be applied by the BENEFICIARIES in accordance with the provisions of Section 3.1.1.

Section c) Remedies Nonexclusive. The rights and remedies provided in this Article 3 upon the occurrence and during the continuance of an EVENT OF DEFAULT existing beyond the expiration of any applicable notice and cure period, shall be nonexclusive and shall be in addition to all other remedies and rights available under this MORTGAGE and the NOTE or applicable law. All rights and remedies available upon the occurrence and during the continuance of an EVENT OF DEFAULT existing beyond the expiration of any applicable notice and cure period shall be cumulative and the exercise of any one or more of the available rights and remedies shall not be considered as or result in a waiver of any other right or remedy and any particular right or remedy may be exercised in conjunction with any or all other rights and remedies provided hereunder.

ARTICLE 4) MISCELLANEOUS

Section a) Waivers. The BENEFICIARIES may at any time or from time to time waive all or any rights under this MORTGAGE or the NOTES, but any waiver or indulgence by the BENEFICIARIES at any time or from time to time shall not constitute, unless specifically so expressed by the BENEFICIARIES in writing, a future waiver of performance or exact performance by the GRANTOR.

Section b) Binding Obligation. This MORTGAGE shall be binding upon the parties and their successors and assigns.

Section c) Final Agreement. This MORTGAGE and the NOTE contain the final and entire agreement and understanding of the parties, and any terms and conditions not set forth in this MORTGAGE or the NOTE are not a part of this MORTGAGE and the understanding of the parties hereto.

Section d) Amendment. This MORTGAGE may be amended or altered only in a writing signed by the party to be bound by the amendment, change or alteration.

Section e) Notices. Any notice required or permitted by or in connection with this MORTGAGE shall be in writing and shall be sent by certified mail, return receipt requested or overnight delivery to the party at its address on the NOTE and shall be effective upon its receipt.

Section f) Incorporation by Reference. The terms, conditions, and provisions of the NOTE are incorporated by reference in this MORTGAGE to the same extent as if set forth in full in this MORTGAGE. Should any of the terms, conditions, and provisions of any other LOAN DOCUMENT conflict with the terms, conditions, or provisions of this MORTGAGE, the BENEFICIARIES shall be entitled to select which of the terms, covenants, and conditions shall govern and control.

Section g) Joint and Several Beneficiaries. If there exists more than one BENEFICIARY, an action for judicial foreclosure of the MORTGAGE shall require the joinder of all BENEFICIARIES.

Section h) Invalidity. If any provision or part of any provision contained in this MORTGAGE shall be found for any reason to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or the remaining part of any effective provisions of this MORTGAGE and this MORTGAGE shall be construed as if such invalid, illegal, or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality, or unenforceability.

Section i) Choice of Law. The laws of the State of Illinois (excluding, however, conflict of law principles) shall govern and be applied to determine all issues relating to this MORTGAGE and the rights and obligations of the parties hereto, including the validity, construction, interpretation, and enforceability of this MORTGAGE and its various provisions.

Section j) Consent to Jurisdiction; Agreement As To Venue. The GRANTOR and BENEFICIARIES (by accepting the grant of this MORTGAGE), irrevocably consent to the non-exclusive jurisdiction of the courts of the State of Illinois, including the United States District Court located in Illinois, if a basis for federal jurisdiction exists. The GRANTOR and the BENEFICIARIES agree that venue shall be proper in any circuit court of the State of Illinois selected by the other party or in any United States District Court located in State of Illinois if a basis for federal jurisdiction exists and waive any right to object to the maintenance of a suit in any of the state or federal courts of the State of Illinois on the basis of improper venue or of inconvenience of forum.

Section k) Time. Time is of the essence with respect to all OBLIGATIONS.

Section l) USA Patriot Act. Neither the GRANTOR nor any affiliate of GRANTOR shall at any time be identified in any list of known or suspected terrorists published by any United States government agency, including, without limitation, (i) the annex to Executive Order 13224 issued on September 23, 2001 by the President of the United States and (ii) the Specially Designated Nationals List published by the United States Office of Foreign Assets Control.

Section m) Counterparts. This MORTGAGE may be executed in two or more counterparts, which when taken together shall constitute one and the same instrument.

Section n) Waiver of Trial By Jury. The GRANTOR, by its execution, and the BENEFICIARIES, by their acceptance, of this MORTGAGE, agree that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by either party hereto or any successor or assign of any party on or with respect to this MORTGAGE or which in any way relates, directly or indirectly, to this MORTGAGE or any event, transaction, or occurrence arising out of or in any way connected with this MORTGAGE, or the dealings of the parties with respect thereto (including without limitation any claims arising as a result of or in any way related to any foreclosure or other enforcement actions or the exercise by the BENEFICIARIES of any remedies), shall be tried only by a court and not by a jury. **EACH PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION, OR PROCEEDING.**

[Signature and Notary Acknowledgment Follow on Next Page]

[Signature and Notary Acknowledgment to MORTGAGE]

IN WITNESS WHEREOF, the GRANTOR has duly executed this MORTGAGE under seal as of the date first above written.

WITNESS/ATTEST:

GRANTOR:

CHICAGO CAPITAL FUND II, LLC

By: _____ (Seal)

STATE OF _____
COUNTY OF _____, to wit:

I HEREBY CERTIFY, that on this ____ day of _____, 201____, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared _____, the _____ of **Chicago Capital Fund II, LLC**, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within Mortgage and acknowledged that being duly authorized he executed the same for the purposes therein contained and in the capacity therein stated.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____(SEAL)
Notary Public:

My Commission Expires:

EXHIBIT A

EXHIBIT A - DESCRIPTION OF PROPERTY

Parcel 1: Lots 18, 19 and 20 in Block 2 in South Shore Park, being a Subdivision of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ (except streets) in Section 30, Township 38 North, Range 15, East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 2: Lots 27 to 30, inclusive in Block 12 in B. F. Jacob's Subdivision of Blocks 12 and 13 in the Circuit Court Commissioner's Partition of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ and the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ Section 31, Township 38 North, Range 15, East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 3: Lots 45 (except the Westerly 80.00 feet thereof) and Lot 47 (except the Westerly 80.00 feet thereof and except the Southerly 50.00 feet thereof) in Division No. 1, in Westfall's Subdivision of the East $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Southeast Fractional $\frac{1}{4}$ of Section 30, Township 38 North, Range 15, East of the Third Principal Meridian, in Cook County, Illinois.

Permanent Index Numbers: 21-30-302-011-0000, 21-31-115-016-0000 & 21-30-410-002-0000.

Property Addresses: 7549-59 S Essex Ave, Chicago, IL 60649, 8047-55 S Manistee Ave., Chicago, IL 60617 & 2909 E 78th St., Chicago, IL 60649.

EXHIBIT B

BENEFICIARIES

Lender Name And Address	Principal Amount	Note Date	Percentage of Loan



Certificate Of Completion

Envelope Id: 67E1D34B4E3B4E40BD21E8B99D0AE39F
 Subject: Chicago Capital Fund II, LLC - Kirk Road Investments, LLC- Investment Packet
 Source Envelope:
 Document Pages: 98 Signatures: 4
 Certificate Pages: 5 Initials: 1
 AutoNav: Enabled
 EnvelopeId Stamping: Enabled
 Time Zone: (UTC-06:00) Central Time (US & Canada)

Status: Completed

Envelope Originator:
 EquityBuild Documents Team
 757 E 20th Suite 370
 Denver, CO 80205
 docs@equitybuild.com
 IP Address: 99.92.207.241

Record Tracking

Status: Original
 12/1/2017 6:20:05 PM

Holder: EquityBuild Documents Team
 docs@equitybuild.com

Location: DocuSign

Signer Events

EquityBuild Documents Team
 docs@equitybuild.com
 Customer Service Rep
 EquityBuild, Inc.

Security Level: Email, Account Authentication
 (None)

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Elizabeth Kammerer
 elizabeth@equitybuildfinance.com
 Closing Coordinator
 EquityBuild, Inc.

Security Level: Email, Account Authentication
 (None)

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Martha Johnson
 johnson.ma@sbcglobal.net
 Security Level: Email, Account Authentication
 (None)

Electronic Record and Signature Disclosure:
 Accepted: 11/25/2015 11:32:31 AM
 ID: bc9d91f1-9979-4600-8e1a-61c8c17f1aa2

EquityBuild Documents Team
 docs@equitybuild.com
 Customer Service Rep
 EquityBuild, Inc.

Security Level: Email, Account Authentication
 (None)

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

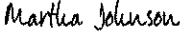
Signature

Completed

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Completed

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Completed

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Timestamp

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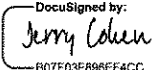
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Sent: 12/9/2017 8:12:26 AM
 Viewed: 12/12/2017 11:31:49 AM
 Signed: 12/12/2017 11:31:58 AM

Signer Events

Jerry Cohen
 jerry@equitybuild.com
 President
 EquityBuild, Inc.
 Security Level: Email, Account Authentication
 (None)

Signature

DocuSigned by:

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 Using IP Address: 73.28.50.255

Timestamp

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Electronic Record and Signature Disclosure:
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In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

John Allred
 jallred@equitybuild.com
 Security Level: Email, Account Authentication
 (None)

COPIED

Sent: 12/1/2017 6:28:07 PM

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Accounting Department
 accounting@equitybuildfinance.com
 Accounting Department
 EquityBuild Finance, LLC
 Security Level: Email, Account Authentication
 (None)

COPIED

Sent: 12/12/2017 11:32:01 AM

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Notary Events

Signature

Timestamp

Envelope Summary Events

Status

Timestamps

Envelope Sent	Hashed/Encrypted	12/12/2017 11:32:01 AM
Certified Delivered	Security Checked	12/12/2017 12:16:40 PM
Signing Complete	Security Checked	12/12/2017 12:16:58 PM
Completed	Security Checked	12/12/2017 12:16:58 PM

Payment Events

Status

Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, [[Company Name]] (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign, Inc. (DocuSign) electronic signing system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after signing session and, if you elect to create a DocuSign signer account, you may access them for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures

electronically from us.

How to contact EquityBuild Finance, LLC:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: docs@equitybuild.com

To advise EquityBuild Finance, LLC of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at docs@equitybuild.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc. to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from EquityBuild Finance, LLC

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to docs@equitybuild.com and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with EquityBuild Finance, LLC

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to docs@equitybuild.com and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify EquityBuild Finance, LLC as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by EquityBuild Finance, LLC during the course of my relationship with you.

EXHIBIT 2

Wire Transfer Instructions for Chicago Capital Fund II, LLC

Bank:	Wells Fargo Bank, N.A.
Address:	420 Montgomery San Francisco, CA 94104
Beneficiary:	Chicago Capital Fund II, LLC
Beneficiary Address:	1414 E 62nd Pl. Chicago, IL 60637
ABA:	REDACTED
Account:	REDACTED

Property/Investment Address: CCF 2

Amount To Wire: \$ 235,000.00

Lender Initial: REDACTED

Date Wire Will Be Initiated: 12/11/2017

Wire Received On: 12/11/2017