

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION,</b>	)	
	)	
<b>Plaintiff,</b>	)	<b>Civil Action No. 18-cv-5587</b>
	)	
<b>v.</b>	)	<b>Honorable Manish S. Shah</b>
	)	
<b>EQUITYBUILD, INC., et al.,</b>	)	<b>Magistrate Judge Young B. Kim</b>
	)	
<b>Defendants.</b>	)	
	)	

**RECEIVER’S SUBMISSION ON GROUP 4 CLAIMS**

Kevin B. Duff, as the receiver (“Receiver”) for the Estate of Defendants EquityBuild, Inc., EquityBuild Finance, LLC, their affiliates, and the affiliate entities of Defendants Jerome Cohen and Shaun Cohen (collectively, the “Receivership Defendants”), and pursuant to the powers vested in him by the Order of this Court entered on August 17, 2018, submits the following to assist the Court in regards to the resolution of Group 4 claims asserted against eleven properties:

- 1) 6437-41 S Kenwood Avenue (Property 6)
- 2) 8100 S Essex Avenue (Property 9)
- 3) 5955 S Sacramento Avenue (Property 58)
- 4) 6001-05 S Sacramento Avenue (Property 59)
- 5) 7026-42 S Cornell Avenue (Property 60)
- 6) 7237-43 S Bennett Avenue (Property 61)
- 7) 7834-44 S Ellis Avenue (Property 62)
- 8) 701-13 S 5th Avenue, Maywood, Illinois (Property 71)
- 9) 11117-19 S Longwood Drive (Property 100)

- 10) 1102 Bingham Street, Houston, Texas (Property 116)
- 11) 431 E 42nd Place (Property 141)

There are 402 claimants in Group 4 who have submitted proof of claims forms as ordered by the Court.<sup>1</sup> The Receiver has reviewed each of the claims and supporting documentation submitted by the claimants, along with various EquityBuild records, for purposes of providing recommendations on the issues of the validity of the claims and of the amounts being claimed. Exhibits 1-11, attached hereto, are spreadsheets for each of the properties in Group 4, and contain the Receiver's recommendations in regards to the maximum amount to be distributed to such claimant if sufficient funds were available.

Section I of this submission sets forth the Receiver's recommendation in regards to the issue of whether the claimants in Group 4 have secured or unsecured claims. Section II addresses certain general principles that support the Receiver's recommendations that are applicable to all claimants in Group 4 (and this receivership). Section III addresses special circumstances that are applicable to certain claims. There are no institutional lenders in Group 4, and there are no priority disputes in Group 4. As such, no recommendation on priority is being made in this submission, but rather all secured investor claimants are treated as on par with one another in terms of priority.

**I. The Receiver Recommends that the Investor Lenders Have Secured Interests.**

Pursuant to its February 9, 2021 Order, the Court directed the Receiver to make recommendations regarding the claims submitted to the Receiver. (Dkt. 941) With regard to the issue of whether these Group 4 claimants (*i.e.*, the "investor lenders") have secured interests, the

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<sup>1</sup> Several individuals or entities submitted claims against more than one property in Group 4. For purposes of counting claims, those individuals or entities are considered a separate claimant for each property.

Receiver recommends that the Court find that each of the Group 4 claimants for whom the Receiver recommends a distribution have established that they hold a secured interest in various properties.

Two of the properties in Group 4—6437-41 S Kenwood Avenue (“6437 Kenwood”) and 11117-19 S Longwood Drive (“11117 Longwood”)—are similar to the Group 3 properties in that the claimants were provided with a “Confidential Private Placement Memorandum” for an Illinois limited liability company, explaining that the company was purchasing, renovating, and reselling or refinancing the identified building, and the investors were purchasing promissory notes secured by a first mortgage on the building. (*See, e.g.*, Ex. 12 (Kenwood PPM) and Ex. 13 (Longwood PPM)) Like the Group 3 properties, the investor-lenders were provided a promissory note, which was filled in for the amount of their particular loan, and which expressly indicated that the note was secured by the collateral identified by a legal descriptions and common address. (*Id.*) The investor-lenders were also provided an unexecuted mortgage instrument granting a security instrument in the properties. (*Id.*)

Unlike the Group 3 properties, however, EquityBuild did subsequently execute and record the mortgages listing the investors c/o EquityBuild Finance LLC as the lenders. (*See* Ex. 14 (Kenwood mortgage) and Ex. 15 (Longwood mortgage)) Under these circumstances, these investor-lenders held first priority secured interests in the properties that were reflected in the chain of title at the time the receivership commenced. Because some of the claimants “bought out” the interest of another lender identified on the EBF mortgages, not all claimants were identified on the recorded mortgage, but the Receiver and his staff have confirmed that each of these loans was in fact funded by the claimant in exchange for a note and security interest in the property, although the transfer of the security interest usually was not recorded.

The investor lenders asserting interests in each of the other Group 4 properties entered loan agreements with EquityBuild pursuant to which they provided funds in exchange for a promissory note secured by the property (or to buy out another secured investor's interest in the property). Accordingly, the Group 4 investors whom the Receiver has determined are eligible for a distribution from these property accounts (*see* Section III, below) also held first-position secured interests in the properties at the time of the receivership was commenced.

**II. General Issues Regarding Elements of All Claims that the Receiver Recommends Be Excluded from Consideration.**

Many claimants in Group 4 are seeking amounts in addition to the return of the principal amounts that they provided to EquityBuild. For example, many claimants seek unpaid interest that has accrued after the establishment of the Receivership. Other claimants seek to recover various types of expenses and attorneys' fees. The Receiver recommends that none of those categories beyond return of principal be allowed (following appropriate setoff for amounts already returned to claimants in various forms), and provides the following explanation for that position. This Court adopted such recommendations in approving the distribution plans for Group 1 and Group 3, and there is no reason (factual or legal) to treat the claimants in Group 4 differently.

**A. A Disallowance of Post-Receivership Interest, Penalties, and Fees Is Appropriate.**

As a general rule, in equity receiverships, interest on a debtor's obligations ceases to accrue at the inception of the proceeding. *See, e.g., Vanston Bondholders Protective Committee v. Green*, 329 U.S. 156, 163 (1946); *see also Matter of Fesco Plastics Corp.*, 996 F.2d 152, 155 (7th Cir. 1993) (referring to bankruptcy cases; "The age-old rule in bankruptcy, adopted from the English system, is that interest on claims stops accruing when the bankruptcy petition is filed."); 11 U.S.C. § 502(b)(2). One of the many purposes of the rule is that the courts are charged with preserving



and protecting the estate for the benefit of all interests involved. *Vanston*, 329 U.S. at 163. To that point, the *Vanston* Court made clear that interest may be disallowed in a federal equity receivership – whether to a secured or unsecured creditor – when the security is not worth the sum of principal and interest due. *Vanston*, 329 U.S. at 163-64.

With respect to all Group 4 properties except 1102 Bingham (Property 116) and 431 E 42nd (Property 141)<sup>2</sup>, the amount currently in the property account for the property at issue is less than the principal owed to the claimants on the property (even without consideration of amounts that will be allocated pursuant to the Receiver’s lien). As such, the properties are considered “undersecured” as the value of the collateral does not exceed the amount of purported secured interests owed at the time of the Receivership. Under such circumstances, claimants are not able to recover post-receivership interest and costs, whether under *Vanston* or later Supreme Court cases interpreting the bankruptcy code. *See, e.g., United Sav. Ass’n of Texas v. Timbers of Inwood Forest Associates, Ltd.*, 484 U.S. 365, 372 (1988).<sup>3</sup> (*See also* Dkt. 1528 (“The balances are less than the principal owed to the claimants and the court rejects claims for interest, fees, and penalties.”)) Consistent with such authorities, the Receiver recommends that post-receivership interest be disallowed for these Group 4 claims.

For 1102 Bingham (Property 116) and 431 E 42nd (Property 141), the principal amount of the secured claims remaining is less than the amount available in the property account. Given the Ponzi-scheme nature of the fraud in this case, the Receiver recommends that these claimants be

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<sup>2</sup> 431 E 42nd Place has been referred to as Property 115 in certain filings in this matter.

<sup>3</sup> While inapplicable here, even if the creditors may recover post-petition interest when the value of the collateral exceeds the sum of the principal and all interest due, that too is subject to equitable considerations that would militate against such payments. *See, e.g., SEC v. Capital Cove Bancorp LLC*, No. SACV 15-980-JLS (JCx), 2015 WL 9701154 (C.D. Cal. October 13, 2015) (finding that remaining assets would be insufficient to pay all other creditor investors who were victimized by Ponzi scheme and staying accrual of default rate interest sought by lenders).

treated equivalently to all other claimants and that their recovery also be limited to the principal amount of their investment, less setoffs for distributions previously received (see Section B, below), and the balance transferred to the Receiver's account for administrative expense and distribution to unsecured claimants, as ordered by the Court. This position is consistent with this Court's equitable powers and mandate to enter a fair and reasonable distribution plan, as discussed at length in the Receiver's submissions that are pending before this Court. (See Dkt. 1602 (Sur-Response in Support of Group 2 Submission) and Dkt. 1626 (Receiver's Submission on Group 5 Claims))

And, consistent with this same authority and its logical underpinnings, the Receiver recommends that the request for late fees, penalties (pre-payment or otherwise), attorneys fees, and costs also be rejected. These amounts, like interest, are equally detrimental to the interests of all creditors who are to be protected. Such protection is consistent with and supports the primary purpose of receiverships which is "to promote orderly and efficient administration of the estate' for the benefit of all creditors." *SEC v. Capital Cove Bancorp LLC*, No. SACV 15-980-JLS (JCx), 2015 WL 9701154 at \*12 (C.D. Cal. Oct. 13, 2015) (citing *S.E.C. v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986)); *see also* 11 U.S.C. § 506(b) (noting that attorneys' fees cannot be recovered for properties that are underwater); *see also, e.g.*, Dkt. 1201 at 6 (penalty clauses unenforceable in cases of involuntary receivership).

Finally, as the Court also is aware, substantial delays in these proceedings have been caused by factors outside of the Receiver's control (*e.g.*, litigious claimants, government shutdown, the pandemic, and the like). Such delays should not serve to penalize the Estate, nor inure to the benefit of any claimants, nor come at the expense of the interest of unsecured claimants to potential recovery of any amounts that might otherwise remain available for distribution.

**B. The Receiver Recommends Accounting for Distributions Previously Received from EquityBuild.**

The Ponzi scheme implemented by the Cohens commingled funds and used new funds from investor and institutional lenders to pay principal and exorbitant profits in the form of interest to prior and existing lenders and investors which were not tied to income generated by the real estate assets associated with their loans and/or investments. Accordingly, as he did with Group 1 and Group 3, the Receiver recommends that the Group 4 claims be set-off by the amount of pre-receivership distributions that claimants received from EquityBuild, in order to achieve a ratable distribution of remaining assets among all of the defrauded investors. *See Donell v. Kowell*, 533 F.3d 762, 770 (9th Cir. 2008) (“The ‘winners’ in the Ponzi scheme, even if innocent of any fraud themselves, should not be permitted to ‘enjoy an advantage over later investors sucked into the Ponzi scheme who were not so lucky.’”) (citation omitted). Under the “netting rule,” amounts transferred by the Ponzi scheme perpetrator to the investor are netted against the initial amounts invested by that individual. *Id.* at 771. And the fact that the claimants may be innocent victims does not change the analysis, as described by the Seventh Circuit in another Ponzi scheme:

The money used for the trades came from investors gulled by fraudulent representations. Phillips was one of those investors, and it may seem “only fair” that he should be entitled to the profits on trades made with his money. That would be true as between him and [the Ponzi scheme operator]. It is not true as between him and either the creditors of or the other investors in the corporations. He should not be permitted to benefit from a fraud at their expense merely because he was not himself to blame for the fraud. All he is being asked to do is to return the net profits of his investment—the difference between what he put in at the beginning and what he had at the end.

*Scholes v. Lehmann*, 56 F.3d 750, 757-58 (7th Cir. 1995).

Consistent with the logic of these cases, and the authorities discussed above, the Receiver recommends that the distributions already received by the claimants on their loans be taken into consideration when determining the maximum amount that claimant ultimately should recover,

given that there will not be a return of the full amount of the claims for the vast majority of the properties in the estate. The Receiver's position in this regard is consistent with the Court's prior rulings. *See* Dkt. 1451 ("in order to promote the orderly and efficient administration of the estate for the benefit of all claimants, the amount of pre-receivership distributions to the individual investors on the loans secured by the Group 1 properties will be netted against the initial amounts lent by that individual"); Dkt. 1528 ("The court agrees that credits or setoffs should be applied for distributions previously received, because of the Ponzi-scheme nature of the fraud and the horizontal fairness and administrability achieved across claimants by accounting for distributions received by individual investors.").

Accordingly, Exhibits 1-11 hereto set forth the amount of distributions made to the Group 4 claimants in the form of interest, principal, or "other" distributions (*e.g.*, credits for incentive "coupons" or "bonuses" extended to investors by EquityBuild), both on their loan to the Group 4 properties and for pre-rollover distributions made on funds that were rolled into these properties.<sup>4</sup> The amounts reflected in Exhibits 1-11 are primarily taken from the claimants' sworn proofs of claims and/or from EquityBuild's internal records (previously made available in the EquityBuild document library operated by CloudNine) such as Lender Statements of Accounts, bank statements, or other records (*e.g.*, emails) that confirmed amounts at issue.

This figure is then utilized in Exhibits 1-11 to reflect the net difference between "money in" and "money out" for each claimant for the claims against the properties. That net figure does not equate to the amount that will be distributed on a claim because in most cases the amounts

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<sup>4</sup> As an example, for a claimant who made a \$100,000 loan to a different EquityBuild property and was paid \$20,000 of interest on that loan before the entire \$100,000 principal was rolled to the Group 4 properties, after which an additional \$5,000 of interest was paid on the Group 4 investment, the Receiver recommends deducting \$25,000 from the principal to calculate the maximum distribution to the claimant from this particular \$100,000 loan.

available for distribution to secured claimants are insufficient to pay even these net amounts.<sup>5</sup> Instead, the recommended amount for each claimant represents a ceiling – *i.e.*, the amount the Receiver would recommend for distribution in the event the proceeds of sale were sufficient to cover all of the first priority lenders—for most of the Group 4 properties, however, the proceeds of sale are not sufficient. Upon direction of the Court, the Receiver will submit a final distribution plan based on the amount available in the account at the time of distribution.

### **III. Special Circumstances Involving Certain Claimants.**

In developing the recommendations regarding the claims in Group 4, the Receiver encountered certain special issues and circumstances. The following is an effort to summarize those special circumstances and the claimants involved.

**431 E 42nd Place.** Only one claim was submitted which asserted an interest in 431 E 42nd Place (Property 141). Claimant iPlanGroup Agent for Custodian FBO Michael Dirnberger ROTH I (141-445), initially loaned \$20,000 for this investment, and later agreed to exchange his secured investment for an unsecured note, which was paid in full. (*See* Ex. 11) Accordingly, the Receiver recommends that the sole claim against the property be denied and the balance in the property account (\$55,974.20 as of March 20, 2024) be transferred to the Receiver’s account for distribution to eligible unsecured claimants and for administration of the Estate.

**1102 Bingham, Houston, Texas.** This property, which is located in Texas had a number of investors, all but two of whom rolled their loans to other investments. (*See* Ex. 10). Claimant iPlanGroup Agent for Custodian FBO Charles Michael Anglin (116-331) agreed to roll his investment to the SSDF6 Equity Fund, but he was notified on August 8, 2018 that the transaction

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<sup>5</sup> The exception is the two remaining secured claims against 1102 Bingham (Property 116). *See* discussion *supra*.

was voided and he would be kept on the original note. The Receiver recommends, therefore, that the Court find this claimant retains a secured interest in the liquidation proceeds, but that \$2,474.50 accrued interest that was added to the principal balance be disallowed and claimant recovery be limited to his principal outlay.

Claimant AMark Investment Trust (116-710) made a loan in the amount of \$125,000 in 1102 Bingham, and did not receive any interest payments or other distributions on this loan. Accordingly, the Receiver recommends that claimant recover his entire \$125,000 investment. Claimant, however, seeks to recover a separate loan secured by former EquityBuild property located at 5201 W Washington from the proceeds of sale of 1102 Bingham, asserting that he has a contractual right to do so. Claimant further seeks to recover attorneys' fees expended in collection efforts, late charges, and default interest. The Receiver recommends that the recovery from the 1102 Bingham property account be limited to the principal balance of claimants' Bingham loan and the loan against 5201 W Washington be considered an unsecured claim against the Estate.

***Rollovers.*** The claim analysis undertaken by the Receiver has identified claimants who agreed to relinquish their secured interest in a Group 4 property by rolling their loan to a secured loan against a different Estate property, against which the claimant has asserted a claim. This recommendation applies to the following claimants:

*6437-41 S Kenwood Avenue (Property 6)*

- KKW Investments, LLC (6-336)
- PNW Investments, LLC (6-332)

*11117-19 S Longwood Drive (Property 100)*

- Stephan Tang (100-1111)

*1102 S Bingham Avenue, Houston TX (Property 116)*

- Anatoly B. Naritsin (116-2077)
- Alan Schankman / Knickerbocker LLC (116-2035)

Additionally, the Receiver's analysis identified other claimants who agreed to relinquish their secured interest in a Group 4 property by rolling their secured loan in full or in part to either an equity position or an unsecured promissory note. The Receiver recommends that these investor lenders be treated as unsecured creditors and their claims against the relevant Group 4 property be considered along with all other unsecured claims in connection with any distribution plan and methodology as to such claims prepared by the Receiver. This recommendation applies to the following claimants:

*6437-41 S Kenwood Avenue (Property 6)*

- Madison Trust Company FBO Jacqueline C Rowe IRA (6-163)
- Vartan Tarakchyan (6-1118)

*8100 S Essex Avenue (Property 9)*

- iPlanGroup Agent for Custodian FBO Reagan Burnham Roth IRA (9-1065)
- iPlan Group FBO Gary R. Burnham Jr. Family HSA (9-1066)
- Gary R. Burnham Jr. Solo 401K Trust (9-1174)
- James McKnight Solo 401k Plan (9-582-1)
- James McKnight Solo 401k FBO Silma McKnight c/o Silma McKnight (9-582-2)
- James M McKnight (9-779-1)
- Silma L McKnight (9-779-2)
- Madison Trust Company FBO Jacqueline C Rowe IRA (9-163)

*5955 S Sacramento Avenue (Property 58)*

- Madison Trust Company FBO Jacqueline C Rowe IRA (58-163)
- Vartan Tarakchyan (58-1118)
- DVH Investment Trust (58-1410)

*6001-05 S Sacramento Avenue (Property 59)*

- Gary R. Burnham Jr. Solo 401K Trust (59-1174)

*7026-42 S Cornell Avenue (Property 60)*

- iPlanGroup Agent for Custodian FBO Brett Burnham IRA (60-314)
- DVH Investment Trust (60-1410)
- IRA Services Trust Company, FBO Linda Lipschultz IRA (60-1374)
- IRA Services Trust Company, FBO Steven Lipschultz IRA (60-1391)
- Optima Property Solutions, LLC (60-1023)

*7237-43 S Bennett Avenue (Property 61)*

- Madison Trust Company Agent for Custodian FBO The Jacqueline C Rowe Living Trust IRA (61-163)
- Optima Property Solutions, LLC (61-1023) (partial rollover)
- Vartan Tarakchyan (61-1118)

*7834-44 S Ellis Avenue (Property 62)*

- Quantum Growth Holdings, LLC (62-354)
- Optima Property Solutions, LLC (62-354) (partial rollover)

*701-13 S 5th Avenue, Maywood, Illinois (Property 71)*

- Jeffrey Lee Blankenship (71-1241)
- The Jacqueline C. Rowe Living Trust (71-139)
- The Peter Paul Nuspl Living Trust (71-2044)

*11117-19 S Longwood Drive (Property 100)*

- Kristien Van Hecke as trustee of DK Phenix Investments LLC 401 (k) FBO Kristien Van Hecke (100-840)

*1102 S Bingham Avenue, Houston TX (Property 116)*

- Alton Motes Revocable Living Trust dated 12/15/2011 (116-2042)
- American Estate & Trust, LC FBO Bruce Klingman's IRA (116-199)
- Arbor Ventures Overseas Limited, LLC (116-446)
- Debbie Lasley (116-456)
- Dennis K McCoy (116-569)
- Fireshark Enterprises, LLC, a Texas Series Limited Liability (116-1130)
- Michael Warner, Trustee of Warner Chiropractic Care Center (116-78)
- Equity Trust Company FBO Ramanan Ramadoss CESA (116-71)
- Robert Karlsson for Millcreek Holdings LLC (116-166)
- Russell Waite (116-1120)
- Spectra Investments LLC/ Deborah L. Mullica (116-1220)



**Voided Rollovers.** Other Group 4 claimants agreed to roll their secured interest to the SSDF6 equity fund, but subsequently EquityBuild expressly voided those transfers on or about August 8, 2018, telling claimants that “the [SSDF6 rollover] documents will be voided in the interest of keeping all investors on their current notes to ensure that no investor can be subordinated by any other investor that may not be receptive to the Equity option.”<sup>6</sup> Accordingly, the Receiver recommends the following claimants retain their secured interests in the respective Group 4 properties:

*8100 S Essex Avenue (Property 9)*

- iPlanGroup Agent for Custodian FBO Rajanikanth Tanikella, IRA. Acct No. 3300878 (9-829)
- Mark Mouty (9-165)
- Tierra Buena, LLC (9-277)
- Sam Gerber, CEO, Gerber and Associates, REI, LLC (9-562)

*6001-05 S Sacramento Avenue (Property 59)*

- Aluvelu Homes, LLC (59-879)

*7026-42 S Cornell Avenue (Property 60)*

- Dana Speed (60-684)

*7237-43 S Bennett Avenue (Property 61)*

- Hang Zhou and Lu Dong (61-1335)
- Francis D Webb Jr. (61-218)
- Mona M. Leonard SD ROTH – 2692021 (61-123)

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<sup>6</sup> These facts were developed after the Receiver made recommendations for Group 1. Several Group 1 claims, which the Receiver previously recommended be treated as unsecured due to rollovers to the SSDF6 fund, are affected. The Receiver intends to adjust these recommendations post-appeal, as needed, together with other adjustments (*e.g.*, accounting matters, interest calculations, fee allocations, etc.) when an updated Group 1 distribution plan is submitted to the Court.

*701-13 S 5th Avenue, Maywood, Illinois (Property 71)*

- Aluvelu Homes, LLC (71-879)

*1102 S Bingham Avenue, Houston TX (Property 116)*

- iPlanGroup Agent for Custodian FBO Charles Michael Anglin (116-331)

***Resolved Claims.*** The City of Chicago submitted a claim against 7237 Bennett (61-693) for an outstanding water bill. The Receiver has determined that this indebtedness was paid at the closing of the Receiver's sale of this property, and should therefore be disallowed because the Receiver obtained a Full Payment Certificate from said Water Department. (*See Ex. 16*)

Paper Street Realty LLC DBA Rent Ready Apartments submitted a claim against 7237 Bennett (61-1206) for maintenance and construction work performed. The Receiver has determined that this indebtedness was paid at the closing of the Receiver's sale of this property, and should therefore be disallowed. *See* lien waiver attached as Ex. 17.

***Promoter Claimant.*** The Receiver recommends that the claim of John Allred of a secured interest in the properties located at 6437 Kenwood, 7026 Cornell, and 1117 Longwood (Properties 6, 60, 100) should be disqualified because Mr. Allred was an EquityBuild employee who actively participated in the marketing of the fraudulent scheme and in recruiting, retaining, and/or for providing false information to other claimants. *See, e.g., In re Hedged-Investments Associates, Inc.*, 380 F.3d 1292, 1301 (10th Cir. 2004) ("Where the claimant is an insider ..., the party seeking subordination need only show some unfair conduct, and a degree of culpability, on the part of the insider."); *SEC v. Enter. Trust Co.*, No. 08 Civ. 1260, 2008 WL 4534154, at \*3 (N.D. Ill. Oct. 7, 2008) ("Disqualifying those who took the business over the edge is the most common feature, and the least contested aspect, of distribution plans."). *See also* Dkt. 1528, 1552 ("Allred's claim is disallowed, based on his role in perpetuating the scheme.") (*See Exs. 1, 5, 9*)

***Return of Principal.*** The review performed by the Receiver demonstrates that all or a portion of the secured interest held by other claimants in one or more Group 4 properties was purchased by another claimant and the principal sum returned to the original secured claimant. The Receiver recommends that the Court consider that the claims of these parties have been satisfied in full and that no further distribution is warranted from the proceeds of the property sales. This recommendation applies to the following claimants:

*5955 S Sacramento Avenue (Property 58)*

- Robert A Demick DDS PA 401K (58-680)

*7026-42 S Cornell Avenue (Property 60)*

- Quest IRA Inc. FBO, Michael Thomas, IRA 1820111 (60-2092)

*431 E 42nd Place (Property 141)*

- iPlanGroup Agent for Custodian FBO Michael Dirnberger ROTH I (141-445)

***Failure to Perfect Claims.*** Independent contractors CLC Electric, Inc., asserting an interest in 8100 Essex (9-1477), and Fields Loss Consultants LLC, asserting an interest in 8100 Essex (9-1424), did not perfect their claims and therefore should be considered, at best, to have unsecured claims against the estate. *See Commodity Futures Trading Comm'n v. Peregrine Financial Group, Inc.*, No. 12-CV-5383, 2014 WL 1758317, \*4 (N. D. Ill. May 2, 2014) (finding that it would be inappropriate to treat as secured mechanics liens that were not perfected or otherwise secured at the commencement of the receivership).

The City of Chicago has filed a claim against 6437 Kenwood in amount of \$5,247.91 (6-693). There is no recorded lien that has been provided by the City of Chicago to support its claim. Consistent with the Receiver's recommendations in other groups, the Receiver recommends here that the City of Chicago's claim be considered an unsecured claim against the estate.

Following the Court's rulings regarding the Receiver's recommendations on Group 4, as set forth in the attached Exhibits and the foregoing discussion, the Receiver will recommend a final distribution plan, including the amount to be distributed to each eligible claimant.

Dated: March 20, 2024

Kevin B. Duff, Receiver

By: /s/ Michael Rachlis  
Michael Rachlis  
Jodi Rosen Wine  
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**CERTIFICATE OF SERVICE**

I hereby certify that on March 20, 2024, I electronically filed the foregoing **Receiver's Submission on Group 4 Claims** with the Clerk of the United States District Court for the Northern District of Illinois, using the CM/ECF system. A copy of the foregoing was served upon counsel of record via the CM/ECF system.

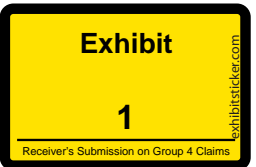
I further certify that I caused true and correct copy of the foregoing Submission to be served upon all claimants included on the Email Service List for Group 4 by electronic mail.

I further certify that the Submission will be posted to the Receivership webpage at: <http://rdaplawnet.com/receivership-for-equitybuild>

/s/ Michael Rachlis  
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Ex. 1 - 6437-41 S Kenwood Avenue (Property 6)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
Adir Hazan	Adir Hazan	6-143	POC	\$ 50,000.00	\$ 50,000.00			\$ 8,768.10	LSA	\$ 8,768.10	\$ 41,231.90	\$ -	
Agee Family Trust c/o Scott R. Agee	Agee Family Trust c/o Scott R. Agee	6-2001	POC	\$ 15,000.00	\$ 15,000.00			\$ 2,375.01	POC	\$ 2,375.01	\$ 12,624.99	\$ -	
Annie Chang	Annie Chang	6-475	POC	\$ 15,500.00	\$ 15,500.00		\$ 3,054.79	\$ 1,108.27	POC; LSA	\$ 4,163.06	\$ 11,336.94	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 4533 S Calumet
Asians Investing In Real Estate LLC	Asians Investing In Real Estate LLC	6-503	POC	\$ 70,000.00	\$ 70,000.00			\$ 10,466.91	POC; LSA	\$ 10,466.91	\$ 59,533.09	\$ -	
Captain Jack, LLC c/o John McDevitt		6-2091	POC	\$ 75,000.00	\$ 75,000.00			\$ 11,220.83	LSA	\$ 11,220.83	\$ 63,779.17	\$ -	
Charles P McEvoy	Midatlantic IRA, LLC, FBO Charles McEvoy IRA [Acct 6992]	6-232	POC	\$ 112,000.00	\$ 112,000.00			\$ 15,179.08	POC; LSA	\$ 15,179.08	\$ 96,820.92	\$ -	
Charlotte A Hofer	Charlotte A. Hofer	6-603	POC	\$ 35,000.00	\$ 35,000.00			\$ 5,230.59	LSA	\$ 5,230.59	\$ 29,769.41	\$ -	
City of Chicago	City of Chicago	6-693	POC	\$ 5,247.91	\$ -	\$ 5,247.91		\$ -		\$ -	\$ -	\$ 5,247.91	
Cosmopolitan Properties LLC, Valentina Salge, President		6-940	POC	\$ 150,000.00	\$ 150,000.00			\$ 22,866.67	POC; LSA	\$ 22,866.67	\$ 127,133.33	\$ -	
David M Harris	David M. Harris	6-267	POC	\$ 200,000.00	\$ 200,000.00			\$ 33,788.93	LSA	\$ 33,788.93	\$ 166,211.07	\$ -	
David M Williams	Sunwest Trust FBO David M. Williams IRA Acct. #1612425	6-415	POC	\$ 24,274.00	\$ 24,274.00			\$ 2,794.18	LSA	\$ 2,794.18	\$ 21,479.82	\$ -	
Distributive Marketing Inc.	Salvatore Guerrieri	6-806	POC	\$ 50,000.00	\$ 50,000.00			\$ 7,443.09	LSA	\$ 7,443.09	\$ 42,556.91	\$ -	
Duane A Degenhardt and Linda S. Degenhardt		6-2015	POC	\$ 150,000.00	\$ 150,000.00			\$ 25,000.00	LSA	\$ 25,000.00	\$ 125,000.00	\$ -	
Ed A Bancroft	Ed Bancroft	6-2008-1	POC	\$ 20,500.00	\$ 20,500.00			\$ 2,960.04	LSA	\$ 2,960.04	\$ 17,539.96	\$ -	
Ed A Bancroft	iPlanGroup FBO Ed Bancroft IRA	6-2008-2	POC	\$ 200.00	\$ 200.00			\$ 23.67	LSA	\$ 23.67	\$ 176.33	\$ -	
Elaine Sison Ernst	iPlanGroup Agent for Custodian FBO Elizabeth Zeng ROTH 3321085	6-1029	POC	\$ 15,000.00	\$ 15,000.00			\$ 822.50	POC; LSA	\$ 822.50	\$ 14,177.50	\$ -	
Elizabeth Zeng		6-872	POC	\$ 25,000.00	\$ 25,000.00			\$ 3,356.91	POC; LSA	\$ 3,356.91	\$ 21,643.09	\$ -	
Equity Capital Resources, LLC		6-671	POC	\$ 25,000.00	\$ 25,000.00			\$ 3,731.91	POC; LSA	\$ 3,731.91	\$ 21,268.09	\$ -	
Eric Schwartz		6-157	POC	\$ 12,000.00	\$ 12,000.00			\$ 1,627.33	POC; LSA	\$ 1,627.33	\$ 10,372.67	\$ -	
Frejya Partners, a California Limited Partnership		6-1141	POC	\$ 50,000.00	\$ 50,000.00			\$ 7,443.09	LSA	\$ 7,443.09	\$ 42,556.91	\$ -	
Garwood Weatherhead		6-1096	POC	\$ 150,000.00	\$ 150,000.00			\$ 25,794.00	POC; LSA	\$ 25,794.00	\$ 124,206.00	\$ -	
Grathia Corp	Grathia Corp	6-1445	POC	\$ 57,000.00	\$ 57,000.00			\$ 8,513.58	LSA	\$ 8,513.58	\$ 48,486.42	\$ -	
Hoang Small Trust c/o Dalano Hoang	Hoang Small Trust c/o Dalano Hoang	6-161	POC	\$ 150,000.00	\$ 150,000.00			\$ 25,404.15	LSA	\$ 25,404.15	\$ 124,595.85	\$ -	
John B. Allred & Glenda K. Allred	Sunwest Trust Inc fbo Glenda K. Allred IRA #1612617	6-2004	POC	\$ 15,500.00	\$ -			\$ 2,098.13	LSA	\$ 2,098.13	\$ -	\$ -	Receiver recommends that former EquityBuild Employee who actively participated in marketing the fraudulent scheme be disqualified from receiving a distribution
John Bloxham		6-1018	POC	\$ 50,000.00	\$ 50,000.00			\$ 7,476.42	POC; LSA	\$ 7,476.42	\$ 42,523.58	\$ -	
Julie Patel	Julie Patel	6-409	POC	\$ 40,000.00	\$ 40,000.00			\$ 5,934.41	LSA	\$ 5,934.41	\$ 34,065.59	\$ -	
KKW Investments, LLC	KKW Investments, LLC	6-336	POC	\$ 2,000.00	\$ -			\$ 305.26	POC; LSA	\$ 305.26	\$ -	\$ -	Claimant agreed to rollover this loan to CCF1 on 5/25/18
Madison Trust Company Agent for Custodian FBO The Jacquelin	Madison Trust Company FBO Jacqueline C Rowe IRA	6-163	POC	\$ 60,000.00	\$ -	\$ 60,000.00		\$ 5,843.34	POC; LSA	\$ 5,843.34	\$ -	\$ 54,156.66	Claimant agreed to rollover this loan to SDDF4 on 1/5/18
Madison Trust Company Custodian FBO James R Robinson Traditi	Madison Trust Company Custodian FBO James R Robinson Traditional IRA Acct# 1705044	6-1406	POC	\$ 25,000.00	\$ 25,000.00			\$ 3,999.96	LSA	\$ 3,999.96	\$ 21,000.04	\$ -	
Madison Trust Company FBO Laurie Connelly, IRA (Madison Trust Company Cust. Laurie Connelly M1711182)	iPlanGroup Agent for Custodian FBO Laurie A Connelly IRA	6-900	POC	\$ 20,000.00	\$ 20,000.00			\$ 1,333.35	LSA	\$ 1,333.35	\$ 18,666.65	\$ -	
Nancy Lynn Cree Cree Capital Ventures, LLC		6-2014	POC	\$ 250,000.00	\$ 250,000.00			\$ 42,194.41	POC; LSA	\$ 42,194.41	\$ 207,805.59	\$ -	
Optima Property Solutions, LLC	Optima Property Solutions, LLC	6-1023	POC	\$ 30,000.00	\$ 30,000.00			\$ 4,498.33	LSA	\$ 4,498.33	\$ 25,501.67	\$ -	
Paul Scribner		6-1135	POC	\$ 50,000.00	\$ 50,000.00			\$ 7,493.09	POC; LSA	\$ 7,493.09	\$ 42,506.91	\$ -	
PNW Investments, LLC	PNW Investments, LLC	6-332	POC	\$ 10,000.00	\$ -			\$ 1,498.58	LSA; POS	\$ 1,498.58	\$ -	\$ -	Claimant agreed to rollover this loan to CCF1 on 5/28/17
Ramsey Stephan		6-162	POC	\$ 9,481.00	\$ 9,481.00		\$ 1,356.42	\$ 1,394.73	LSA	\$ 2,751.15	\$ 6,729.85	\$ -	Pre-rollover distributions on loan secured by 4611 S Drexel
Robert A Demick DDS PA 401K		6-680	POC	\$ 50,000.00	\$ 50,000.00			\$ 7,493.09	LSA	\$ 7,493.09	\$ 42,506.91	\$ -	
Robert Potter	Robert A. Potter	6-1389	POC	\$ 47,786.00	\$ 47,786.00			\$ 5,624.21	LSA	\$ 5,624.21	\$ 42,161.79	\$ -	
RSS TRIAD INVESTMENTS, LLC		6-1344	POC	\$ 30,000.00	\$ 30,000.00			\$ 4,460.83	POC; LSA	\$ 4,460.83	\$ 25,539.17	\$ -	

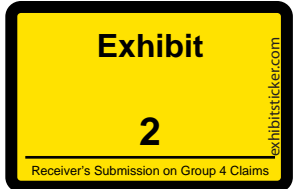


Ex. 1 - 6437-41 S Kenwood Avenue (Property 6)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist. (Unencumbered)	Receiver's Recommendation Notes
Steven C Noss	Quest IRA, Inc. FBO Steven C. Noss IRA#12201-11	6-361	POC	\$ 25,000.00	\$ 57,440.00		\$ 8,142.60	\$ 5,051.19	LSA	\$ 13,193.79	\$ 44,246.21	\$ -	Claimant has two loans secured by this property. A \$25,000 loan extended in May 2017, and a rollover of \$32,440 from 4533 S Calumet. Pro-rata share of pre-rollover distributions on loan secured by 4533 S Calumet concluded in January 2018.
Steven Roche	Steven Roche	6-329-1	POC	\$ 42,319.00	\$ 42,319.00			\$ 6,299.62	LSA	\$ 6,299.62	\$ 36,019.38	\$ -	
Steven Roche	Steven Roche	6-329-2	POC	\$ 16,000.00	\$ 16,000.00			\$ 2,104.86	LSA	\$ 2,104.86	\$ 13,895.14	\$ -	
Susan Kalisiak	Susan Kalisiak	6-1438	POC	\$ 50,000.00	\$ 50,000.00			\$ 7,388.92	LSA	\$ 7,388.92	\$ 42,611.08	\$ -	
Terry L. Merrill, Sheryl R. Merrill	Terry L. Merrill & Sheryl R. Merrill	6-602	POC	\$ 50,000.00	\$ 50,000.00			\$ 7,463.92	LSA	\$ 7,463.92	\$ 42,536.08	\$ -	
Thomas F. Gordon	iPlanGroup Agent for Custodian FBO Thomas F Gordon SEP IRA	6-2023	POC	\$ 85,000.00	\$ 53,000.00			\$ 7,143.25	LSA	\$ 7,143.25	\$ 45,856.75	\$ -	\$85,000 claim amount included \$32,000 investment in Chicago Capital Fund II (claim 13-2023)
Vartan Tarakchyan	Vartan Tarakchyan, Trustee for defined Benefits Pension Plan and 401K Plan	6-1118	POC	\$ 20,000.00	\$ -	\$ 20,000.00		\$ 1,365.37	LSA	\$ 1,365.37	\$ -	\$ 18,634.63	Claimant agreed to rollover this loan to SSDF4 on 3/27/17
				\$ 2,434,807.91	\$ 2,322,500.00	\$ 85,247.91				\$ 1,956,672.76	\$ 78,039.20		

Ex. 2 - 8100 S Essex Avenue (Property 9)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist. (Unencumbered)	Receiver's Recommendation Notes
Aaron Beauclair	Aaron Beauclair	9-408	POC	\$ 1,237.00	\$ 1,237.00		\$ 108.17	\$ 181.39	POC; LSA	\$ 289.56	\$ 947.44	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 7024 Paxton
ALEX BRESLAV	Alex Breslav	9-262	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,602.70	POC; LSA	\$ 15,602.70	\$ 34,397.30	\$ -	
Aluvelu Homes LLC	Aluvelu Homes, LLC	9-879	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,602.70	LSA	\$ 15,602.70	\$ 34,397.30	\$ -	
Asians Investing In Real Estate LLC	Asians Investing In Real Estate LLC	9-503	POC	\$ 60,000.00	\$ 60,000.00			\$ 18,723.34	POC; LSA	\$ 18,723.34	\$ 41,276.66	\$ -	
Bernadette Chen Eleven St. Felix Street Realty Corp.	Eleven St. Felix Street Realty Corp	9-2012	POC	\$ 31,619.00	\$ 31,619.00			\$ 9,234.55		\$ 9,234.55	\$ 22,384.45	\$ -	
Brian Whalley	Brian Whalley	9-256	POC	\$ 25,000.00	\$ 25,000.00			\$ 7,009.81	LSA	\$ 7,009.81	\$ 17,990.19	\$ -	
BRIDGES CHRISTOPHER	Christopher Bridges	9-1129	POC	\$ 25,000.00	\$ 25,000.00			\$ 5,736.89	LSA	\$ 5,736.89	\$ 19,263.11	\$ -	
Charlotte A Hofer	Charlotte A. Hofer	9-603	POC	\$ 110,000.00	\$ 110,000.00			\$ 17,966.62	LSA	\$ 17,966.62	\$ 92,033.38	\$ -	
Chittima Cook and Pinsurang Tinakorn	Chittima Cook and Pinsurang Tinakorn	9-493	POC	\$ 50,000.00	\$ 50,000.00			\$ -	POC; LSA	\$ -	\$ 50,000.00	\$ -	
Chronicles Point LLC. / Gustavo J Garcia	Chronicles Point, LLC c/o Gustavo J. Garcia	9-159	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,269.37	LSA	\$ 14,269.37	\$ 35,730.63	\$ -	
CLC Electric, Inc. (Costel Dumitrescu)	CLC Electric, Inc. (Costel Dumitrescu)	9-1477	POC	\$ 15,000.00	\$ -	\$ 15,000.00		\$ -		\$ -	\$ -	\$ 15,000.00	Unsecured trade creditor
DANIEL J MARTINEAU	Daniel Martineau	9-1299	POC	\$ 125,750.00	\$ 125,750.00			\$ 40,552.65	LSA	\$ 40,552.65	\$ 85,197.35	\$ -	
Donald Freers aka Meadows Advisors LLC	Donald Freers aka Meadows Advisors LLC	9-72	POC	\$ 95,000.00	\$ 95,000.00		\$ 1,029.17	\$ 5,145.85	LSA	\$ 6,175.02	\$ 88,824.98	\$ -	Pre-rollover distributions on loan secured by 7600 Kingston
Ed A Bancroft	Bancroft, Ed	9-2008-1	POC	\$ 2,276.00	\$ 2,276.00			\$ 276.12	LSA	\$ 276.12	\$ 1,999.88	\$ -	
Ed A Bancroft	iPlanGroup FBO Ed Bancroft IRA	9-2008-2	POC	\$ 5,093.00	\$ 5,093.00			\$ 426.65	LSA	\$ 426.65	\$ 4,666.35	\$ -	
Edge Investments, LLC, Janet F. Turco, Owner/Member IRA	Edge Investments LLC	9-180	POC	\$ 101,000.00	\$ 100,000.00		\$ 1,250.00	\$ 32,109.59	LSA	\$ 33,359.59	\$ 66,640.41	\$ -	The Receiver recommends disallowing \$1,000 accrued interest added to principal balance of loan. Pro-rata share of pre-rollover distributions from loan secured by 7420 S Colfax.
Fields Loss Consultants LLC	Fields Loss Consultants LLC	9-1424	POC	\$ 143,618.00	\$ -	\$ 143,618.00		\$ -		\$ -	\$ -	\$ 143,618.00	Unsecured trade creditor
Ganpat and FERREDA Seunath	iPlanGroup Agent for Custodian FBO Ganpat Seunath Roth acct 3321035	9-77	POC	\$ 2,372.00	\$ 2,372.00			\$ 241.58	LSA	\$ 241.58	\$ 2,130.42	\$ -	
Gary R Burnham FBO Raegan D Burnham Roth IRA (custodian IPLA)	iPlanGroup Agent for Custodian FBO Raegan Burnham Roth IRA	9-1065	POC	\$ 2,990.00	\$ -	\$ 2,990.00		\$ 527.00	POC; LSA	\$ 527.00	\$ -	\$ 2,373.00	Claimant agreed to rollover this loan to SSDF1 on 6/26/17
Gary R Burnham Jr. Family HSA (custodian IPLAN Group LLC)	iPlan Group FBO Gary R. Burnham Jr. Family HSA	9-1066	POC	\$ 7,465.00	\$ -	\$ 7,465.00		\$ 1,313.00	POC; LSA	\$ 1,313.00	\$ -	\$ 6,152.00	Claimant agreed to rollover this loan to SSDF1 on 6/26/17
Gary R. Burnham Jr. Solo 401K Trust	Gary R. Burnham Jr. Solo 401K Trust	9-1174	POC	\$ 36,000.00	\$ -	\$ 36,000.00		\$ 6,390.00	POC; LSA	\$ 6,390.00	\$ -	\$ 29,610.00	Claimant agreed to rollover this loan to SSDF1 on 6/17/17
Gene X Erquiaga	Equity Trust Company Custodian FBO Gene X. Erquiaga IRA	9-721	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,019.37	LSA	\$ 14,019.37	\$ 35,980.63	\$ -	
Girl' Cat Capital West LLC, Valentina Salge, President	Girl Cat Capital West LLC 8426	9-350	POC	\$ 8,426.00	\$ 8,426.00		\$ 743.83	\$ 1,235.85	LSA	\$ 1,979.68	\$ 6,446.32	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 7024 S Paxton
Henry C. Scheuller c/o Henry Samuel Scheuller (Personal Representative of the Estate)	Henry Coleman Scheuller	9-868	POC	\$ 30,000.00	\$ 30,000.00			\$ 8,761.66	LSA	\$ 8,761.66	\$ 21,238.34	\$ -	
Hoang Small Trust c/o Dalano Hoang	Hoang Small Trust c/o Dalano Hoang	9-161	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,602.70	LSA	\$ 14,602.70	\$ 35,397.30	\$ -	
iPlanGroup Agency for Custodian FBO Charles Powell IRA	iPlanGroup Agent for Custodian FBO Charles Powell IRA 3300691	9-413	POC	\$ 71,000.00	\$ 71,000.00			\$ 10,726.62	LSA	\$ 10,726.62	\$ 60,273.38	\$ -	
iPlanGroup Agent for Custodian FBO Laura Dirnberger Roth IRA	iPlanGroup Agent for Custodian FBO Laura Dirnberger Roth IRA	9-448	POC	\$ 714.00	\$ 714.00			\$ 78.30	LSA	\$ 78.30	\$ 635.70	\$ -	
iPlanGroup Agent for Custodian FBO Rajanikanth Tanikella IRA	iPlanGroup Agent for Custodian FBO Rajanikanth Tanikella, IRA. Acct No. 3300878	9-829	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,630.48	LSA	\$ 14,630.48	\$ 35,369.52	\$ -	Transaction to roll loan to SSDF6 equity fund was subsequently voided
James & Suzanne Mandeville	James A. Mandeville & Suzanne L. Mandeville JTWROS	9-785	POC	\$ 110,000.00	\$ 110,000.00			\$ 33,249.79	LSA	\$ 33,249.79	\$ 76,750.21	\$ -	
James Clements	Self-Directed IRA Services Inc. FBO James Clements	9-1402	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,019.18	LSA	\$ 14,019.18	\$ 35,980.82	\$ -	
James M McKnight and Silma L McKnight (The James McKnight Solo 401K Plan)	James McKnight Solo 401k Plan	9-582-1	POC	\$ 20,000.00	\$ -	\$ 20,000.00		\$ 4,565.48	LSA	\$ 4,565.48	\$ -	\$ 15,434.52	Claimant agreed to rollover this loan to SSDF4 on 11/17/17





Ex. 2 - 8100 S Essex Avenue (Property 9)  
Receiver's Recommendations - Individual Investors

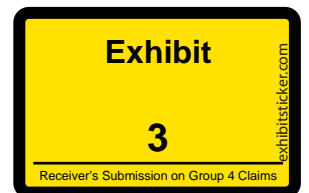
Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
James M McKnight and Silma L McKnight (The James McKnight Solo 401k Plan)	James McKnight Solo 401k FBO Silma McKnight c/o Silma McKnight	9-582-2	POC	\$ 65,000.00	\$ -	\$ 65,000.00		\$ 15,343.53	LSA	\$ 15,343.53	\$ -	\$ 49,656.47	Claimant agreed to rollover this loan to SSDF4 on 12/7/17
James M McKnight and Silma L McKnight (Equity Trust Company Custodian FBO James McKnight Roth)	James McKnight	9-779-1	POC	\$ 2,200.00	\$ -	\$ 2,200.00		\$ 520.24	LSA	\$ 520.24	\$ -	\$ 1,679.76	Claimant agreed to rollover this loan to SSDF4 on 12/8/16
James M McKnight and Silma L McKnight (Equity Trust Company Custodian FBO James McKnight Roth)	Silma McKnight	9-779-2	POC	\$ 3,800.00	\$ -	\$ 3,800.00		\$ 898.41	LSA	\$ 898.41	\$ -	\$ 2,901.59	Claimant agreed to rollover this loan to SSDF4 on 12/8/17
James Tutsock	James Tutsock	9-2057	POC	\$ 47,286.00	\$ 47,286.00			\$ 15,742.47	POC; LSA	\$ 15,742.47	\$ 31,543.53	\$ -	
Jason Ragan - TSA	NBFAR Investment, LLC - Jason Ragan - TSA	9-797	POC	\$ 1,574.00	\$ 1,574.00		\$ 159.94	\$ 209.90	LSA	\$ 369.84	\$ 1,204.16	\$ -	Pre-rollover distributions on loan secured by 4611 S Drexel
Jerome B. Shaffer and Sharon Shaffer	Jerome B. Shaffer and Sharon Shaffer	9-993	POC	\$ 150,000.00	\$ 150,000.00			\$ 44,125.00	POC; LSA	\$ 44,125.00	\$ 105,875.00	\$ -	
Joseph and Linda Martinez	Joseph M. Martinez & Linda M. Martinez	9-2095	POC	\$ 260,000.00	\$ 260,000.00			\$ 82,441.67	LSA	\$ 82,441.67	\$ 177,558.33	\$ -	
KKW Investments, LLC	KKW Investments, LLC	9-336	POC	\$ 5,000.00	\$ 5,000.00			\$ 1,460.20	POC; LSA	\$ 1,460.20	\$ 3,539.80	\$ -	
LMJ Sales, Inc.	LMJ Sales, Inc.	9-1346	POC	\$ 215,127.00	\$ 214,000.00			\$ 83,794.31	POC	\$ 83,794.31	\$ 130,205.69	\$ -	The Receiver recommends disallowing \$1,127 accrued interest added to principal balance of loan. Pro-rata share of pre-rollover distributions from loan secured by 7420 S Colfax
Madison Trust Company Agent for Custodian FBO The Jacquelin	Madison Trust Company FBO Jacqueline C Rowe IRA	9-163	POC	\$ 50,000.00	\$ -	\$ 50,000.00		\$ 13,229.17	LSA	\$ 13,229.17	\$ -	\$ 36,770.83	Claimant agreed to rollover this loan to SSDF4 on 1/5/18
Madison Trust Company Custodian FBO Stuart Edelman	FMTC FBO Stuart Edelman #168890553	9-103	POC	\$ 106,000.00	\$ 106,000.00			\$ 32,062.42	LSA	\$ 32,062.42	\$ 73,937.58	\$ -	
Manuel Camacho	Manuel Camacho	9-748	POC	\$ 25,000.00	\$ 25,000.00			\$ 7,134.81	LSA	\$ 7,134.81	\$ 17,865.19	\$ -	
Marjorie J. Sexton	The Entrust Group Inc. fbo Marjorie Jean Sexton IRA #7230013060	9-2065	POC	\$ 100,000.00	\$ 100,000.00			\$ 30,700.08	LSA	\$ 30,700.08	\$ 69,299.92	\$ -	
Mark P. Mouty	Mark Mouty	9-165	POC	\$ 25,000.00	\$ 25,000.00			\$ 6,779.77	LSA	\$ 6,779.77	\$ 18,220.23	\$ -	Transaction to roll loan to SSDF6 equity fund was subsequently voided
Neil R Martin	Neil R Martin	9-1253	POC	\$ 20,000.00	\$ 20,000.00			\$ 137.00	POC	\$ 137.00	\$ 19,863.00	\$ -	
PNW Investments, LLC	PNW Investments, LLC	9-332	POC	\$ 20,000.00	\$ 20,000.00			\$ 5,841.02	POC; LSA	\$ 5,841.02	\$ 14,158.98	\$ -	
Richard L. Braddock	Equity Trust Company, Custodian FBO Richard L Braddock IRA account#200188321	9-396	POC	\$ 40,000.00	\$ 40,000.00			\$ 11,237.85	POC	\$ 11,237.85	\$ 28,762.15	\$ -	
Richard L. Braddock	Equity Trust Company, Custodian FBO Richard L Braddock IRA account#200324454	9-512	POC	\$ 9,250.00	\$ 9,250.00			\$ 2,649.17	POC	\$ 2,649.17	\$ 6,600.83	\$ -	
Robert Conley III	Tierra Buena, LLC	9-277	POC	\$ 325,000.00	\$ 119,305.00		\$ 25,402.02	\$ 10,847.08	LSA	\$ 36,249.10	\$ 83,055.90	\$ -	Claimant agreed to rollover to SSDF4, and then partial rollover back to this property. Distributions allocated pro-rata between this property and SSDF4. Transaction to roll loan to SSDF6 equity fund was subsequently voided.
Robert Potter	Robert Potter	9-1389	POC	\$ 11,412.00	\$ 11,412.00		\$ 2,342.61	\$ 737.02	LSA	\$ 3,079.63	\$ 8,332.37	\$ -	Pre-rollover distributions on loan secured by 4533 S Calumet
Sam Gerber, CEO, Gerber and Associates, REI, LLC	Sam Gerber, CEO, Gerber and Associates, REI, LLC	9-562	POC	\$ 42,000.00	\$ 42,000.00			\$ -	POC; LSA	\$ -	\$ 42,000.00	\$ -	Transaction to roll loan to SSDF6 equity fund was subsequently voided
Shengjie Li and Yuye Xu	Shengjie Li and Yuye Xu	9-1340	POC	\$ 100,000.00	\$ 100,000.00		\$ 9,958.34	\$ 17,986.07	POC; LSA	\$ 27,944.41	\$ 72,055.59	\$ -	Pre-rollover distributions on loan secured by 4533 S Calumet
Sounjay K. Gairola Revocable Trust (Sounjay K. Gairola Trust)	Sounjay K. Gairola Revocable Trust (Sounjay K. Gairola Trustee)	9-1439	POC	\$ 50,000.00	\$ 50,000.00			\$ 1,042.17	POC	\$ 1,042.17	\$ 48,957.83	\$ -	
Strata Trust Company FBO David J Geldart	Self-Directed IRA Services Inc. FBO David J. Geldart	9-1010	POC	\$ 100,000.00	\$ 100,000.00			\$ 28,038.97	LSA	\$ 28,038.97	\$ 71,961.03	\$ -	
Teresita M. Shelton	Equity Trust Company Custodian FBO Terri Shelton Account #200338949 IRA	9-330	POC	\$ 26,513.00	\$ 26,513.00			\$ 6,186.40	LSA	\$ 6,186.40	\$ 20,326.60	\$ -	
Thaddeus Gala	Grand Mountain c/o Thaddeus Gala	9-2070	POC	\$ 50,000.00	\$ 50,000.00			\$ 16,541.67	LSA	\$ 16,541.67	\$ 33,458.33	\$ -	
Therese Tibbits	Therese Tibbits	9-208	POC	\$ 60,000.00	\$ 60,000.00			\$ 16,823.34	LSA	\$ 16,823.34	\$ 43,176.66	\$ -	
Tiger Chang Investments LLC	Tiger Chang Investments LLC	9-164	POC	\$ 10,000.00	\$ 10,000.00			\$ 3,120.56	POC; LSA	\$ 3,120.56	\$ 6,879.44	\$ -	
TIMMY RINK	Timmy Rink	9-217	POC	\$ 24,305.00	\$ 24,305.00		\$ 6,788.32	\$ -	LSA	\$ 6,788.32	\$ 17,516.68	\$ -	Pre-rollover distributions on loan secured by 7107 S Bennett
Timothy S Sharp	Tim Sharp	9-76	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,602.70	LSA	\$ 14,602.70	\$ 35,397.30	\$ -	
William H. Akins, Jr.	Bill Akins	9-2003-1	POC	\$ 60,000.00	\$ 150,000.00			\$ 49,122.91	LSA	\$ 49,122.91	\$ 100,877.09	\$ -	

Ex. 2 - 8100 S Essex Avenue (Property 9)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist. (Unencumbered)	Receiver's Recommendation Notes
William H. Akins, Jr.	Cama Plan FBO Bill Akins IRA	9-2003-2	POC	\$ 60,000.00	\$ 60,000.00			\$ 17,523.34	LSA	\$ 17,523.34	\$ 42,476.66	\$ -	
				\$ 3,544,027.00	\$ 3,080,132.00	\$ 345,983.00				\$ 2,231,057.94	\$ 303,196.17		

Ex. 3 - 5955 S Sacramento Avenue (Property 58)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
1839 Fund I LLC		58-367	POC	\$ 42,330.00	\$ 32,436.83	\$ 11,259.36	\$ 764.00	\$ 15,146.18	POC	\$ 15,910.18	\$ 16,526.65	\$ 11,259.36	The Receiver recommends disallowing \$9,893.17 accrued interest added to principal balance of loan. Pro-rata share of pre-rollover distributions from loan secured by 3915 N Kimball. Partial rollover to unsecured promissory note.
Alcalli Sabat	IplanGroup Agent for Custodian FBO Alcalli Sabat traditional IRA	58-786	POC	\$ 5,000.00	\$ 5,000.00			\$ 1,458.33	LSA	\$ 1,458.33	\$ 3,541.67	\$ -	
Arthur Bertrand		58-892	POC	\$ 4,825.00	\$ 4,825.00			\$ 1,813.00	POC	\$ 1,813.00	\$ 3,012.00	\$ -	
Capital Investors, LLC	Capital Investors, LLC	58-1490	POC	\$ 50,000.00	\$ 50,000.00			\$ 4,666.67	LSA	\$ 4,666.67	\$ 45,333.33	\$ -	
Dennis & Mary Ann Hennefer	Dennis & Mary Ann Hennefer	58-355	POC	\$ 332,334.00	\$ 332,334.00			\$ 120,009.50	LSA	\$ 120,009.50	\$ 212,324.50	\$ -	
Diana Johan		58-499	POC	\$ 25,000.00	\$ 25,000.00			\$ 7,416.67	POC, LSA	\$ 7,416.67	\$ 17,583.33	\$ -	
DVH Investment Trust	DVH Investment Trust	58-1410		\$ 198,500.00	\$ -	\$ 198,500.00		\$ 48,477.26	POC	\$ 48,477.26	\$ -	\$ 150,022.74	Claimant agreed to rollover this loan to SSDF1 on 6/1/17
Fredric R. Gottlieb		58-1177	POC	\$ 37,481.00	\$ 29,436.00			\$ 11,150.49	POC	\$ 11,150.49	\$ 18,285.51	\$ -	The Receiver recommends disallowing \$8,045 accrued interest added to principal balance of loan when rolled over from 4109 Kimball
Harvey Singer		58-2054	POC	\$ 198,500.00	\$ 198,500.00			\$ 32,995.14	LSA	\$ 32,995.14	\$ 165,504.86	\$ -	
John McDevitt		58-2090	POC	\$ 20,000.00	\$ 20,000.00			\$ 6,033.33	LSA	\$ 6,033.33	\$ 13,966.67	\$ -	
Liberty Quest Investment Group LLC		58-587	POC	\$ 210,000.00	\$ 210,000.00			\$ 71,283.33	POC, LSA	\$ 71,283.33	\$ 138,716.67	\$ -	
Madison Trust Company Agent for Custodian FBO The Jacquelin	Madison Trust Company FBO Jacqueline C Rowe IRA	58-163	POC	\$ 22,000.00	\$ -	\$ 22,000.00		\$ 7,205.00	LSA	\$ 7,205.00	\$ -	\$ 14,795.00	Claimant agreed to rollover this loan to SSDF4 on 1/5/18
Matthew Boyd	Matthew T. Boyd	58-2060	POC	\$ 40,698.00	\$ 40,698.00			\$ 14,289.52	LSA	\$ 14,289.52	\$ 26,408.48	\$ -	
Robert A Demick DDS PA 401K		58-680	POC	\$ 29,000.00	\$ -			\$ 29,000.00	LSA	\$ 29,000.00	\$ -	\$ -	Principal returned in full
STEVEN R. BALD	Steven Bald	58-399	POC	\$ 40,000.00	\$ 40,000.00			\$ 12,066.67	POC, LSA	\$ 12,066.67	\$ 27,933.33	\$ -	
Teresita M. Shelton	Shelton Family Trust	58-330	POC	\$ 25,000.00	\$ 25,000.00			\$ 7,541.67	LSA	\$ 7,541.67	\$ 17,458.33	\$ -	
The Moore/Ferrer Family 2004 Trust		58-107	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,083.33	LSA	\$ 15,083.33	\$ 34,916.67	\$ -	
Timothy S Sharp	Timothy Sharp	58-76	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,416.76	LSA	\$ 15,416.76	\$ 34,583.24	\$ -	
Vartan Tarakchyan	Vartan Tarakchyan, Trustee for defined Benefits Pension Plan and 401K Plan	58-1118	POC	\$ 50,000.00	\$ -	\$ 50,000.00		\$ 11,416.66	LSA	\$ 11,416.66	\$ -	\$ 38,583.34	Claimant agreed to rollover this loan to SSDF4 on 10/20/17
Wisemove Properties LLC, (Anthony and Linda Reid, members)	Wisemove Properties, LLC (Anthony and Linda Reid, members)	58-168	POC	\$ 29,000.00	\$ 29,000.00			\$ 5,232.84	LSA	\$ 5,232.84	\$ 23,767.16	\$ -	
				\$ 1,459,668.00	\$ 1,142,229.83	\$ 281,759.36					\$ 799,862.40	\$ 214,660.44	



exhibits@ctker.com

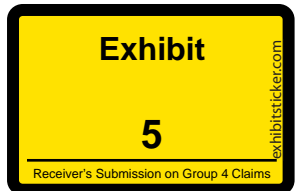
Ex. 4 - 6001-05 S Sacramento Avenue (Property 59)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
Alcail Sabat	iPlanGroup Agent for Custodian FBO Alcail Sabat IRA	59-786	POC	\$ 23,139.00	\$ 23,139.00		\$ 1,551.32	\$ 6,779.73	LSA	\$ 8,331.05	\$ 14,807.95	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 4944 W Roscoe
Aluvelu Homes LLC	Aluvelu Homes, LLC	59-879	POC	\$ 54,271.00	\$ 50,000.00			\$ 16,299.40	LSA	\$ 16,299.40	\$ 33,700.60	\$ -	The Receiver recommends disallowing \$4,271 accrued interest added to principal balance of loan. Pre-rollover distributions on loan secured by 4930 Cornelia. Transaction to roll loan to SSDF6 equity fund was subsequently voided.
Arthur and Dinah Bertrand	Arthur L and Dinah F Bertrand	59-890	POC	\$ 7,552.00	\$ 7,552.00			\$ 2,889.00	POC; LSA	\$ 2,889.00	\$ 4,663.00	\$ -	
Asians investing in Real Estate LLC	Asians Investing In Real Estate LLC	59-503	POC	\$ 60,000.00	\$ 60,000.00			\$ 22,440.00	POC; LSA	\$ 22,440.00	\$ 37,560.00	\$ -	
Brad and Linda Lutz		59-962	POC	\$ 67,876.00	\$ 67,876.00		\$ 39,434.80	\$ 25,351.71	LSA	\$ 64,786.51	\$ 3,089.49	\$ -	Pre-rollover distributions on loan secured by 7200 Stony Island
Chuck Denton   Denton Real Estate Company Inc. 401k	Denton Real Estate Company Inc. 401k	59-379	POC	\$ 25,000.00	\$ 25,000.00			\$ 7,325.00	POC; LSA	\$ 7,325.00	\$ 17,675.00	\$ -	
CZE Holdings LLC (Carl Johnson IRA)		59-1117	POC	\$ 50,000.00	\$ 50,000.00		\$ 14,841.58	\$ 15,450.00	POC; LSA	\$ 30,291.58	\$ 19,708.42	\$ -	Pre-rollover distributions on loan secured by 7200 S Stony Island
Duke E. Heger and Viviana Heger	Duke E Heger and Viviana Heger	59-1408	POC	\$ 12,000.00	\$ 12,000.00			\$ 4,656.52	LSA	\$ 4,656.52	\$ 7,343.48	\$ -	
Equity Capital Resources, LLC		59-671	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,016.67	LSA	\$ 15,016.67	\$ 34,983.33	\$ -	
Ganpat and FEREEEDA Seunath	iPlan Group Fereeda Seunath Roth 3320677	59-77-1	POC	\$ 15,172.00	\$ 15,172.00			\$ 4,404.94	LSA	\$ 4,404.94	\$ 10,767.06	\$ -	
Ganpat and FEREEEDA Seunath	iPlan Group Fereeda Seunath IRA 3300763	59-77-2	POC	\$ 91,844.00	\$ 91,844.00			\$ 26,665.37	LSA	\$ 26,665.37	\$ 65,178.63	\$ -	
Gary R. Burnham Jr. Solo 401K Trust	Gary R. Burnham Jr. Solo 401K Trust	59-1174	POC	\$ 7,971.00	\$ -	\$ 7,971.00		\$ 1,698.00	POC	\$ 1,698.00	\$ -	\$ 6,273.00	Claimant agreed to rollover this loan to SSDF1 on 6/17/17
iPlanGroup Agency for Custodian FBO Charles Powell IRA	iPlanGroup Agent for Custodian FBO Charles Powell IRA	59-413	POC	\$ 7,971.00	\$ 7,971.00			\$ 667.78	LSA	\$ 667.78	\$ 7,303.22	\$ -	
James Clements	Self-Directed IRA Services Inc. FBO James Clements	59-1402	POC	\$ 70,000.00	\$ 70,000.00			\$ 19,273.33	LSA	\$ 19,273.33	\$ 50,726.67	\$ -	
Leonard A Grosso	Leonard A. Grosso	59-2024	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,602.71	LSA	\$ 11,602.71	\$ 38,397.29	\$ -	
LMJ Sales, Inc.	LMJ Sales, Inc.	59-1346	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,455.64	LSA	\$ 15,455.64	\$ 34,544.36	\$ -	
Marjorie J. Sexton	The Entrust Group Inc. fbo Marjorie Jean Sexton IRA # 7230013060	59-2065	POC	\$ 40,564.00	\$ 40,564.00			\$ 12,182.72	LSA	\$ 12,182.72	\$ 28,381.28	\$ -	
New Direction IRA, Inc. FBO Joel Beyer, Roth IRA		59-969	POC	\$ 16,000.00	\$ 16,000.00			\$ 4,624.00	POC; LSA	\$ 4,624.00	\$ 11,376.00	\$ -	
PFFR TRUST (Garrett Miller)	PFFR TRUST	59-1284	POC	\$ 5,299.00	\$ 5,299.00			\$ 1,436.26	POC	\$ 1,436.26	\$ 3,862.74	\$ -	
Phillip G. Vander Kraats		59-628	POC	\$ 312.00	\$ 312.00			\$ 33.01	LSA	\$ 33.01	\$ 278.99	\$ -	
TMAKINDE, LLC	TMAKINDE, LLC	59-372	POC	\$ 108,000.00	\$ 108,000.00			\$ 36,576.00	POC; LSA	\$ 36,576.00	\$ 71,424.00	\$ -	
Towpath Investments LLC - Robert Kessing (manager)		59-338	POC	\$ 30,000.00	\$ 30,000.00			\$ 8,860.00	LSA	\$ 8,860.00	\$ 21,140.00	\$ -	
				\$ 842,971.00	\$ 830,729.00	\$ 7,971.00				\$ 516,911.51	\$ 6,273.00	\$ -	



Ex. 5 - 7026-42 S Cornell Avenue (Property 60)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
Alex Breslav	Alex Breslav	60-262	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,500.00	LSA	\$ 14,500.00	\$ 35,500.00	\$ -	
Annie Chang	Annie Chang	60-475	POC	\$ 3,500.00	\$ 3,500.00			\$ 504.03	POC; LSA	\$ 504.03	\$ 2,995.97	\$ -	
Asians Investing In Real Estate LLC	Asians Investing In Real Estate LLC	60-503	POC	\$ 69,402.00	\$ 68,076.43		\$ 9,215.50	\$ 26,828.66	POC	\$ 36,044.16	\$ 32,032.27	\$ -	The Receiver recommends disallowing \$1,325.57 pro-rata share of accrued interest added to principal balance of loan upon rollover from 4109 N Kimball. Pre-rollover distributions are distributions received on unsecured promissory note (UPN) after rollover.
Brett Burnham	iPlanGroup Agent for Custodian FBO Brett Burnham IRA	60-314	POC	\$ 29,902.00	\$ -	\$ 29,902.00		\$ 7,475.50	LSA	\$ 7,475.50	\$ -	\$ 22,426.50	Claimant agreed to rollover this loan to SSDF4 on 6/19/18
Capital Investors, LLC	Capital Investors, LLC	60-1490	POC	\$ 379,479.00	\$ 130,000.00			\$ 36,240.89	POC	\$ 36,240.89	\$ 93,759.11	\$ -	Claimant agreed to partial rollover to 6949 S Merrill
Christine Hethcock		60-1300	POC	\$ 40,000.00	\$ 40,000.00			\$ 383.33	POC; LSA	\$ 383.33	\$ 39,616.67	\$ -	
Chuck Denton   Denton Real Estate Company Inc. 401k	Denton Real Estate Company Inc. 401k	60-379	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,378.24	POC	\$ 15,378.24	\$ 34,621.76	\$ -	
CZE Holdings LLC (Carl Johnson IRA)		60-1117	POC	\$ 55,000.00	\$ 55,000.00			\$ 14,850.00	POC	\$ 14,850.00	\$ 40,150.00	\$ -	
Dana Speed	Dana Speed	60-684	POC	\$ 31,000.00	\$ 31,000.00			\$ -	POC; LSA	\$ -	\$ 31,000.00	\$ -	Transaction to roll loan to SSDF6 equity fund was subsequently voided
Daniel Matthews, Leah Matthews	2nd City Solo 401k Trust	60-117	POC	\$ 22,812.00	\$ 22,812.00		\$ 2,398.88	\$ 6,919.64	LSA	\$ 9,318.52	\$ 13,493.48	\$ -	Pre-rollover distributions on loan secured by 5104 W Dakin
David Ashley Lawrence Johnson investing under Endurance Capi		60-170	POC	\$ 50,000.00	\$ 50,000.00		\$ 6,166.64	\$ 6,416.63	POC; LSA	\$ 12,583.27	\$ 37,416.73	\$ -	Pre-rollover distributions on loan secured by 4611 S Drexel
Dennis & Mary Ann Hennefer	Dennis & Mary Ann Hennefer	60-355	POC	\$ 110,000.00	\$ 110,000.00		\$ 15,907.41	\$ 12,966.19	POC	\$ 28,873.60	\$ 81,126.40	\$ -	Pro-rata share of pre-rollover distributions on loans secured by 7024 S Paxton and 4533 S Calumet
DVH Investment Trust		60-1410	POC	\$ 80,000.00	\$ 20,000.00	\$ 60,000.00	\$ 3,747.22	\$ 2,166.70	LSA	\$ 5,913.92	\$ 14,086.08	\$ 54,086.08	Claimant agreed to partial rollover to SSDF1. Pre-rollover distributions are pro-rata share of distributions received prior to the partial rollover.
Ed A Bancroft	Ed Bancroft	60-2008-1	POC	\$ 4,800.00	\$ 4,800.00			\$ 462.80	LSA	\$ 462.80	\$ 4,337.20	\$ -	
Ed A Bancroft	Bancroft, Ed	60-2008-2	POC	\$ 1,407.00	\$ 1,407.00			\$ 114.81	LSA	\$ 114.81	\$ 1,292.19	\$ -	
Elizabeth Zeng	iPlanGroup Agent for Custodian FBO Elizabeth Zeng IRA 3301111	60-872-1	POC	\$ 4,000.00	\$ 4,000.00			\$ -	POC; LSA	\$ -	\$ 4,000.00	\$ -	
Elizabeth Zeng	iPlanGroup Agent for Custodian FBO Elizabeth Zeng Roth IRA 3321085	60-872-2	POC	\$ 5,000.00	\$ 5,000.00			\$ 529.06	POC; LSA	\$ 529.06	\$ 4,470.94	\$ -	
Equity Trust Company Custodian FBO Linda A. Smith IRA		60-550	POC	\$ 50,000.00	\$ 50,000.00			\$ 13,500.00	LSA	\$ 13,500.00	\$ 36,500.00	\$ -	
Fredric R. Gottlieb (South Florida Realty Management & Inves	South Florida Realty Management & Investments	60-1215	POC	\$ 58,306.00	\$ 58,306.00			\$ 17,686.20	LSA	\$ 17,686.20	\$ 40,619.80	\$ -	
Gallowglass LLC c/o Patrick Bourmes		60-316	POC	\$ 3,547.00	\$ 3,547.00		\$ 317.14	\$ 520.19	LSA	\$ 837.33	\$ 2,709.67	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 7024 S Paxton
Harvey Singer	Harvey Singer	60-2054	POC	\$ 51,500.00	\$ 51,500.00			\$ 8,560.48	LSA	\$ 8,560.48	\$ 42,939.52	\$ -	
iPlanGroup Agent for Custodian FBO Michael Dirnberger ROTH I	iPlanGroup Agent for Custodian FBO Michael Dirnberger Roth IRA	60-445	POC	\$ 817.00	\$ 817.00			\$ 71.79	LSA	\$ 71.79	\$ 745.21	\$ -	
Ivan A. Campbell	Campbell Investment Trust	60-466	POC	\$ 20,148.00	\$ 20,148.00			\$ 2,766.99	LSA	\$ 2,766.99	\$ 17,381.01	\$ -	
Jason Ragan - TSA	NBFAR Investment LLC	60-797	POC	\$ 1,241.00	\$ 1,241.00		\$ 111.79	\$ 172.12	LSA	\$ 283.91	\$ 957.09	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 7024 S Paxton
John B. Allred & Glenda K. Allred		60-2004	POC	\$ 91,521.00	\$ -			\$ -		\$ -	\$ -	\$ -	Receiver recommends that former EquityBuild Employee who actively participated in marketing the fraudulent scheme be disqualified from receiving a distribution
Joseph E. Kennedy	Madison Trust FBO Flying Moose LLC IRA	60-106	POC	\$ 40,979.00	\$ 40,979.00	\$ 9,021.00	\$ 4,581.60	\$ 13,050.48	POC	\$ 17,632.08	\$ 23,346.92	\$ 9,021.00	Pre-rollover distributions are distributions received on unsecured promissory note (UPN) after rollover from initial investment in 5104 Dakin. Unsecured claim for balance on UPN.



Ex. 5 - 7026-42 S Cornell Avenue (Property 60)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist. (Unencumbered)	Receiver's Recommendation Notes
Joseph E. Kennedy		60-435	POC	\$ 45,141.00	\$ 45,141.00	\$ 4,859.00	\$ 4,581.60	\$ 13,161.92	LSA	\$ 17,743.52	\$ 27,397.48	\$ 4,859.00	Pre-rollover distributions are distributions received on unsecured promissory note (UPN) after rollover from initial investment in 5104 Dakin. Unsecured claim for balance on UPN.
KAMEDA INVESTMENTS, LLC (Sole Owner/Manager - Arnold Kunio K	KAMEDA INVESTMENTS, LLC (Sole Owner/Manager - Arnold Kunio Kameda)	60-121	POC	\$ 40,000.00	\$ 40,000.00			\$ 433.33	LSA	\$ 433.33	\$ 39,566.67	\$ -	
Linda Lipschultz	IRA Services Trust Company, FBO Linda Lipschultz IRA	60-1374	POC	\$ 22,477.00	\$ -	\$ 22,477.00	\$ 5,090.41	\$ 6,040.82	POC	\$ 11,131.23	\$ -	\$ 11,345.77	Pre-rollover distributions on loan secured by 6548 Campbell. Claimant agreed to rollover this loan to SSDF4 on 12/20/17.
MaryAnn Zimmerman/Hidden Diamonds, LLC	Hidden Diamonds LLC	60-937	POC	\$ 18,104.00	\$ 18,104.00		\$ 1,619.20	\$ 2,844.89	LSA	\$ 4,464.09	\$ 13,639.91	\$ -	Pre-rollover distributions on loan secured by 7024 S Paxton
Michael E. Thomas	Quest IRA fbo Michael E. Thomas Roth IRA acct.no. 18201-11	60-2092	POC	\$ 50,000.00	\$ 50,000.00			\$ 50,844.00	POC	\$ 50,844.00	\$ -	\$ -	Loan repaid in full
Next Generation Trust Company FBO Irene B. Kapsky FFBO Mark		60-1166	POC	\$ 13,000.00	\$ 13,000.00			\$ 1,941.50	LSA	\$ 1,941.50	\$ 11,058.50	\$ -	
Next Generation Trust Company FBO Mark Kapsky IRA 2396		60-1157	POC	\$ 2,000.00	\$ 2,000.00			\$ -	POC; LSA	\$ -	\$ 2,000.00	\$ -	
Next Generation Trust Company FBO Mark Steven Kapsky Roth IRA		60-1169	POC	\$ 35,000.00	\$ 35,000.00			\$ -		\$ -	\$ 35,000.00	\$ -	
Optima Property Solutions, LLC	Optima Property Solutions, LLC	60-1023	POC	\$ 165,000.00	\$ -	\$ 165,000.00		\$ 34,237.50	LSA	\$ 34,237.50	\$ -	\$ 130,762.50	Claimant agreed to rollover this loan to SSDF1 on 6/1/17
Paul N. Wilmesmeier	Paul N. Wilmesmeier	60-300	POC	\$ 25,000.00	\$ 25,000.00			\$ 8,764.85	POC	\$ 8,764.85	\$ 16,235.15	\$ -	
Randall Sotka	Big Bean LLC & Tahiti Trust	60-1207	POC	\$ 4,225.00	\$ 4,225.00		\$ 384.24	\$ 619.63	LSA	\$ 1,003.87	\$ 3,221.13	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 7024 S Paxton
RITA AKEN		60-770	POC	\$ 25,000.00	\$ 25,000.00			\$ 7,250.00	LSA	\$ 7,250.00	\$ 17,750.00	\$ -	
Robert Potter	Robert Potter	60-1389	POC	\$ 12,549.00	\$ 12,549.00			\$ 1,600.69	LSA	\$ 1,600.69	\$ 10,948.31	\$ -	
Sherri Agnifili		60-348	POC	\$ 30,000.00	\$ 30,000.00			\$ 325.00	POC; LSA	\$ 325.00	\$ 29,675.00	\$ -	
Steven Lipschultz	IRA Services Trust Company, FBO Steven Lipschultz IRA	60-1391	POC	\$ 31,635.00	\$ -	\$ 31,635.00	\$ 5,033.23	\$ 6,847.65	POC	\$ 11,880.88	\$ -	\$ 19,754.12	Pre-rollover distributions on loan secured by 6548 Campbell. Claimant agreed to rollover this loan to SSDF4 on 12/20/17.
Teresita M. Shelton	Shelton Family Trust	60-330	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,500.00	LSA	\$ 14,500.00	\$ 35,500.00	\$ -	
Terry L. Merrill, Sheryl R. Merrill	Terry L. Merrill & Sheryl R. Merrill	60-602	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,500.00	LSA	\$ 14,500.00	\$ 35,500.00	\$ -	
White Tiger Revocable Trust, Ira Lovitch, Zinaida Lovitch (a	White Tiger Revocable Trust	60-537	POC	\$ 83,000.00	\$ 83,000.00		\$ 7,504.14	\$ 12,173.37	LSA	\$ 19,677.51	\$ 63,322.49	\$ -	Pre-rollover distributions on loan secured by 7024 S Paxton
Yaron Fisher	Yaron Fisher	60-479	POC	\$ 11,263.00	\$ 11,263.00	\$ 2,542.00	\$ 1,850.14	\$ 3,266.67	LSA	\$ 5,116.81	\$ 6,146.19	\$ 2,542.00	Pre-rollover distributions are distributions received on unsecured promissory note (UPN) after rollover from initial investment in 4109 Kimball. Unsecured claim for balance on UPN.
				\$ 2,017,755.00	\$ 1,366,415.43	\$ 325,436.00				\$ 982,058.85	\$ 254,796.97		

Ex. 6 - 7237-43 S Bennett Avenue (Property 61)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist. (Unencumbered)	Receiver's Recommendation Notes
Alton Parnell Motes and Vicki Elaine Washburn	Trustee of the Alton P Motes Revocable Living Trust Agreement	61-2042	POC	\$ 35,000.00	\$ 35,000.00			\$ 8,302.83	LSA	\$ 8,302.83	\$ 26,697.17	\$ -	
Annie Chang	Annie Chang	61-475	POC	\$ 7,921.00	\$ 7,921.00			\$ 1,881.62	POC; LSA	\$ 1,881.62	\$ 6,039.38	\$ -	
BCL Associates, LLC		61-477	POC	\$ 10,000.00	\$ 10,000.00			\$ 2,603.81	POC	\$ 2,603.81	\$ 7,396.19	\$ -	
BTRUE LLC Barry J. Oates		61-669	POC	\$ 5,200.00	\$ 5,200.00			\$ -	POC; LSA	\$ -	\$ 5,200.00	\$ -	
City of Chicago	City of Chicago	61-693	POC	\$ 8,762.37	\$ -			\$ -		\$ -	\$ -	\$ -	Claim for water bill was paid when Receiver sold this property
David R Trengove	iPlanGroup Agent for Custodian FBO David Trengove (Bought from Optima Solutions)	61-481	POC	\$ 43,784.00	\$ 43,451.47		\$ 5,187.74	\$ 4,761.54	POC	\$ 9,949.28	\$ 33,502.19	\$ -	The Receiver recommends disallowing \$332.53 accrued interest added to principal amount of loan. Pre-rollover distributions from loan secured by 4611 S Drexel
David Weeks		61-127	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,436.16	POC; LSA	\$ 11,436.16	\$ 38,563.84	\$ -	
Duane A Degenhardt and Linda S. Degenhardt		61-2015	POC	\$ 9,139.00	\$ 9,139.00			\$ 1,340.35	LSA	\$ 1,340.35	\$ 7,798.65	\$ -	
Ed A Bancroft	iPlanGroup Agent for Custodian FBO Ed Bancroft IRA acct. no. 3320329	61-2008	POC	\$ 13,000.00	\$ 13,000.00			\$ 3,105.51	LSA	\$ 3,105.51	\$ 9,894.49	\$ -	
Hang Zhou and Lu Dong		61-1335	POC	\$ 50,000.00	\$ 50,000.00			\$ 12,402.83	LSA	\$ 12,402.83	\$ 37,597.17	\$ -	Transaction to roll loan to SSDF6 equity fund was subsequently voided
Henry C. Scheuller c/o Henry Samuel Scheuller (Personal Rep. of the Estate)	Henry Coleman Scheuller	61-868	POC	\$ 40,000.00	\$ 40,000.00			\$ 9,928.84	LSA	\$ 9,928.84	\$ 30,071.16	\$ -	
Influx Investments LLC	Influx Investments, LLC	61-744	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,911.16	LSA	\$ 11,911.16	\$ 38,088.84	\$ -	
James Patrick Sullivan	iPlanGroup Agent for Custodian FBO James Sullivan IRA	61-125	POC	\$ 30,000.00	\$ 30,000.00			\$ 6,833.33	POC; LSA	\$ 6,833.33	\$ 23,166.67	\$ -	
James Patrick Sullivan		61-627	POC	\$ 20,000.00	\$ 20,000.00			\$ 4,944.50	POC; LSA	\$ 4,944.50	\$ 15,055.50	\$ -	
Jason Ragan - TSA	Jason Ragan	61-796	POC	\$ 25,500.00	\$ 25,500.00			\$ 5,989.67	LSA	\$ 5,989.67	\$ 19,510.33	\$ -	
JDSKPS LLC, Jeffrey Steybe Mgr		61-826	POC	\$ 150,000.00	\$ 150,000.00			\$ 35,733.33	LSA	\$ 35,733.33	\$ 114,266.67	\$ -	
John Bloxham		61-1014	POC	\$ 100,000.00	\$ 100,000.00			\$ 12,369.49	POC; LSA	\$ 12,369.49	\$ 87,630.51	\$ -	
John Braden and Cynthia Braden	Eco2 Capital Inc 401k	61-1051	POC	\$ 50,000.00	\$ 50,000.00			\$ 12,294.32	LSA	\$ 12,294.32	\$ 37,705.68	\$ -	
Koates LLC		61-228	POC	\$ 19,800.00	\$ 19,800.00			\$ -		\$ -	\$ 19,800.00	\$ -	
Larry James Eggenberger	Larry J. Eggenberger	61-402	POC	\$ 50,000.00	\$ 50,000.00			\$ 12,411.16	LSA	\$ 12,411.16	\$ 37,588.84	\$ -	
Madison Trust Company Agent for Custodian FBO The Jacquelin	Madison Trust Company FBO Jacqueline C Rowe IRA	61-163	POC	\$ 60,000.00	\$ -	\$ 60,000.00		\$ 11,210.00	POC	\$ 11,210.00	\$ -	\$ 48,790.00	Claimant agreed to rollover this loan to SSDF4 on 1/5/18
Mona M. Leonard SD ROTH - 2692021	Quest IRA Inc. FBO Mona Leonard Roth IRA #26920-21	61-123	POC	\$ 200,000.00	\$ 200,000.00			\$ 48,339.00	POC	\$ 48,339.00	\$ 151,661.00	\$ -	Transaction to roll loan to SSDF6 equity fund was subsequently voided
Optima Property Solutions, LLC	Optima Property Solutions, LLC	61-1023	POC	\$ 65,000.00	\$ 21,216.00	\$ 43,784.00		\$ 2,712.52	LSA	\$ 2,712.52	\$ 18,503.48	\$ 41,071.48	Claimant agreed to partial rollover to SSDF1. Distributions allocated pro-rata between this property and SSDF1.
Paper Street Realty LLC DBA Rent Ready Apartments	Paper Street Realty LLC DBA Rent Ready Apartments	61-1206	POC	\$ 162,812.50	\$ -			\$ -		\$ -	\$ -	\$ -	
Pat DeSantis	Pat Desantis	61-397	POC	\$ 100,000.00	\$ 100,000.00			\$ 23,888.83	LSA	\$ 23,888.83	\$ 76,111.17	\$ -	
Paul Scribner		61-1135	POC	\$ 50,000.00	\$ 50,000.00			\$ 12,477.83	POC	\$ 12,477.83	\$ 37,522.17	\$ -	
Quest IRA FBO Francis D Webb 1437711	Francis D Webb Jr.	61-218	POC	\$ 12,064.00	\$ 12,064.00			\$ 2,855.09	LSA	\$ 2,855.09	\$ 9,208.91	\$ -	Transaction to roll loan to SSDF6 equity fund was subsequently voided
Rita Aken		61-770	POC	\$ 25,000.00	\$ 25,000.00			\$ 6,268.00	LSA	\$ 6,268.00	\$ 18,732.00	\$ -	
Scott Eaton	Scott H. Eaton	61-1470	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,944.50	LSA	\$ 11,944.50	\$ 38,055.50	\$ -	
Scott Tyler Williams as Custodian of New Idea Properties, In		61-1468	POC	\$ 20,000.00	\$ 20,000.00			\$ 4,741.13	POC	\$ 4,741.13	\$ 15,258.87	\$ -	
Sounjay K. Gairola Revocable Trust (Sounjay K. Gairola Trust)	Sounjay K. Gairola Revocable Trust (Sounjay K. Gairola Trustee)	61-1439	POC	\$ 35,000.00	\$ 35,000.00			\$ 916.51	POC	\$ 916.51	\$ 34,083.49	\$ -	
STEVEN R. BALD	Steven Bald	61-399	POC	\$ 60,000.00	\$ 60,000.00			\$ 14,883.33	POC; LSA	\$ 14,883.33	\$ 45,116.67	\$ -	
Teresita M. Shelton	Shelton Family Trust	61-330	POC	\$ 15,000.00	\$ 15,000.00			\$ 2,725.83	LSA	\$ 2,725.83	\$ 12,274.17	\$ -	
Teton Equity Group LLC		61-1205	POC	\$ 100,000.00	\$ 100,000.00			\$ 24,712.17	POC	\$ 24,712.17	\$ 75,287.83	\$ -	
Vartan Tarakhchyan	Vartan Tarakhchyan, Trustee for defined Benefits Pension Plan and 401K Plan	61-1118	POC	\$ 20,000.00	\$ -	\$ 20,000.00		\$ 3,246.70	LSA	\$ 3,246.70	\$ -	\$ 16,753.30	Claimant agreed to rollover this loan to SSDF4 on 10/20/17
Vladimir Matvishin, dba Network Expert		61-1382	POC	\$ 50,000.00	\$ 50,000.00			\$ 12,536.16	LSA	\$ 12,536.16	\$ 37,463.84	\$ -	
Wealth Builders 1, LLC	Clearwood Funding, LLC	61-1275	POC	\$ 50,000.00	\$ 20,000.00			\$ 5,007.89	POC; LSA	\$ 5,007.89	\$ 14,992.11	\$ -	Wealth Builders 1 LLC loan was assigned to three claimants, Clearwood Funding LLC (this claim for \$20,000), BCL Associates LLC (claim 61-477 for \$10,000) and New Idea Properties (claim 61-1468 for \$20,000). Distributions divided between the three claims.

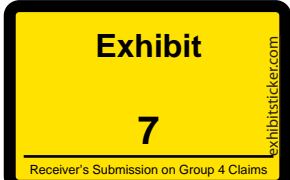
Ex. 6 - 7237-43 S Bennett Avenue (Property 61)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist. (Unencumbered)	Receiver's Recommendation Notes
William H. Akins, Jr.	Bill Akins	61-2003-1	POC	\$ 35,000.00	\$ 35,000.00			\$ 8,378.67	LSA	\$ 8,378.67	\$ 26,621.33	\$ -	
William H. Akins, Jr. (CAMA SDIRA LLC FBO Bill Akins IRA)	CAMA SDIRA, LLC FBO Bill Akins IRA	61-2003-2	POC	\$ 100,000.00	\$ 100,000.00			\$ 24,822.17	LSA	\$ 24,822.17	\$ 75,177.83	\$ -	
William Needham	PlanGroup Agent for Custodian FBO William Jack Needham IRA Account#3300944	61-80	POC	\$ 35,000.00	\$ 35,000.00			\$ 8,244.50	POC; LSA	\$ 8,244.50	\$ 26,755.50	\$ -	
Wilma Clark		61-2013	POC	\$ 20,000.00	\$ 20,000.00			\$ -	POC; LSA	\$ -	\$ 20,000.00	\$ -	
Wisemove Properties LLC, (Anthony and Linda Reid, members)	Wisemove Properties, LLC	61-168	POC	\$ 200,000.00	\$ 200,000.00			\$ 49,404.50	LSA	\$ 49,404.50	\$ 150,595.50	\$ -	
Young Family Trust		61-1452	POC	\$ 30,000.00	\$ 30,000.00			\$ 7,386.67	LSA	\$ 7,386.67	\$ 22,613.33	\$ -	
Yvette Sahai	Plan Group Yvette Sahai IRA Account No. 3300593	61-2049-1	POC	\$ 863.00	\$ 863.00			\$ 343.05	POC	\$ 343.05	\$ 519.95	\$ -	
Yvette Sahai	Plan Group Yvette Sahai ROTH IRA Account No. 3320834	61-2049-2	POC	\$ 10,651.00	\$ 10,651.00			\$ 2,338.44	POC	\$ 2,338.44	\$ 8,312.56	\$ -	
				\$ 2,274,496.87	\$ 1,948,805.47	\$ 123,784.00					\$ 1,510,440.49	\$ 106,614.78	



Ex. 7 - 7834-44 S Ellis Avenue (Property 62)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
Aaron Beauclair	Aaron Beauclair	62-408	POC	\$ 160.00	\$ 160.00		\$ 13.99	\$ 23.42	POC; LSA	\$ 37.41	\$ 122.59	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 7024 S Paxton
Alan Rubin	Alan Rubin	62-118	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,647.16	LSA	\$ 11,647.16	\$ 38,352.84	\$ -	
Asians Investing In Real Estate LLC	Asians Investing In Real Estate LLC	62-503	POC	\$ 65,000.00	\$ 65,000.00			\$ 19,207.93	POC; LSA	\$ 19,207.93	\$ 45,792.07	\$ -	
Braden Galloway	Omega Property Investments, Inc	62-1463	POC	\$ 48,763.86	\$ 48,763.86	\$ 1,236.14	\$ 5,208.28	\$ 11,359.24	LSA	\$ 16,567.52	\$ 32,196.34	\$ 1,236.14	Pre-rollover distributions are distributions received on unsecured promissory note (UPN) after rollover from initial investment in 4108 Monticello. Unsecured claim for balance on UPN.
Brent Jacobs	Madison Trust Company Custodian FBO Brent Jacobs M1609105	62-431	POC; DIS	\$ 12,119.00	\$ 12,119.00			\$ 3,407.84	POC; LSA	\$ 3,407.84	\$ 8,711.16	\$ -	
Daniel Lewis & Deborah Lewis		62-257	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,285.33	LSA	\$ 14,285.33	\$ 35,714.67	\$ -	
David R Trengove	iPlanGroup Agent for Custodian FBO David Trengove IRA Account#3300951	62-481	POC	\$ 300,000.00	\$ 300,000.00			\$ 71,125.00	POC; LSA	\$ 71,125.00	\$ 228,875.00	\$ -	
Dennis & Mary Ann Hennefer	Dennis & Mary Ann Hennefer	62-355	POC	\$ 55,098.00	\$ 55,098.00		\$ 5,146.47	\$ 7,640.26	POC; LSA	\$ 12,786.73	\$ 42,311.27	\$ -	Pro-rata share of pre-rollover distributions on loan secured by 7024 S Paxton
Emile P. Dufrene, III		62-1248	POC	\$ 50,000.00	\$ 50,000.00		\$ 4,503.90	\$ 6,991.82	LSA	\$ 11,495.72	\$ 38,504.28	\$ -	Pre-rollover distributions on loan secured by 7024 S Paxton
Fredric R. Gottlieb		62-1212	POC	\$ 58,617.00	\$ 58,617.00	\$ 1,383.00	\$ 6,301.24	\$ 14,611.82	LSA	\$ 20,913.06	\$ 37,703.94	\$ 1,383.00	Pre-rollover distributions are distributions received on unsecured promissory note (UPN) after rollover from initial investment in 4108 Monticello. Unsecured claim for balance on UPN.
Gregory C. Snyder		62-998	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,698.83	LSA	\$ 11,698.83	\$ 38,301.17	\$ -	
HARENDRA PAL		62-1126	POC	\$ 100,000.00	\$ 100,000.00			\$ 29,550.67	LSA	\$ 29,550.67	\$ 70,449.33	\$ -	
iPlanGroup Agency for Custodian FBO Charles Powell IRA	iPlanGroup Agent for Custodian FBO Charles Powell IRA	62-413	POC	\$ 106,000.00	\$ 106,000.00			\$ 8,880.42	LSA	\$ 8,880.42	\$ 97,119.58	\$ -	
Jason Park		62-814	POC	\$ 25,000.00	\$ 25,000.00			\$ 7,364.58	LSA	\$ 7,364.58	\$ 17,635.42	\$ -	
Jerome B. Shaffer		62-992	POC	\$ 14,736.00	\$ 14,736.00			\$ 3,997.55	LSA	\$ 3,997.55	\$ 10,738.45	\$ -	
Joel Feingold JFKN Investment Trust		62-527	POC	\$ 30,000.00	\$ 30,000.00			\$ 8,865.20	POC; LSA	\$ 8,865.20	\$ 21,134.80	\$ -	
John Bloxham		62-1016	POC	\$ 50,396.00	\$ 50,000.00		\$ 7,226.81	\$ 6,111.46	POC; LSA	\$ 13,338.27	\$ 36,661.73	\$ -	The Receiver recommends disallowing \$396 accrued interest added to principal amount of loan. Pre-rollover distributions from loan secured by 4611 S Drexel
Joseph P. McCarthy		62-1367	POC	\$ 27,884.00	\$ 27,884.00	\$ 3,115.81	\$ 2,023.12	\$ 6,495.36	LSA	\$ 8,518.48	\$ 19,365.52	\$ 3,115.81	Pre-rollover distributions are distributions received on unsecured promissory note (UPN) after rollover from initial investment in 4108 Monticello. Unsecured claim for balance on UPN.
Kelly E Welton, Successor Trustee of the ROBERT N. ANDREWS SEPARATE PROPERTY TRUST		62-310	POC	\$ 7,000.00	\$ 7,000.00			\$ 1,386.20	LSA	\$ 1,386.20	\$ 5,613.80	\$ -	
Kenneth (Ken) and Maria (Tina) Jorgensen	iPlanGroup Agent For Custodian FBO Ken Jorgensen IRA	62-194	POC	\$ 4,246.00	\$ 4,213.75		\$ 542.87	\$ 461.79	POC; LSA	\$ 1,004.66	\$ 3,209.09	\$ -	The Receiver recommends disallowing \$32.25 accrued interest added to principal balance of loan. Pre-rollover distributions from loan secured by 4611 S Drexel.
Kevin Bybee, iPlanGroup Agent for Custodian FBO Kevin Bybee	iPlanGroup Agent for Custodian FBO Kevin Bybee IRA	62-497	POC	\$ 48,000.00	\$ 48,000.00			\$ 12,787.20	LSA	\$ 12,787.20	\$ 35,212.80	\$ -	
Kevin Chang		62-305	POC	\$ 65,000.00	\$ 65,000.00			\$ 19,207.93	LSA	\$ 19,207.93	\$ 45,792.07	\$ -	
Laura J. Sohm IRA	iPlanGroup Agent for Custodian FBO Laura Sohm IRA	62-970	POC	\$ 15,000.00	\$ 15,000.00			\$ 4,210.60	POC; LSA	\$ 4,210.60	\$ 10,789.40	\$ -	

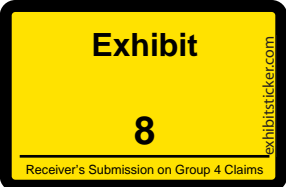


Ex. 7 - 7834-44 S Ellis Avenue (Property 62)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
Leonard A Grosso		62-2024	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,647.16	LSA	\$ 11,647.16	\$ 38,352.84	\$ -	
Matthew Page Hutchings		62-2030	POC	\$ 150,000.00	\$ 150,000.00			\$ 44,326.00	LSA	\$ 44,326.00	\$ 105,674.00	\$ -	
Michael F Grant & L. Gretchen Grant		62-393	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,647.16	LSA	\$ 11,647.16	\$ 38,352.84	\$ -	
Optima Property Solutions, LLC	Optima Property Solutions, LLC	62-1023	POC	\$ 250,000.00	\$ 15,223.00	\$ 250,000.00			POC	\$ -	\$ 15,223.00	\$ 189,694.47	Claimant agreed to roll \$250,000 loan to SSDF1 on 6/1/2017; a different \$15,223 loan was part of a bulk transfer from other properties on 1/15/2018.
Pat DeSantis	Pat DeSantis	62-397	POC	\$ 250,000.00	\$ 250,000.00			\$ 72,048.61	LSA	\$ 72,048.61	\$ 177,951.39	\$ -	
Patricia J Theil and Samuel D Theil	Samuel D Theil and Patricia J Theil	62-1045	POC	\$ 25,211.00	\$ 25,000.00		\$ 2,181.93	\$ 3,285.86	POC; LSA	\$ 5,467.79	\$ 19,532.21	\$ -	The Receiver recommends disallowing \$211 accrued interest added to principal amount of loan. Pre-rollover distributions from the loan secured by 7024 S Paxton.
Patricia J Theil C/F Jacqueline M Theil	Patricia J. Theil C/F Jacqueline M. Theil	62-923	POC	\$ 49,165.00	\$ 48,837.21		\$ 3,396.11	\$ 8,385.95	POC; LSA	\$ 11,782.06	\$ 37,055.15	\$ -	The Receiver recommends disallowing \$327.79 accrued interest added to principal amount of loan. Pro-rata pre-rollover distributions from the loan secured by 7024 S Paxton.
Paul Franklin		62-1231	POC	\$ 24,420.00	\$ 24,420.00	\$ 576.40	\$ 2,621.88	\$ 5,935.50	POC	\$ 8,557.38	\$ 15,862.62	\$ -	The Receiver recommends disallowing \$9,652.78 accrued interest added to principal amount of loan. Pre-rollover distributions from the loan secured by 4108 N Monticello.
Paul Scribner	Paul S. Scribner Revocable Trust dated May 15, 2003	62-1135	POC	\$ 6,056.00	\$ 6,056.00			\$ 588.30	POC; LSA	\$ 588.30	\$ 5,467.70	\$ -	
PNW Investments, LLC	PNW Investments, LLC	62-332	POC	\$ 125,000.00	\$ 125,000.00			\$ 37,563.33	POC; LSA	\$ 37,563.33	\$ 87,436.67	\$ -	
Quantum Growth Holdings LLC	Quantum Growth Holdings, LLC	62-354	POC	\$ 6,056.44	\$ -	\$ 6,056.44	\$ 1,279.77	\$ 777.15	POC; LSA	\$ 2,056.92	\$ -	\$ 3,999.52	Pre-rollover distributions on loan secured by 4108 Monticello. Claimant agreed to rollover this loan to SSDF4 on 9/13/17.
REBECCA D BLUST		62-1189	POC	\$ 10,000.00	\$ 10,000.00			\$ 2,212.84	POC; LSA	\$ 2,212.84	\$ 7,787.16	\$ -	
Richard L. Braddock	iPlanGroup Agent for Custodian FBO Richard L. Braddock IRA Account 3301005	62-509	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,063.83	POC; LSA	\$ 11,063.83	\$ 38,936.17	\$ -	
SAMUEL HOME SOLUTIONS LLC, GEORGE SAMUEL	Samuel Home Solutions, LLC	62-347	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,035.33	LSA	\$ 14,035.33	\$ 35,964.67	\$ -	
STEVEN R. BALD	Steve Bald	62-399	POC	\$ 181,378.00	\$ 180,000.00		\$ 21,092.50	\$ 22,793.16	POC	\$ 43,885.66	\$ 136,114.34	\$ -	The Receiver recommends disallowing \$1,378 accrued interest added to principal amount of loan. Pre-rollover distributions from the loan secured by 4611 S Drexel.
Thaddeus Gala	Grand Mountain c/o Thaddeus Gala	62-2070	POC	\$ 25,000.00	\$ 25,000.00			\$ 7,387.67	LSA	\$ 7,387.67	\$ 17,612.33	\$ -	
Vladimir Matviishin		62-233	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,775.33	LSA	\$ 14,775.33	\$ 35,224.67	\$ -	
Vladimir Matviishin, dba Network Expert		62-1382	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,775.33	LSA	\$ 14,775.33	\$ 35,224.67	\$ -	
William Needham	iPlanGroup Agent for Custodian FBO William Jack Needham IRA Account#3300944	62-80	POC	\$ 200,000.00	\$ 200,000.00			\$ 52,644.38	LSA	\$ 52,644.38	\$ 147,355.62	\$ -	
Zahra (Nina) Mofrad	Equity Trust Company Acct. No. 200316625	62-1024	POC	\$ 75,000.00	\$ 75,000.00			\$ 21,437.50	LSA	\$ 21,437.50	\$ 53,562.50	\$ -	
				\$ 2,910,306.30	\$ 2,667,127.82	\$ 262,367.79					\$ 1,968,997.87	\$ 199,428.94	

Ex. 8 - 701-13 S 5th Avenue, Maywood (Property 71)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
Alex Breslav	Alex Breslav	71-262	POC	\$ 40,000.00	\$ 40,000.00			\$ 12,234.67	POC; LSA	\$ 12,234.67	\$ 27,765.33	\$ -	
Aluvelu Homes LLC	Aluvelu Homes, LLC	71-879	POC	\$ 20,000.00	\$ 20,000.00			\$ 5,855.49	LSA	\$ 5,855.49	\$ 14,144.51	\$ -	Transaction to roll loan to SSDF6 equity fund was subsequently voided
Andrew Matviishin	Andrew Matviishin	71-1261	POC	\$ 55,000.00	\$ 55,000.00			\$ 17,097.67	LSA	\$ 17,097.67	\$ 37,902.33	\$ -	
Annie Chang	Annie Chang	71-475	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,293.33	POC; LSA	\$ 15,293.33	\$ 34,706.67	\$ -	
Bluebridge Partners Limited	Bluebridge Partners Limited	71-727	POC	\$ 77,177.00	\$ 76,590.82		\$ 9,986.64	\$ 9,698.62	LSA	\$ 19,685.26	\$ 56,905.56	\$ -	The Receiver recommends disallowing \$586.8 pro-rata share of accrued interest added to principal balance of loan upon rollover from 4611 Drexel. Pro-rata pre-rollover distributions from loan secured by 4611 S Drexel.
Charles P McEvoy	MidAtlantic IRA, LLC FBO Charles McEvoy IRA	71-232	POC	\$ 20,000.00	\$ 20,000.00			\$ 5,572.16	POC; LSA	\$ 5,572.16	\$ 14,427.84	\$ -	
Charlotte A Hofer	Charlotte A Hofer	71-603	POC	\$ 110,000.00	\$ 110,000.00			\$ 15,021.38	LSA	\$ 15,021.38	\$ 94,978.62	\$ -	
CLOVE, LLC	CLOVE, LLC	71-723	POC	\$ 15,900.00	\$ 15,900.00			\$ 4,985.53	POC; LSA	\$ 4,985.53	\$ 10,914.47	\$ -	
Deborah Buffamanti	Madison Trust Company Custodian, FBO Deborah Buffamanti M1512506	71-1349	POC	\$ 3,000.00	\$ 3,000.00			\$ 878.33	LSA	\$ 878.33	\$ 2,121.67	\$ -	
Ed A Bancroft	iPlanGroup Agent for Custodian FBO Ed Bancroft IRA	71-2008	POC	\$ 12,000.00	\$ 12,000.00			\$ 2,556.67	LSA	\$ 2,556.67	\$ 9,443.33	\$ -	
Frank Sohm IRA	iPlanGroup Agent for Custodian FBO Frank Sohm IRA	71-558	POC	\$ 40,000.00	\$ 40,000.00			\$ 11,642.67	LSA	\$ 11,642.67	\$ 28,357.33	\$ -	
GIRISH JUNEJA SELF DIRECTED ROTH IRA, CUSTODIAN: KINGDOM TRUST	The Kingdom Trust Company, Custodian FBO Girish Juneja IRA	71-1341	POC	\$ 50,000.00	\$ 50,000.00			\$ 13,458.27	LSA	\$ 13,458.27	\$ 36,541.73	\$ -	
James Patrick Sullivan	iPlanGroup Agent for Custodian FBO James Sullivan IRA	71-125	POC	\$ 50,000.00	\$ 50,000.00			\$ 13,930.49	POC; LSA	\$ 13,930.49	\$ 36,069.51	\$ -	
Jeffrey Lee Blankenship		71-1241	POC	\$ 93,698.00	\$ -	\$ 93,698.00	\$ 4,352.70	\$ 1,961.93	POC; LSA	\$ 6,314.63	\$ -	\$ 87,383.37	Claimant agreed to rollover this loan to SSDF1 on 6/26/17. Pre-rollover distributions are distributions received on unsecured promissory note (UPN) after rollover from initial investment in 4108 Monticello.
Jerome B. Shaffer	Jerome Shaffer	71-992	POC	\$ 85,264.00	\$ 85,264.00			\$ 23,305.56	LSA	\$ 23,305.56	\$ 61,958.44	\$ -	
JLO Enterprises LLC	JLO Enterprises, LLC	71-726	POC	\$ 15,750.00	\$ 15,750.00			\$ 4,938.42	LSA	\$ 4,938.42	\$ 10,811.58	\$ -	
John Love	John Love	71-719	POC	\$ 30,000.00	\$ 30,000.00			\$ 9,406.67	LSA	\$ 9,406.67	\$ 20,593.33	\$ -	
Karl R. DeKlotz	Karl R. DeKlotz	71-1179	POC	\$ 300,000.00	\$ 400,000.00		\$ 9,057.88	\$ 102,499.96	LSA	\$ 111,557.84	\$ 288,442.16	\$ -	Claimant has two loans secured by this property. A \$300,000 loan extended in August 2016, and a rollover of \$100,000 from 7024 Paxton. Pro-rata share of pre-rollover distributions on loan secured by 7024 S Paxton.
Kester Brothers Farm, LLC, C/O James R. Kester	Kester Brothers Farm LLC	71-944	POC	\$ 68,000.00	\$ 68,000.00			\$ 20,791.93	POC	\$ 20,791.93	\$ 47,208.07	\$ -	
Levent Kesen	Levent Kesen	71-1078	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,276.32	POC; LSA	\$ 15,276.32	\$ 34,723.68	\$ -	
Madison Trust Company Custodian FBO Brian Shaffer IRA Account	Madison Trust Company Custodian FBO Brian Shaffer Account #M1608073	71-411	POC	\$ 50,000.00	\$ 50,000.00			\$ 13,458.27	LSA	\$ 13,458.27	\$ 36,541.73	\$ -	
Madison Trust Company Custodian FBO Kathy B. Talman IRA	Equity Trust Company Custodian FBO Kathy Talman IRA	71-1109	POC	\$ 50,000.00	\$ 50,000.00			\$ 13,458.27	POC; LSA	\$ 13,458.27	\$ 36,541.73	\$ -	
Mary Alexander-Brum	Equity Trust Company custodian FBO Mary Patricia Alexander Brum traditional IRA	71-227	POC	\$ 50,000.00	\$ 50,000.00			\$ 12,749.94	LSA	\$ 12,749.94	\$ 37,250.06	\$ -	
Naveen Kwatra	Naveen Kwatra	71-356	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,293.33	LSA	\$ 15,293.33	\$ 34,706.67	\$ -	
Nehasri Ltd (investment under Nehasri Ltd by Manoj Donthin)	NEHASRI LTD	71-1365	POC	\$ 50,000.00	\$ 50,000.00			\$ 15,040.21	LSA	\$ 15,040.21	\$ 34,959.79	\$ -	

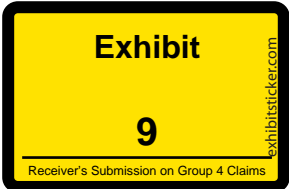


Ex. 8 - 701-13 S 5th Avenue, Maywood (Property 71)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
Optima Property Solutions, LLC	Optima Property Solutions, LLC	71-1023	POC	\$ 50,000.00	\$ 50,000.00			\$ 1,043.91	LSA	\$ 1,043.91	\$ 48,956.09	\$ -	
PNW Investments, LLC	PNW Investments, LLC	71-332	POC	\$ 75,000.00	\$ 75,000.00			\$ 23,315.00	POC; LSA	\$ 23,315.00	\$ 51,685.00	\$ -	
Ramsey Stephan	Ramsey Stephan	71-162	POC	\$ 20,519.00	\$ 20,519.00			\$ 6,276.05	LSA	\$ 6,276.05	\$ 14,242.95	\$ -	
Rashmi Juneja Self Directed Roth IRA, Custodian: Kingdom Tru	The Kingdom Trust Company, Custodian FBO Rashmi Juneja IRA	71-1342	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,166.60	LSA	\$ 14,166.60	\$ 35,833.40	\$ -	
Robert A Demick DDS PA 401K	Robert A. Demick DDS PA 401k	71-680	POC	\$ 50,000.00	\$ 50,000.00			\$ 14,638.82	LSA	\$ 14,638.82	\$ 35,361.18	\$ -	
Samuel Home Solutions, LLC, George Samuel	Samuel Home Solutions, LLC	71-347	POC	\$ 107,869.00	\$ 107,869.00			\$ 31,397.05	LSA	\$ 31,397.05	\$ 76,471.95	\$ -	
Teresita M. Shelton	iPlanGroup Agent for Custodian FBO Terri Shelton IRA #3301003	71-330	POC	\$ 50,000.00	\$ 50,000.00			\$ 12,749.94	LSA	\$ 12,749.94	\$ 37,250.06	\$ -	
Teton Equity Group LLC	Teton Equity Group, LLC	71-1205	POC	\$ 100,000.00	\$ 100,000.00			\$ 30,586.67	LSA	\$ 30,586.67	\$ 69,413.33	\$ -	
The Entrust Group FBO Dee Ann Nason 7230011277	The Entrust Group Inc, FBO Dee Ann Nason, 7230011277	71-790	POC	\$ 50,000.00	\$ 50,000.00			\$ 11,194.51	LSA	\$ 11,194.51	\$ 38,805.49	\$ -	
The Jacqueline C Rowe Living Trust	The Jacqueline C. Rowe Living Trust	71-139	POC	\$ 50,000.00	\$ -	\$ 50,000.00		\$ 9,718.66	LSA	\$ 9,718.66	\$ -	\$ 40,281.34	Claimant agreed to rollover this loan to SSDF4 on 9/15/17
The Peter Paul Nuspl Living Trust	The Peter Paul Nuspl Living Trust	71-2044	POC	\$ 100,000.00	\$ -	\$ 100,000.00		\$ 19,289.34	LSA	\$ 19,289.34	\$ -	\$ 80,710.66	Claimant agreed to rollover this loan to SSDF4 on 8/29/17
TruStar Real Estate Solutions, LLC	TruStar Real Estate Solutions, LLC	71-337	POC	\$ 75,000.00	\$ 75,000.00			\$ 22,940.00	LSA	\$ 22,940.00	\$ 52,060.00	\$ -	
Trustee Toramba Trust (Roth) Matthew Boyd	Matthew Boyd, Trustee of Toramba Trust (ROTH)	71-2062	POC	\$ 58,000.00	\$ 58,000.00			\$ 16,981.18	LSA	\$ 16,981.18	\$ 41,018.82	\$ -	
Vladimir Matvishin	Vladimir Matvishin	71-233	POC	\$ 55,000.00	\$ 55,000.00			\$ 16,283.67	LSA	\$ 16,283.67	\$ 38,716.33	\$ -	
William Needham	iPlanGroup Agent for Custodian FBO William Jack Needham IRA Account#3300944	71-80	POC	\$ 50,000.00	\$ 50,000.00			\$ 10,652.84	POC; LSA	\$ 10,652.84	\$ 39,347.16	\$ -	
Xuwen Lin	Madison Trust Company Custodian FBO Xuwen Lin IRA Account #M16060347	71-648	POC	\$ 16,521.00	\$ 16,521.00			\$ 1,121.61	LSA	\$ 1,121.61	\$ 15,399.39	\$ -	
				\$ 2,393,698.00	\$ 2,249,413.82	\$ 243,698.00					\$ 1,642,577.29	\$ 208,375.37	

Ex. 9 - 11117-19 S Longwood Drive (Property 100)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
88 Legacy LLC	88 Legacy LLC	100-126	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,061.59	LSA	\$ 6,061.59	\$ 43,938.41	\$ -	
Agee Family Trust c/o Scott R. Agee	Agee Family Trust	100-2001	POC	\$ 25,000.00	\$ 25,000.00			\$ 2,977.50	LSA	\$ 2,977.50	\$ 22,022.50	\$ -	
Alan Schankman	Alan Schankman	100-2096	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,007.42	LSA	\$ 6,007.42	\$ 43,992.58	\$ -	
Asians Investing In Real Estate LLC	Asians Investing In Real Estate LLC	100-503	POC	\$ 150,000.00	\$ 150,000.00			\$ 20,759.67	POC	\$ 20,759.67	\$ 129,240.33	\$ -	
BLUE MOUNTAIN VENTURES PSP 401K, GEORGE SAMUEL	Blue Mountain Ventures PSP 401K	100-491	POC	\$ 100,000.00	\$ 100,000.00			\$ 11,233.75	LSA	\$ 11,233.75	\$ 88,766.25	\$ -	
Braden Galloway	Braden Galloway	100-1463	POC	\$ 102,238.00	\$ 102,238.00			\$ 18,517.56	LSA	\$ 18,517.56	\$ 83,720.44	\$ -	
Brook & Sarah Swientisky; J&S Investment, LLC	Brook Swientisky	100-568	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,024.09	LSA	\$ 6,024.09	\$ 43,975.91	\$ -	
Bruce A Walter (Equity Trust Corp FBO Bruce Walter IRA)	Equity Trust Co Custodian FBO Bruce Walter IRA 200270294, Asset # S00133471	100-137	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,678.26	POC; LSA	\$ 6,678.26	\$ 43,321.74	\$ -	
BTRUE LLC Barry J. Oates	BTRUE LLC	100-669	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,258.63	POC	\$ 6,258.63	\$ 43,741.37	\$ -	
Chestnut Capital LLC	Chestnut Capital LLC	100-1460	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,024.09	LSA	\$ 6,024.09	\$ 43,975.91	\$ -	
Danyel Tiefenbacher and Jamie Lai	Danyel Tiefenbacher and Jamie Lai	100-646	POC	\$ 50,000.00	\$ 50,000.00			\$ 5,203.25	POC; LSA	\$ 5,203.25	\$ 44,796.75	\$ -	
David M Harris	David M. Harris	100-267	POC	\$ 32,700.00	\$ 32,700.00			\$ 3,171.93	LSA	\$ 3,171.93	\$ 29,528.07	\$ -	
David R Trengove	iPlanGroup Agent for Custodian FBO David Trengove IRA Account#3300951	100-481	POC	\$ 46,000.00	\$ 46,000.00			\$ 4,772.25	POC; LSA	\$ 4,772.25	\$ 41,227.75	\$ -	
Dee Ann Nason	Dee Ann Nason	100-453	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,086.59	LSA	\$ 6,086.59	\$ 43,913.41	\$ -	
Distributive Marketing Inc.	Distributive Marketing LLC	100-806	POC	\$ 55,000.00	\$ 55,000.00			\$ 6,188.75	LSA	\$ 6,188.75	\$ 48,811.25	\$ -	
DK Phenix Investments LLC	DK Phenix Investments LLC	100-584	POC	\$ 75,000.00	\$ 75,000.00			\$ 9,251.83	LSA	\$ 9,251.83	\$ 65,748.17	\$ -	
Edge Investments, LLC, Janet F. Turco, Owner/Member IRA	Edge Investments, LLC	100-180	POC	\$ 100,000.00	\$ 100,000.00			\$ 13,633.75	LSA	\$ 13,633.75	\$ 86,366.25	\$ -	
Ellen Liu	Ellen Liu	100-1354	POC	\$ 150,000.00	\$ 150,000.00		\$ 14,547.67	\$ 7,999.96	LSA	\$ 22,547.63	\$ 127,452.37	\$ -	Pre-rollover distributions are distributions received prior to change of registration from Yin Liu to Ellen Liu
Gallowglass LLC c/o Patrick Bournes	Gallowglass LLC	100-316	POC	\$ 50,000.00	\$ 50,000.00			\$ 5,982.42	LSA	\$ 5,982.42	\$ 44,017.58	\$ -	
Grathia Corp	Grathia Corporation	100-1445	POC	\$ 53,000.00	\$ 53,000.00			\$ 3,607.97	LSA	\$ 3,607.97	\$ 49,392.03	\$ -	
Hillside Fund, LLC - Janet F. Turco, Owner/Managing Member	Hillside Fund, LLC	100-101	POC	\$ 75,000.00	\$ 75,000.00			\$ 10,208.08	LSA	\$ 10,208.08	\$ 64,791.92	\$ -	
IRA Services Trust Company CFBO Melbourne Kinsey II	The Melbourne Kinsey II Revocable Trust	100-661	POC	\$ 50,000.00	\$ 50,000.00			\$ 5,114.35	LSA	\$ 5,114.35	\$ 44,885.65	\$ -	
James Tutsock	James Tutsock	100-2057	POC	\$ 250,000.00	\$ 250,000.00		\$ 62,729.60	\$ 35,562.92	POC	\$ 98,292.52	\$ 151,707.48	\$ -	Pre-rollover distributions on loan secured by 7450 S Luella
Joel Feingold JFKN Investment Trust	JFKN Investment trust	100-527	POC	\$ 25,000.00	\$ 25,000.00			\$ 2,887.67	POC; LSA	\$ 2,887.67	\$ 22,112.33	\$ -	
John and Cynthia Braden	Eco2 Capital Inc 401k	100-1047	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,111.59	POC; LSA	\$ 6,111.59	\$ 43,888.41	\$ -	
John B. Allred & Glenda K. Allred		100-2004	POC	\$ 50,000.00	\$ -			\$ -		\$ -	\$ -	\$ -	Receiver recommends that former EquityBuild Employee who actively participated in marketing the fraudulent scheme be disqualified from receiving a distribution
John McDevitt	John McDevitt	100-2090	POC	\$ 100,000.00	\$ 100,000.00			\$ 12,625.42	LSA	\$ 12,625.42	\$ 87,374.58	\$ -	
Joseph E. Kennedy	Sunwest Trust, Custodian fbo Joseph E. Kennedy IRA #161595	100-106	POC	\$ 50,000.00	\$ 50,000.00			\$ 5,424.08	LSA	\$ 5,424.08	\$ 44,575.92	\$ -	
Koates LLC	Koates LLC	100-228	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,009.41	POC	\$ 6,009.41	\$ 43,990.59	\$ -	
Kristien Van Hecke as trustee of DK Phenix Investments LLC 4	Kristien Van Hecke as trustee of DK Phenix Investments LLC 401 (k) FBO Kristien Van Hecke	100-840	POC	\$ 25,000.00	\$ -	\$ 25,000.00		\$ 2,565.72	POC; LSA	\$ 2,565.72	\$ -	\$ 22,434.28	Claimant agreed to rollover this loan to SSDF4 on 11/14/17
Madison Trust Acct Nr M1707067 fbo Harry L Shaffer	Madison Trust Company Custodian FBO Harry Shaffer #M1707067	100-2053	POC	\$ 100,000.00	\$ 100,000.00			\$ 13,733.75	POC; LSA	\$ 13,733.75	\$ 86,266.25	\$ -	
Madison Trust Company Custodian FBO Patrick Coppinger M17081	Madison Trust Company Custodian FBO Patrick Coppinger M1708149	100-1430	POC	\$ 60,000.00	\$ 60,000.00			\$ 7,297.67	LSA	\$ 7,297.67	\$ 52,702.33	\$ -	
Mike M. Cocos	Mike M. Cocos & Loryn T. Cocos	100-82	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,025.47	LSA	\$ 6,025.47	\$ 43,974.53	\$ -	
Mountain West LLC IRA FBO Rachael B. Curcio Acct# 50679-01		100-315	POC	\$ 92,000.00	\$ 92,000.00			\$ -		\$ -	\$ 92,000.00	\$ -	



Ex. 9 - 11117-19 S Longwood Drive (Property 100)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
Nancy Fillmore	Nancy Fillmore	100-2022	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,782.42	LSA	\$ 6,782.42	\$ 43,217.58	\$ -	
Nancy Lynn Cree Cree Capital Ventures, LLC	Cree Capital Ventres, LLC	100-2014	POC	\$ 250,000.00	\$ 250,000.00			\$ 34,848.09	POC; LSA	\$ 34,848.09	\$ 215,151.91	\$ -	
Patricia E Gomes	RAVIN3 LLC	100-1400	POC	\$ 400,000.00	\$ 400,000.00			\$ 61,706.42	POC; LSA	\$ 61,706.42	\$ 338,293.58	\$ -	
Paul N. Wilmesmeier	Paul N. Wilmesmeier	100-300	POC	\$ 15,000.00	\$ 15,000.00			\$ 1,780.17	LSA	\$ 1,780.17	\$ 13,219.83	\$ -	
Paul S. Applefield, Trustee, Paul S. Applefield, DDS, 401k P	Paul S. Applefield, DDS, 401k Plan	100-2087	POC	\$ 11,000.00	\$ 11,000.00			\$ 1,277.91	LSA	\$ 1,277.91	\$ 9,722.09	\$ -	
Petra Zoeller	Petra Zoeller	100-594	POC	\$ 199,000.00	\$ 199,000.00			\$ 26,109.67	LSA	\$ 26,109.67	\$ 172,890.33	\$ -	
PNW Investments, LLC	PNW Investments, LLC	100-332	POC	\$ 18,000.00	\$ 18,000.00			\$ 2,151.50	POC; LSA	\$ 2,151.50	\$ 15,848.50	\$ -	
Quest Trust Company FBO Paul Applefield Roth IRA#16413-21	Quest IRA, Inc. FBO Paul S. Applefield Roth IRA	100-2088	POC	\$ 7,000.00	\$ 7,000.00			\$ 788.09	LSA	\$ 788.09	\$ 6,211.91	\$ -	
Quest Trust Company FBO Robin Applefield Roth IRA#25164-21	Quest IRA, Inc. FBO Robin Applefield Roth IRA	100-2089	POC	\$ 7,000.00	\$ 7,000.00			\$ 788.09	LSA	\$ 788.09	\$ 6,211.91	\$ -	
Rajesh Gupta Roth IRA	Madison Trust Company Custodian FBO Rajesh Gupta #M1707030	100-1280	POC	\$ 265,562.00	\$ 265,562.00			\$ 40,702.17	POC; LSA	\$ 40,702.17	\$ 224,859.83	\$ -	
Rajitha Dundigalla	Rajitha Dundigalla	100-655	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,694.92	LSA	\$ 6,694.92	\$ 43,305.08	\$ -	
Rinku Uberoi	Rinku Uberoi	100-1373	POC	\$ 250,000.00	\$ 250,000.00			\$ 38,604.58	LSA	\$ 38,604.58	\$ 211,395.42	\$ -	
Rise Up Real Estate Group, LLC	Rise Up Real Estate Group, LLC	100-1484	POC	\$ 125,000.00	\$ 125,000.00			\$ 16,771.82	POC; LSA	\$ 16,771.82	\$ 108,228.18	\$ -	
Robert W. Jennings	Robert Jennings	100-447	POC	\$ 150,000.00	\$ 150,000.00			\$ 20,735.17	LSA	\$ 20,735.17	\$ 129,264.83	\$ -	
Roswitha M. and John S. Ennema	John S Ennema & Roswitha M Ennema	100-564	POC	\$ 5,000.00	\$ 5,000.00			\$ 625.03	POC	\$ 625.03	\$ 4,374.97	\$ -	
Scott Eaton	Scott H. Eaton	100-1470	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,340.75	LSA	\$ 6,340.75	\$ 43,659.25	\$ -	
Serva Fidem, LLC	Serva Fidem, LLC	100-1425	POC	\$ 25,000.00	\$ 25,000.00			\$ 3,381.90	POC; LSA	\$ 3,381.90	\$ 21,618.10	\$ -	
Stephan Tang		100-1111	POC	\$ 50,000.00	\$ -					\$ -	\$ -	\$ -	Claimant agreed to rollover this loan to 7546 S Saginaw on 7/20/17
Steven G. Mouty	The Steven G. Mouty Trust	100-821	POC	\$ 150,000.00	\$ 150,000.00			\$ 20,372.67	POC; LSA	\$ 20,372.67	\$ 129,627.33	\$ -	
STEVEN R. BALD	Steven Bald	100-399	POC	\$ 45,000.00	\$ 45,000.00			\$ 5,345.00	POC; LSA	\$ 5,345.00	\$ 39,655.00	\$ -	
Steven Trzaska	Steven & Annamarie Trzaska	100-141	POC	\$ 100,000.00	\$ 100,000.00			\$ 13,914.75	LSA	\$ 13,914.75	\$ 86,085.25	\$ -	
Timothy S Sharp	Timothy Sharp	100-76	POC	\$ 50,000.00	\$ 50,000.00			\$ 5,247.69	POC; LSA	\$ 5,247.69	\$ 44,752.31	\$ -	
Victor Shaw	The Shaw Family Trust	100-1040	POC	\$ 50,000.00	\$ 50,000.00			\$ 6,094.92	LSA	\$ 6,094.92	\$ 43,905.08	\$ -	
William H. Akins, Jr.	William H. Akins, Jr., LLC	100-2003	POC	\$ 250,000.00	\$ 250,000.00			\$ 34,973.09	POC; LSA	\$ 34,973.09	\$ 215,026.91	\$ -	
Wisemove Properties LLC, (Anthony and Linda Reid, members)	Wisemove Properties LLC, (Anthony and Linda Reid, members)	100-168	POC	\$ 50,000.00	\$ 50,000.00		\$ 6,969.48	\$ 157.89	LSA	\$ 7,127.37	\$ 42,872.63	\$ -	Pre-rollover distributions on loan secured by 7051 S Bennett
WT Investment Trust (Wiegert Tierie)	WT Investment Trust	100-1310	POC	\$ 17,350.00	\$ 17,350.00			\$ 1,843.25	LSA	\$ 1,843.25	\$ 15,506.75	\$ -	
Yin Liu, Ping Xu	Yin Liu & Ping Xu	100-1368	POC	\$ 150,000.00	\$ -			\$ 14,547.67		\$ 14,547.67	\$ -	\$ -	Claimant changed registration from Yin Liu to Ellen Liu (duplicative of claim 100-1354)
Zouhair and Nada Stephan	Zouhair and Nada Stephan	100-283	POC	\$ 150,000.00	\$ 150,000.00			\$ 22,660.17	LSA	\$ 22,660.17	\$ 127,339.83	\$ -	
				\$ 5,305,850.00	\$ 5,030,850.00	\$ 25,000.00					\$ 4,298,463.45	\$ 22,434.28	

Ex. 10 - 1102 Bingham St, Houston TX (Property 116)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist. (Unencumbered)	Receiver's Recommendation Notes
Alton Parnell Motes	Alton Motes Revocable Living Trust dated 12/15/2011	116-2042	POC	\$ 20,000.00	\$ -	\$ 16,546.61		\$ 556.77	LSA	\$ 556.77	\$ -	\$ 15,989.84	Claimant agreed to rollover this loan to unsecured promissory note
AMark Investment Trust		116-710	POC	\$ 125,000.00	\$ 125,000.00			\$ -		\$ -	\$ 125,000.00	\$ -	
American Estate & Trust, LC FBO Bruce Klingman's IRA	American Estate & Trust FBO, Bruce Klingman's, IRA #T1002429566	116-199	POC	\$ 63,033.00	\$ -	\$ 63,033.00		\$ 17,334.22	POC	\$ 17,334.22	\$ -	\$ 45,698.78	Claimant agreed to rollover this loan to unsecured promissory note
Anatoly B. Naritsin		116-2077	POC	\$ 50,000.00	\$ -			\$ -		\$ -	\$ -	\$ -	Claimant agreed to rollover this loan to CCF2
ARBOR VENTURES OVERSEAS LIMITED, LLC	Arbor Ventures Overseas Limited, LLC	116-446	POC	\$ 50,000.00	\$ -	\$ 50,000.00		\$ 13,916.86	POC	\$ 13,916.86	\$ -	\$ 36,083.14	Claimant agreed to rollover this loan to unsecured promissory note
Debbie Lasley		116-456	POC	\$ 55,000.00	\$ -	\$ 54,450.00		\$ 11,093.44	LSA	\$ 11,093.44	\$ -	\$ 43,356.56	Claimant agreed to rollover this loan to unsecured promissory note
Dennis K McCoy	iPlan Group Agent for Custodian FBO Dennis McCoy IRA 3300311	116-569	POC	\$ 50,000.00	\$ -	\$ 50,000.00		\$ 3,685.41	POC	\$ 3,685.41	\$ -	\$ 46,314.59	Claimant agreed to rollover this loan to unsecured promissory note
Fireshark Enterprises, LLC, a Texas Series Limited Liability	Fireshark Enterprises LLC	116-1130	POC	\$ 313,418.93	\$ -	\$ 282,784.00		\$ 56,700.36	POC; LSA	\$ 56,700.36	\$ -	\$ 226,083.64	Claimant agreed to rollover this loan to unsecured promissory note
iPlanGroup Agent for Custodian FBO Charles Michael Anglin	iPlanGroup Agent for Custodian FBO Charles Michael Anglin	116-331	POC	\$ 52,474.56	\$ 50,000.00			\$ -	POC	\$ -	\$ 50,000.00	\$ -	The Receiver recommends disallowing \$2,475.56 accrued interest added to principal balance of loan. Transaction to roll loan to SSDF6 equity fund was subsequently voided.
Knickerbocker LLC	Alan Schankman	116-2035	POC	\$ 50,000.00	\$ -	\$ 50,000.00		\$ -		\$ -	\$ -	\$ 50,000.00	Claimant agreed to rollover this loan to CCF1
Michael Warner, Trustee of Warner Chiropractic Care Center,	Michael R. Warner, TTEE Warner Chiropractic Care Ctr, PC PSP Pooled Acct.	116-78	POC	\$ 54,254.00	\$ -	\$ 49,500.00			POC	\$ -	\$ -	\$ 49,500.00	Claimant agreed to rollover this loan to SSDF4
RAMANAN RAMADOSS	Equity Trust Company FBO Ramanan Ramadoss CESA	116-71	POC	\$ 15,000.00	\$ -	\$ 15,000.00		\$ 3,755.00	LSA	\$ 3,755.00	\$ -	\$ 11,245.00	Claimant agreed to rollover this loan to unsecured promissory note
Robert Karlsson for Millcreek Holdings LLC	Millcreek Holdings LLC	116-166	POC	\$ 200,000.00	\$ -	\$ 200,000.00		\$ 59,157.30	POC; LSA	\$ 59,157.30	\$ -	\$ 140,842.70	Claimant agreed to rollover this loan to unsecured promissory note
Russell Waite	Russell M. Waite	116-1120	POC	\$ 50,000.00	\$ -	\$ 50,000.00		\$ 9,811.32	LSA	\$ 9,811.32	\$ -	\$ 40,188.68	Claimant agreed to rollover this loan to unsecured promissory note
Spectra Investments LLC/ Deborah L. Mullica	Spectra Investments LLC/ Deborah L. Mullica	116-1220	POC	\$ 139,971.00	\$ -	\$ 139,500.00			POC	\$ -	\$ -	\$ 139,500.00	Claimant agreed to rollover this loan to SSDF4
				\$ 1,288,151.49	\$ 175,000.00	\$ 1,020,813.61					\$ 175,000.00	\$ 844,802.93	



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Ex. 11 - 431 E 42nd Place (Property 141)  
Receiver's Recommendations - Individual Investors

Claimant Name	Lender Name	Fiduciary Claim: Fiduciary Claim Name	Claimant Submissions	Amount Claimed (Invested in Property)	Secured Claim Remaining	Unsecured Claim (This Investment)	Pre-Rollover Distributions	Distributions Received on Property	Source of Distribution	Total Distributions Recvd on Investment	Max Potential Dist (Proceeds of Sales)	Max Potential Dist (Unencumbered)	Receiver's Recommendation Notes
PlanGroup Agent for Custodian FBO Michael Dirnberger ROTH I	PlanGroup Agent for Custodian FBO Michael Dirnberger ROTH IRA	141-445	POC	\$ 22,944.44	\$ -	-		\$ 25,410.48	LSA	\$ 25,410.48	\$ -	\$ -	Claimant agreed to rollover this loan to an unsecured promissory note in 2016, and loan subsequently repaid in full
				\$ 22,944.44	\$ -	\$ -				\$ -	\$ -	\$ -	



exhibitsticker.com



6437 S Kenwood, LLC

ISSUED TO: David M. Harris

# CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**6437 S Kenwood, LLC**  
An Illinois limited liability company

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**\$2,500,000**

**Minimum Offering Amount: \$1,700,000**

**\$50,000 per Promissory Note (Unit) Minimum**

**MINIMUM PURCHASE - 1 Promissory Note**

**16% Annual Rate of Return, Paid Monthly**

**(Plus Additional Initial Payment of 2% of Note Amount Only for  
Investments of Over \$150,000)**

**Maturity Date: 24 months**

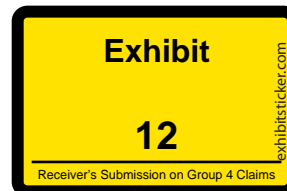
**Redemption at Maturity - \$50,000 per Unit Minimum**

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6437 S Kenwood, LLC, an Illinois limited liability company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Thirty-Four (34) and a maximum of Fifty (50) Secured Promissory Notes ("Notes") at an offering price of Fifty Thousand (\$50,000) Dollars per Note, for a minimum of One Million Seven Hundred Thousand (\$1,700,000) Dollars and a maximum total of Two Million Five Hundred Thousand (\$2,500,000) 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 April 21, 2017.**



	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$50,000	\$0	\$50,000
<b>Minimum Units</b>	\$1,700,000	\$0	\$1,700,000
<b>Maximum Units</b>	\$2,500,000	\$0	\$2,500,000

6437 S KENWOOD, LLC 201 North Westshore Drive, Suite 1501  
Chicago, Illinois 60601 Telephone: (877) 978-1916

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## **TABLE OF CONTENTS**

<b>IMPORTANT NOTICES .....</b>	<b>5</b>
<b>DISCLAIMERS .....</b>	<b>5</b>
<b>JURISDICTIONAL (NASAA) LEGENDS .....</b>	<b>7</b>
<b>1. SUMMARY OF THE OFFERING .....</b>	<b>20</b>
<b>2. THE COMPANY .....</b>	<b>21</b>
<b>3. MANAGEMENT .....</b>	<b>23</b>
3.1 LLC MANAGERS .....	23
<b>4. TERMS OF THE OFFERING .....</b>	<b>29</b>
4.1 GENERAL TERMS OF THE OFFERING .....	29
4.3 NONTRANSFERABILITY OF NOTES .....	30
4.4 CLOSING OF THE OFFERING .....	30
<b>5. PLAN OF DISTRIBUTION.....</b>	<b>32</b>
5.1 OFFERING OF NOTES .....	32
5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS .....	32
<b>6. DESCRIPTION OF NOTES .....</b>	<b>32</b>
6.1 NOTES .....	32
6.2 SECURITY FOR PAYMENT OF THE NOTES .....	33
6.3 REPORTS TO NOTEHOLDERS .....	33
<b>7. USE OF PROCEEDS .....</b>	<b>34</b>
<b>8. CAPITALIZATION STATEMENT .....</b>	<b>36</b>
8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING .....	36
<b>9. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....</b>	<b>36</b>
9.1 RESULTS OF OPERATIONS .....	36
9.2 LIQUIDITY AND CAPITAL RESOURCES .....	37
<b>10. CERTAIN TRANSACTIONS.....</b>	<b>37</b>
10.1 ILLINOIS LIMITED LIABILITY COMPANY.....	37
10.2 PRIVATE OFFERING OF NOTES.....	37
<b>11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY.....</b>	<b>38</b>
11.1 GENERAL .....	38
11.2 INDEMNIFICATION .....	38
<b>12. RISK FACTORS.....</b>	<b>39</b>
12.1 FORMATION OF THE COMPANY .....	39
12.2 CONTROL BY COMPANY .....	39
12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT .....	39
12.4 LIMITED TRANSFERABILITY OF THE NOTES .....	40

12.5 CAPITALIZATION OF THE COMPANY .....40  
12.6 REGULATIONS .....40  
**13. PRINCIPAL SHAREHOLDERS .....41**  
**14. HOW TO INVEST .....42**  
**15. INVESTOR SUITABILITY REQUIREMENTS .....43**  
15.1 INTRODUCTION .....43  
15.2 GENERAL SUITABILITY .....43  
15.3 NONACCREDITED INVESTORS .....44  
15.4 ACCREDITED INVESTORS .....45  
15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY .....47  
**16. LITIGATION .....47**  
**17. ADDITIONAL INFORMATION .....48**  
**18. FORECASTS OF FUTURE OPERATING RESULTS .....48**  
**19. GLOSSARY OF TERMS .....49**

**EXHIBITS:**

EXHIBIT A: SUBSCRIPTION AGREEMENT ..... **A**  
EXHIBIT B: FORM OF PROMISSORY NOTE ..... **B**  
EXHIBIT C: INVESTOR QUESTIONNAIRE..... **C**  
EXHIBIT D: BUSINESS PLAN.....**D**  
EXHIBIT E: FINANCIAL STATEMENTS OF THE COMPANY.....**E**

## IMPORTANT NOTICES

**This Confidential Private Placement Offering 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 6437 S Kenwood, 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 OFFEREES 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 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.

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:**

6437 S Kenwood, LLC  
201 North Westshore Drive, Suite 1501  
Chicago, Illinois 60601  
(877) 978-1916

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## 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 PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

**6437 S KENWOOD, LLC** (the “Company”) was formed on April 20, 2017 as an Illinois limited liability company. The Company is in the business of purchasing, renovating and reselling or refinancing a building located at 6437 South Kenwood, Chicago, Illinois 60649 (the “Kenwood Building”). The Securities offered are up to Fifty (50) 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 Sixteen Percent (16%) 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.

Each holder of a Note with an amount of at least One Hundred and Fifty Thousand (\$150,000) Dollars will also receive a one-time payment of two percent (2%) of the amount of the Note at the time of the purchase of the Kenwood Building. The Notes offered pursuant to this Confidential Private Placement Memorandum will be secured by a first trust mortgage on the Kenwood Building.

**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 April 21, 2017, and will terminate no later than June 21, 2017, unless extended by the Company to an extension date no later than October 31, 2017 (see “TERMS OF THE OFFERING”).**

The gross proceeds of the offering will be a minimum of One Million Seven Hundred Thousand (\$1,700,000) Dollars and a maximum of Two Million Five Hundred Thousand

(\$2,500,000) Dollars. The use of the proceeds is to purchase, renovate and either sell or refinance the Kenwood Building as described herein (see “USE OF PROCEEDS”).

## **2. THE COMPANY**

**6437 S KENWOOD, LLC** (the “Company”) was formed on April 20, 2017, as an Illinois 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) a building located at 6437 South Kenwood Avenue, Chicago, Illinois 60649.

### **2.1 RELATED ENTITIES**

Several related entities to the Company will assist the Company in purchasing, renovating and managing the Kenwood Building. EquityBuild, Inc., a Florida corporation and an affiliate of the Company, will be responsible for arranging the purchase of the Kenwood Building and managing the close of the purchase. EquityBuild, Inc., a Florida corporation, entered into the purchase agreement for the Kenwood Building and will assign that purchase agreement to the Company prior to the purchase of the Kenwood Building. EquityBuild, Inc. will also perform development and consulting services for the Company, for which it will be paid a development fee of \$88,875.00. **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. South Shore Property Holdings, LLC will form a single member LLC to hold its interest in the Company, SSH Holdco I, LLC, a Delaware limited liability company. That affiliate will hold 100% of the membership interest in the Company, 6437 S Kenwood, LLC. The Company has hired an affiliated developer, EquityBuild, Inc. to manage the development and stabilization of the Kenwood Building. The Company has hired unrelated third party property managers and

general contractors to complete all renovation work on the Kenwood Building. EquityBuild, Inc. is wholly owned by Jerome H. Cohen, a Florida individual. The Company has hired EquityBuild Finance, LLC, wholly-owned subsidiary of EquityBuild, Inc., to manage and service the financing as per the terms of this Confidential Private Placement Memorandum.

## 2.2 BUSINESS PLAN

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 KENWOOD BUILDING

EquityBuild, Inc. an affiliate of the Company, entered into a purchase agreement with the current owner of the Kenwood Building, Blue Note Investments, LLC, on or about December 18, 2016, for a purchase price of One Million Four Hundred and Seventy-Five Thousand (\$1,475,000.00) Dollars. Pursuant to the Purchase Agreement, EquityBuild, Inc. has been conducting due diligence on the Kenwood Building, which was finished on or about January 31, 2017. Under the Purchase Agreement, if not extended, the purchase must be completed on or about May 5, 2017. **If the purchase of the Kenwood Building is not completed by May 5, 2017, the Company anticipates that it will be able to extend the purchase contract for at least thirty (30) days or longer.**

### **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 date, he has served as President of EquityBuild Finance, LLC.

### **Ronald J. Bol – Chief Operating Officer**

Ron 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.

Ron is the creator of the PCR process and inspection protocol used to analyze each opportunity considered by EquityBuild. Ron 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, Ron 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. Ron 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 at EquityBuild, Ron 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 6437 South Kenwood Avenue owned by Affiliates of the Company.**

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

**7635 S. Coles**

**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 S. 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%, refi 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 S. 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 S. 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 S. ML 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 S. 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 rehab work, and its intimate 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 Thirty-Four (34) and a maximum of Fifty (50) Notes at Fifty Thousand (\$50,000) Dollars per Note, for a minimum of One Million Seven Hundred Thousand (\$1,700,000) Dollars and a maximum of Two Million Five Hundred Thousand (\$2,500,000) 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 \$1,700,000 (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 Thirty-Four (34) Notes must be sold for \$1,700,000 before such proceeds will be released from the holding account and utilized by the Company for the initial acquisition costs for the Kenwood Building. 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 Private Offering 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 One Million Seven Hundred Thousand (\$1,700,000) Dollars; or
2. Upon receipt of the maximum offering subscription amount of Two Million (\$2,500,000) Dollars.
3. On June 21, 2017, unless the Company extends the date of the Offering until not later than October 31, 2017.

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 security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. 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 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 power 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 Fifty (50) 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 **Sixteen Percent (16%) 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.

Each holder of a Note with an amount of One Hundred and Fifty Thousand (\$150,000) Dollars or more will also receive a one-time payment of **two percent (2%) of the amount of the Note** at the time of the purchase of the Kenwood Building.

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 Private Placement Offering are secured Notes that will be secured by a priority deed of trust on the Kenwood Building securing the Notes.

## **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Noteholders ninety (90) days after 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 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a minimum of One Million Seven Hundred Thousand (\$1,700,000) Dollars and a maximum of Two Million Five Hundred Thousand (\$2,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

## Sources and Application of Proceeds

	<b>Maximum Amount</b>	<b>Percent of Proceeds</b>	<b>Minimum Amount</b>	<b>Percent of Proceeds</b>
<b>Proceeds From Sale of Notes</b>	\$2,500,000	100%	\$1,700,000	100%

### Application of Proceeds

Offering Expenses	\$25,000	0.01%	\$25,000	0.016%
Commissions	\$0	0%	\$0	0%
Total Offering Expenses & Fees	\$25,000	0.01	\$25,000	0.016%
<b>Net Offering Proceeds</b>	<b>\$2,475,000</b>	<b>99.00%</b>	<b>\$1,675,000</b>	<b>98.53%</b>
Building Purchase	\$1,475,000	67.68%	\$1,475,000	88.06%
Building Renovation	\$302,500	1.92%	\$47,540	2.84%
Purchaser Legal	\$2,500	0.10%	\$2,500	0.15%
Prepaid Insurance	\$7,112	0.29%	\$7,112	0.42%
Acquisition Fee	\$29,500	1.19%	\$29,500	1.76%
Development Fee	\$88,875	3.56%	\$88,875	5.22%
Closing Costs/Fees	\$13,274	0.53%	\$13,274	0.78%
Financed Interest	\$456.165	18.24%	\$0	0.003%
Working Capital	\$10,000	0.40%	\$10,000	0.60%
<b>Total Application of Proceeds</b>	<b>\$2,500,000</b>	<b>100%</b>	<b>\$1,700,000</b>	<b>100%</b>

**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 Fifty (50) Notes or Two Million Five Hundred Thousand (\$2,500,000) Dollars.

	AS ADJUSTED 4/21/17	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$2,500,000</u>
Membership Units \$.01 par value, 1,000 Interests authorized, 1000 Interest issued and outstanding	\$100	\$100
Net Interest Holders' Equity	\$100	\$100
<b>TOTAL CAPITALIZATION</b>	<b><u>\$100</u></b>	<b><u>\$2,500,100</u></b>

**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 ILLINOIS LIMITED LIABILITY COMPANY**

**6437 S KENWOOD, LLC** is a privately held Illinois Limited liability company, organized on April 20, 2017.

### **10.2 PRIVATE OFFERING OF NOTES**

The Company is authorized to offer in this private offering, up to Two Million Five Hundred Thousand (\$2,500,000) Dollars of Notes to selected investors, effective on April 21, 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 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 April 20, 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 Managers of the LLC. 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, EquityBuild Finance, 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 Kenwood Building, 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 KENWOOD BUILDING.**

## 13. PRINCIPAL SHAREHOLDERS

As of the date of this Offering, the Company has One Thousand (1000) Membership Units issued and outstanding to Jerry Cohen and Shaun Cohen.

**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 6437 S KENWOOD, 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 6437 S Kenwood, 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 make his wire be made payable to **6437 S Kenwood, LLC** and send the **SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE.** Delivery of the documents referred to above should be addressed to the Company at:

**6437 S Kenwood Avenue, LLC  
201 North Westshore Drive, Suite 1501  
Chicago, Illinois 60601**

## **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”) or to certain non-accredited investors who meet certain criteria set forth below (“Non-Accredited Investors”). **IN NO CASE WILL THE NOTES BE SOLD TO MORE THAN THIRTY-FIVE (35) 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 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to bear the risk of losing his entire investment and meets the above "General Suitability Standards."

For purposes of this Offering, the Company will consider the Subscription of any Non-Accredited Investor who meets the following criteria:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Three Hundred Thousand (\$300,000) Dollars excluding the value of the primary residence of such natural person; or

2. Any natural person who had an individual income in excess of One Hundred and Twenty-Five Thousand (\$125,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Two Hundred Thousand (\$200,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

#### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) 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.**

#### **15.5 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. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept fewer than thirty-five (35) Non-accredited Investors in this Offering.

#### **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 Private Offering 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 6437 S KENWOOD AVENUE, LLC, an Illinois 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) Dollars investment consisting of one (1) Promissory Note issued by 6437 S KENWOOD, LLC, an Illinois 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 wire 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 31, 2017.

# **EXHIBIT A**

## **SUBSCRIPTION AGREEMENT**

**SUBSCRIPTION AGREEMENT**

**Print Name of Subscriber:** David M. Harris

**Amount Loaned:** \$ 200,000.00

**Number of Notes:** 1

**6437 S Kenwood, LLC**

**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF THIRTY-FOUR (34) AND A MAXIMUM OF FIFTY  
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.**

**April 21, 2017**

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**SUBSCRIPTION INSTRUCTIONS  
(please read carefully)**

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Each subscriber for the Secured Promissory Notes, Fifty Thousand (\$50,000) Dollars per Note (the “Notes”) of 6437 S Kenwood, LLC, an Illinois 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 6437 S Kenwood, LLC at:

201 North Westshore Drive  
Suite 1501  
Chicago, Illinois 60601

**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 wire as provided below:

Please send your wire as is specified in the wire instructions in Exhibit F, in the appropriate amount, for the number of Notes purchased (at least Fifty Thousand (\$50,000) Dollars per Note), to “6437 S Kenwood, LLC”. The Company reserves the right to accept subscription for Notes for less than the minimum amount of Fifty Thousand (\$50,000) Dollars. 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: 6437 S Kenwood, LLC  
201 North Westshore Drive  
Suite 1501  
Chicago, Illinois 60601

Gentlemen:

**1. Subscription.** The undersigned hereby subscribes for 1 Notes of 6437 S Kenwood, LLC (the “Company”), an Illinois limited liability company, and agrees to loan to the Company Two Hundred Thousand (\$ 200,000 .00) Dollars per Note for an aggregate loan of \$ 2,500,000.00 (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 April 21, 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 Thirty-Four (34) and up to a maximum of Fifty (50) 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 One Million Seven Hundred Thousand (\$1,700,000) Dollars and the maximum aggregate loan to the Company from this Offering will be Two Million Five Hundred (\$2,500,000) 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 6437 S Kenwood, LLC, at 201 North Westshore Drive, Suite 1501, Chicago, Illinois 60601. 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 One Million Seven Hundred Thousand (\$1,700,000) Dollars; or
2. Upon receipt of the maximum offering subscription amount of Two Million Five Hundred Thousand (\$2,500,000) 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 6437 S Kenwood

Avenue, LLC at 201 North Westshore Drive, Suite 1501, Chicago, Illinois 60601. 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 1st day of May, 2017, at Shoreline (City), washington (State).

**If the Investor is an INDIVIDUAL, complete the following:**

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

David M Harris

C Gayle Harris


\_\_\_\_\_  
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

DocuSigned by:  
  
\_\_\_\_\_  
Signature of Individual  
BB1A-3074C-174AB...

\_\_\_\_\_  
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] [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).

\_\_\_\_\_  
Print Name of Partnership,  
Corporation, Trust or Entity:

\_\_\_\_\_  
Title of Authorized Representative

\_\_\_\_\_  
Signature of Authorized  
Representative

\_\_\_\_\_  
Print Jurisdiction of Organization or  
Incorporation

\_\_\_\_\_  
Print Name of Authorized  
Representative

\_\_\_\_\_  
Print Federal Tax Identification Number

\_\_\_\_\_  
Print Address of Residence:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Print Telephone Number:  
(    )  
\_\_\_\_\_

**ACCEPTANCE**

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this 16th day of May, 2017.

**6437 S KENWOOD, LLC**

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

## **EXHIBIT B**

### **FORM OF PROMISSORY NOTE**



**FORM OF 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.**

**PROMISSORY NOTE**

[Date]  
[City, State]

LENDER: [Name of Lender], an [individual] [State/Entity Type] whose [address] [principal place of business is] [\_\_\_\_\_] (“Lender”).

BORROWER: [Name of Borrower], a/an [State] [Type of Entity], whose principal place of Business is [Address] (“Borrower”).

**1. BORROWER’S PROMISE TO PAY.**

FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the principal amount of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_.\_\_) (“Principal”), along with fixed interest thereon in the amount of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_.\_\_) (“Interest”), for a total amount of \_\_\_\_\_ DOLLARS AND \_\_\_\_\_ CENTS (\$\_\_\_\_\_.\_\_) (collectively, the Principal and Interest is referred to as the “Loan”) on or before the Maturity Date (as defined herein).

Borrower acknowledges that the obligations under this Promissory Note (the “Note”) are joint and several and it shall make all payments under this Note in the form of cash, check, cashier’s check or money order, ACH or wire to the order of Lender or as Lender may direct.

Borrower understands that Lender may transfer this Note. Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the “Note Holder.”

**2. FIXED INTEREST RATE.**

Interest is a fixed interest rate on the Principal in the amount of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_.\_\_) from the date hereof and through the Maturity Date as defined herein.

The Interest is subject to the Extension Fees identified herein and all other sums and fees which may apply and delineated herein this Note.

**3. PAYMENTS.**

**(A) Time and Place of Payments and Maturity Date.**

Borrower shall make a lump sum payment of the Loan on [date], which is the “Maturity Date.”

Borrower shall make payments at Lender’s address identified above in paragraph 1, or at a different place if required by the Note Holder in writing.

**(B) Option to Extend Maturity Date and Fees Related to Such.**

Borrower may seek an extension of the Maturity Date or Extended Maturity Date, as identified herein (each such extension of the Maturity Date being referred to as an “Extended Maturity Date”). In the event that Borrower desires to extend the Maturity Date or Extended Maturity Date, as applicable, Borrower shall notify Lender, in writing, of its exercise of an extension of the Maturity Date or Extended Maturity Date, as applicable (hereinafter referred to as each an” Extension Notice”) on or before the Maturity Date or Extended Maturity Date, as applicable.

In the event Borrower fails to deliver an Extension Notice, Borrower shall be deemed to be in Monetary Default. At that time, Lender may exercise any and all options available to it under said Note, including but not limited to deeming Borrower’s right to extend the Maturity Date or Extended Maturity Date, as applicable, null and void and all amounts due and owing Lender hereunder shall be paid to Lender on the Maturity Date or Extended Maturity Date, as applicable, or recording the Warranty Deed held in Escrow.

**4. LENDER DISBURSEMENTS.**

**(A) Lender Disbursements.**

Subject to all conditions precedent set forth above, the proceeds of the Loan and any Borrower's Funds shall be disbursed in accordance with the following schedule:

[Disbursement Schedule]

**5. BORROWER'S RIGHT TO PREPAY.**

Borrower may make any payments on the Principal of this Note at any time prior to the Maturity Date, as applicable.

**6. BUSINESS LOAN.**

In addition to the protections given to the Note Holder under this Note, a Business Loan Agreement, entered into contemporaneously herewith by the parties and which is incorporated herein, protects the Note Holder from possible losses which might result if Borrower does not keep the promises made in this Note.

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. Borrower and Lender agree that no payment of interest or other consideration made or agreed to be made by Borrower to Lender pursuant to this Note shall, at any time, be deemed to have been computed at an interest rate in excess of the maximum rate of interest permissible by law, if any. In the event such payments of interest or other consideration provided for in this Note shall result in payment of an effective rate of interest which, for any period of time, is in excess of the limit of the usury law or any other law applicable to the loan evidenced hereby, all sums in excess of those lawfully collectible as interest for the period in question shall, without further Note or notice between or by any party or parties hereto, be applied to the Principal balance immediately upon receipt of such monies by Lender with the same force and effect as though Borrower had specifically designated, and Lender had agreed to accept, such extra payments as a Principal payment, without premium or penalty. If Principal has been fully paid, any such excess amount shall be refunded to Borrower. This provision shall control over every other obligation of Borrower and Lender hereunder.

Borrower confirms that Lender's Note to make the loan evidenced by this Note at the interest rates and on the other terms set forth herein and in the other Loan Documents constitutes adequate and valuable consideration, given individual weight by Borrower, for this Note. Borrower understands that Lender has made the Loan in reliance on the Note and waiver of Borrower and that Lender would not have made the loan without such Note and waiver of borrower.

**7. CURE PERIOD.**

Borrower has Twenty-Five (25) calendar days from the Maturity Date to cure any monetary default as defined herein.

Borrower has Thirty (30) calendar days from the Maturity Date to cure non – monetary Defaults.

**8. DEED IN ESCROW.**

Upon execution of this Note, Borrower shall deliver to Lender an executed Warranty Deed (hereinafter referred to as “Deed”) to the Property securing the Loan which Lender, or his assignee, shall hold in escrow and shall not record the Deed unless and until Borrower defaults under the terms of the Loan. Upon the occurrence of a default by Borrower under the Loan, which default is not cured within the cure period identified herein, Lender may at its sole and exclusive option, may record the Deed and transfer title to the Property from Borrower to Lender or exercise any of its rights or remedies under any Security Instrument or at law or in equity.

**9. DEFAULT.**

Borrower agrees that upon the occurrence of any one or more of the following events of default (each such event being an “Event of Default”):

- (a) failure of Borrower to pay any and all of the amounts due herein timely and fully, or on any other indebtedness of Borrower to Lender when due pursuant this Note or pursuant to any Security Instrument executed in connection with the Loan (hereinafter referred to as a “Monetary Default”);
- (b) if any material warranty or representation, if any, made to Lender by or on behalf of Borrower pursuant to this Note or any Security Instrument(as defined herein), by and between Borrower and Lender, proves to have been false in any material respect when made; or
- (c) the occurrence of any event of default specified in, or other breach by Borrower of any of its obligations under, the Note, or any Security Instrument (as defined herein); or
- (d) the bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of, or the liquidation, termination, dissolution or legal incapacity of, any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety or otherwise.

If Borrower fails to cure any default within the cure period, Lender may, at its option, without further notice or demand, (i) declare the entire outstanding Principal, Interest, Late Charge(s), Default Rate charges and any and all other fees on this Note due and payable; (ii) record the Warranty Deed held in Deed In Escrow by Lender or its assignee, (iii) pursue any and all other rights, remedies and resources available to the holder hereof, including but not limited to any such rights, remedies or resources under the Note or any Security Instrument, at law or

in equity, or (vi) pursue any combination of the foregoing.

#### 10. NOTICES.

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by regular first class mail to Borrower at the address identified herein, or by facsimile transmission, at Lender's option.

#### 11. WAIVERS.

Except as otherwise provided, Borrower waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; notice of late charges; and diligence in taking any action to collect any sums owing under this Note.

**WAIVER OF RIGHT TO TRIAL BY JURY. BORROWER HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS NOTE OR ANY OTHER LOAN DOCUMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION HEREOF OR THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF BORROWER AND Lender OR ANY OF THEM WITH RESPECT TO THIS NOTE OR ANY OTHER LOAN DOCUMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR NOTE EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED THERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER HEREBY AGREES AND CONSENTS THAT LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER TO THE WAIVER OF ANY RIGHT BORROWER MIGHT OTHERWISE HAVE TO TRIAL BY JURY.**

#### 12. UNIFORM SECURED NOTE.

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed in Escrow, and a Business Loan Agreement (hereinafter referred to collectively as "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if Borrower does

not keep the promises made in this Note. That Security Instrument describes how and under what conditions Borrower may be required to make immediate payment in full of all amounts owed under this Note or other remedies. Some of those conditions are described as follows:

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. The rights, remedies, and resources of the Lender hereof, as provided in this Note, shall be cumulative and concurrent and may be pursued separately, successively, or together as often as occasion therefore shall arise, at the sole discretion of the holder hereof. The acceptance by the Lender hereof of any payment under this Note which is less than the payment in full of all amounts due and payable at the time of such payment shall not: (a) constitute a waiver of or impair, reduce, release, or extinguish any right, remedy, or recourse of the holder hereof, or nullify any prior exercise of any such right, remedy, or recourse, or (b) impair, reduce, release, or extinguish the obligations of the Borrower under the Purchase Note, if any, unless agreed to in writing by both Parties and unless such payment is less than the full amount due is permissible by law.

This Note is secured by the following collateral (herein referred to as "Property"):

[PROPERTY LEGAL DESCRIPTION]

Permanent Index Number: 20-23-213-009-0000

Property Address: 6437 S. Kenwood Ave. Chicago, IL 60637.

### **13. 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 Loan Documents.

**BINDING OBLIGATIONS.** Borrower is authorized to execute, deliver and perform its obligations under the Loan Documents, 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 Loan Documents 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.

UTILITIES. All utilities services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for occupancy of the Property are available at or within the boundaries of the Property, and Borrower shall assume all financial obligation for payments of such.

#### 14. TAXES.

**Borrower shall cause all Taxes (as hereinafter defined) levied, assessed or imposed upon the Property or any part thereof that are payable during the Term of this Note to be paid in full before due. As used herein, the term "Taxes" shall mean real estate taxes, assessments, sewer rents, rates and charges, permit and license fees, transit taxes, taxes based upon the receipt of rent, special service area assessments and any other federal, state or local governmental charge, general, special, ordinary or extraordinary, which may now or hereafter be assessed against the Property or any portion thereof in any year during the term of this Note hereof, and shall also include any personal property taxes (attributable to the year in which paid) imposed upon the furniture, fixtures, machinery, equipment, apparatus, systems and appurtenances used in connection with the operation of the Property.**

**Nothing contained herein shall be construed to require Lender to pay any franchise, inheritance, estate, succession or transfer tax of Borrower or any income or excess profits tax assessed upon or in respect of all income of Borrower or chargeable to or required to be paid by Borrower.**

#### 15. ASSESSMENTS AND COMMUNITY FACILITIES DISTRICTS.

Without Lender's prior written consent, Borrower shall not cause or suffer to become effective or otherwise consent to the formation of any assessment district or community facilities district which includes all or any part of the Property, nor shall Borrower cause or otherwise consent to the levying of special taxes or assessments against the Property by any such assessment district or community facilities district. Borrower shall immediately give notice to Lender of any notification or advice that Borrower may receive from any municipality or other third party of any intent or proposal to include the Property in a community



facilities district or to levy any such special taxes or assessments. Lender shall have the right to file a written objection to the inclusion of all or any part of the Property and Improvements in a community facilities district, or to the levy of any such special taxes or assessments, either in its own name or in the name of borrower, and to appear at, and participate in, any hearing with respect to the information of any such district or the levy or such special taxes or assessments.

**16. DAMAGE OR DESTRUCTION.**

**In the event the Property are damaged by fire, explosion or other casualty (a “Casualty”), attributable to Borrower or Borrower’s operations, Borrower shall diligently proceed with respect to the proposed restoration promptly after receipt of the insurance proceeds. Borrower shall commence the repair, restoration or rebuilding thereof and shall complete such restoration, repair or rebuilding within twelve (12) months after the receipt of such proceeds, subject to extension due to delay because of strikes, lockouts, casualties, acts of God, war, fuel or energy shortages, material or labor shortages, governmental regulation or control, severe weather conditions or other causes beyond the control of Borrower (“Events of Force Majeure”). Lender’s obligation to repair, restore or rebuild the Property shall be limited to restoring the Property to substantially the condition in which the same existed prior to the Casualty, subject to then applicable Laws. Payment under this Note, and any and all other charges payable by Borrower hereunder shall continue during the period of such repair, restoration or rebuilding.**

**17. SEVERABILITY.**

If a tribunal of competent jurisdiction holds that any one or more of this Note's provisions are invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any of this Note's other provisions, and this Note will be construed as if it had never contained such invalid, illegal or unenforceable provisions. Without limiting other provisions of this Note, it is expressly understood and agreed that each and every provision of this Note, which provides for a limitation of liability, disclaimer of warranties or exclusion of damages is intended by the parties to be severable and independent of any other provision and to be enforced as such. Further, it is expressly understood and agreed that if any remedy under this Note is determined to have failed of its essential purpose, all limitations of liability and exclusions of damages set forth in this Note will remain in effect.

**18. COUNTERPARTS.**

This Note may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.



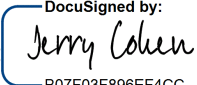
**19. AMENDMENTS AND WAIVER.**

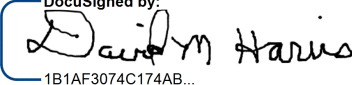
No amendment, waiver or consent with respect to any provision of this Note, including an extension of the Maturity Date, will in any event be effective, unless the same will be in writing and signed by the parties hereto, and then such amendment, waiver or consent will be effective only in the specific instance and for the specific purpose for which given. The failure of any party at any time or times to require performance of any provisions hereof will in no manner affect that party's right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this Note in any one or more instances will be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Note.

**20. VENUE.**

**THE PARTIES, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, AGREES 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.**

**WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.**

DocuSigned by:  
**Maker:**   
B07F03F896EF4CC...  
**6437 Kenwood, LLC, An Illinois**  
limited liability company  
Date: 5/16/2017

DocuSigned by:  
**Holder:**   
1B1AF3074C174AB...  
David Harris  
Print Name: \_\_\_\_\_  
Date: 5/1/2017

State of )  
 ) SS.  
County of )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_ **as manager and on behalf of** \_\_\_\_\_ personally known to me to be the same person(s) whose name(s) are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of Homestead.

Given under my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

**EXHIBIT A**

**EXHIBIT A - DESCRIPTION OF PROPERTY**

**Permanent Index Number:** 20-23-213-009-0000

**Property Address:** 6437 S. Kenwood Ave. Chicago, IL 60637

Lots 1, 2 and 3 in block 2 in Thomas A. Hall's addition to Hyde Park in the northeast 1/4 of section 23, township 38 north, range 14, east of the third principal meridian in Cook County, Illinois.

## **EXHIBIT C**

### **Investor Suitability Questionnaire**



9. Country of Citizenship: [REDACTED] \_\_\_\_\_

10. Social Security or Tax I.D. #: [REDACTED] \_\_\_\_\_

**B. Occupations and Income**

1. Occupation [REDACTED]

(a) Business Address: [REDACTED]

\_\_\_\_\_

(b) Business Telephone Number: [REDACTED]

2. Gross income during each of the last two years exceeded:

[REDACTED]

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

[REDACTED]

4. Estimated gross income during current year exceeds:

[REDACTED]

5. Estimated joint gross income with spouse during current year exceeds \$200,000

[REDACTED]

6. Estimated join gross income with spouse during current year exceeds \$300,000

[REDACTED]

**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.)



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



**D. Affiliation with the Company issuing the Offering**

Are you a director or executive officer of the Company?



**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.



**F. Consistent Investment Strategy**

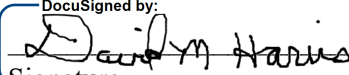
Is this investment consistent with your overall investment strategy?



**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: 5/1/2017  
Signature ID: C174AB...

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

## **EXHIBIT D**

**6437 S KENWOOD LLC**

**BUSINESS PLAN**



# 6437 S. Kenwood Ave.

6437 S. Kenwood Ave., Chicago, IL 60637



CHICAGO, IL

**EB**  
EQUITYBUILD INC. 877-978-1869



## CONTENTS

PROPERTY INFORMATION	6
LOCATION INFORMATION	10
FINANCIAL ANALYSIS	14
DEMOGRAPHICS	17

## CONFIDENTIALITY & DISCLAIMER

All materials and information received or derived from EquityBuild Inc. its directors, officers, agents, advisors, affiliates and/or any third party sources are provided without representation or warranty as to completeness, veracity, or accuracy, condition of the property, compliance or lack of compliance with applicable governmental requirements, developability or suitability, financial performance of the property, projected financial performance of the property for any party's intended use or any and all other matters. Neither EquityBuild Inc. its directors, officers, agents, advisors, or affiliates makes any representation or warranty, express or implied, as to accuracy or completeness of the any materials or information provided, derived, or received. Materials and information from any source, whether written or verbal, that may be furnished for review are not a substitute for a party's active conduct of its own due diligence to determine these and other matters of significance to such party. EquityBuild Inc. will not investigate or verify any such matters or conduct due diligence for a party unless otherwise agreed in writing.

EACH PARTY SHALL CONDUCT ITS OWN INDEPENDENT INVESTIGATION AND DUE DILIGENCE.

Any party contemplating or under contract or in escrow for a transaction is urged to verify all information and to conduct their own inspections and investigations including through appropriate third party independent professionals selected by such party. All financial data should be verified by the party including by obtaining and reading applicable documents and reports and consulting appropriate independent professionals. EquityBuild Inc. makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions. EquityBuild Inc. does not serve as a financial advisor to any party regarding any proposed transaction. All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property. Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by EquityBuild Inc. in compliance with all applicable fair housing and equal opportunity laws.



6437 S. KENWOOD AVE. | 25 UNITS | CHICAGO, IL

## Executive Summary



### OFFERING SUMMARY

<b>Sale Price:</b>	\$1,475,000
<b>Rehab Cost:</b>	\$302,500
<b>Closing Costs:</b>	\$162,487
<b>Financing Costs:</b>	\$550,013
<b>Operating Capital:</b>	\$10,000
<b>Total Capitalized Cost:</b>	\$2,500,000
<b>Cost / SF:</b>	\$113.64

### INVESTMENT OVERVIEW

6437 S Kenwood, LLC, an Illinois 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 a twenty-five unit multifamily apartment building in Chicago's Woodlawn neighborhood. The building is currently under contract to be purchased for \$1,475,000 with an expected closing during May or June 2017. The Company anticipates an overall renovation cost of \$302,500 with a projected allocation as follows: \$75,000 for the roof, \$50,000 for exterior and masonry corrections, \$150,000 for in-unit updates, and a \$27,500 contingency amount. Additional anticipated costs include \$162,487 in closing fees and costs, \$550,013 in financing fees and costs, and \$10,000 in initial operating capital.

The building has a current occupancy of 88% with an average rent of \$717 per month. The Company believes that it can achieve average rents of \$939 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 ACHIEVE OR THAT THE COMPANY WILL BE ABLE TO SELL OR REFINANCE THE BUILDING.



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6437 S. KENWOOD AVE. | 25 UNITS | CHICAGO, IL

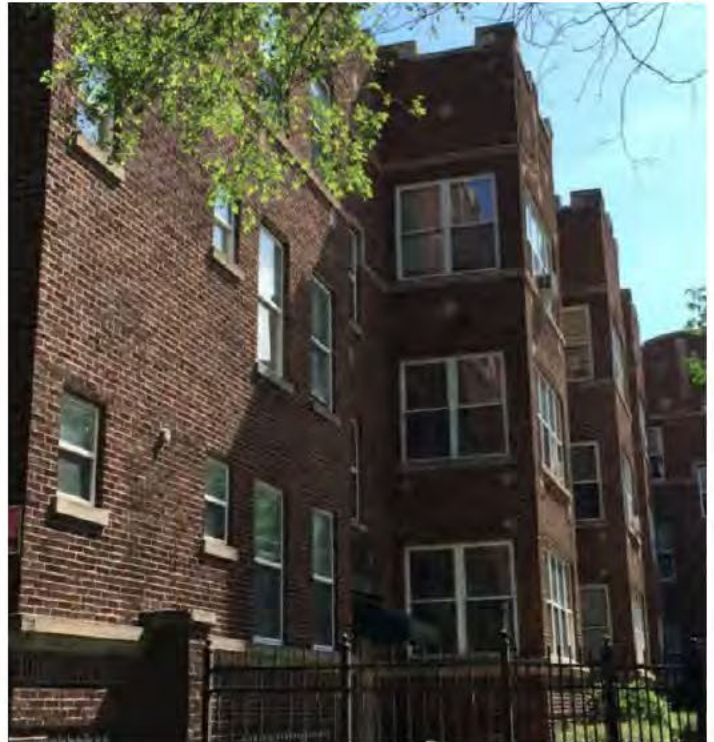
# Business Plan

## BUSINESS PLAN

The Company, 6437 S Kenwood, LLC, is a single purpose entity for the sole objective of purchasing, stabilizing, and disposing of (or refinancing) the Kenwood Building within eighteen to twenty-four months. The Company anticipates closing the purchase of the Kenwood Building at a purchase price of \$1,475,000 during May or June, 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 coordinate 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.



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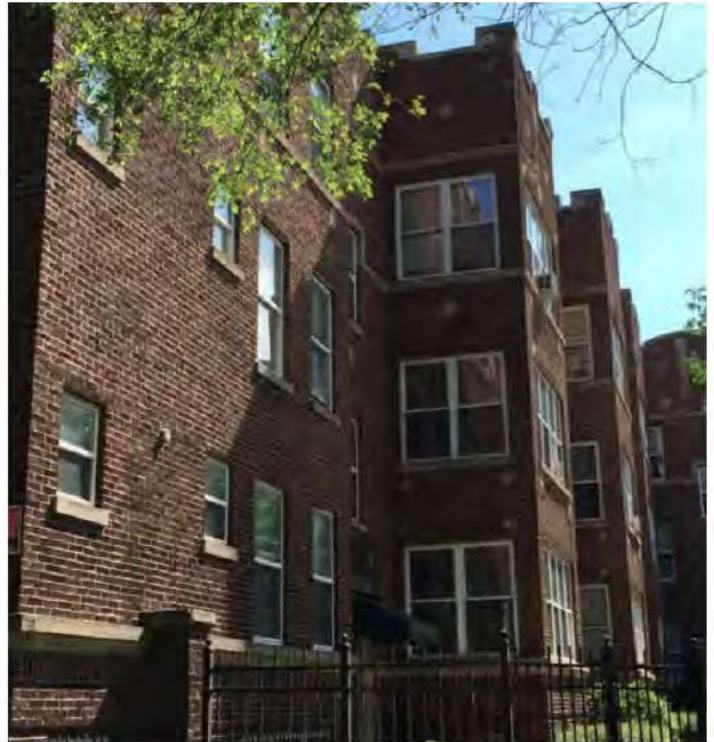
# Related Entities And Fee Structure

## RELATED ENTITIES

The Company was originally formed buy South Shore Property Holdings, LLC, a Delaware limited liability company, owned 100% by Jerome H. Cohen, a Florida individual. South Shore Property Holdings, LLC will form a single member LLC to hold its interest in the company, SSPH Holdco 1, LLC, a Delaware limited liability company. That affiliate will hold 100% of the membership interests in the Company, 6437 S Kenwood, 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 Kenwood Building. 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 5% 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 3.5% 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.



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SECTION 1

# PROPERTY INFORMATION



6437 S. KENWOOD AVE. | 25 UNITS | CHICAGO, IL

# Complete Highlights

## PROPERTY HIGHLIGHTS

- This three-story, courtyard building contains 13 two-bedroom, 4 one-bedroom, and 8 studio apartments.
- The units are in good, habitable condition. Three have recently been rehabbed, and to bring them into line with demand in the up-and-coming Woodlawn market, the remaining units will receive new appliances and upgrades to counter tops, bathrooms, cabinets. The floors will be refinished and the apartments painted.
- The building has been well-maintained. Its mechanical systems are in good shape, and in 2013 it received a new 1.26 MBTU boiler. The building has a newer hot water heater and dual storage tank system, as well as an upgraded electrical system with 100-amp service to each unit.
- The building will receive a full roof tear-off, one of the porches will be repaired, and moderate masonry corrections need to be made.



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6437 S. KENWOOD AVE. | 25 UNITS | CHICAGO, IL

# Property Details

<b>PROPERTY ADDRESS:</b>	6437 S. Kenwood Ave. Chicago, IL 60637
<b>APN:</b>	20-23-213-009-0000
<b>PRICE / SF:</b>	\$113.64
<b>LOT SIZE:</b>	0.28 AC
<b>BUILDING SIZE:</b>	22,000 SF
<b>ZONING:</b>	RS-2
<b>YEAR BUILT:</b>	1913
<b>NUMBER OF STORIES:</b>	3
<b>FOUNDATION:</b>	Concrete
<b>WALLS:</b>	Brick and Frame
<b>NUMBER OF UNITS:</b>	25
<b>ROOF:</b>	Flat Membrane



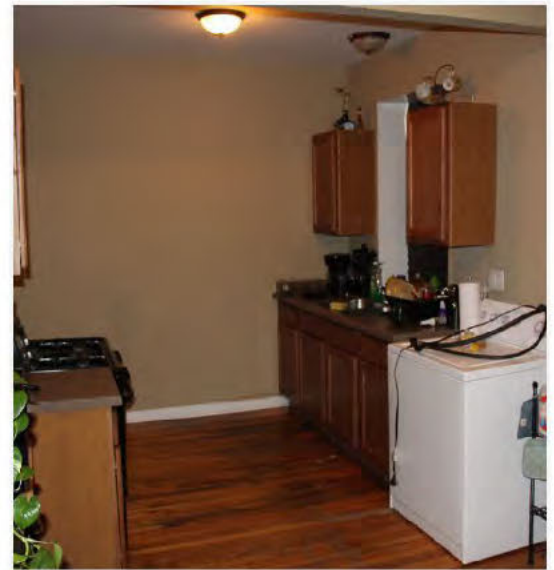
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## Additional Photos



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SECTION 2

## LOCATION INFORMATION



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# Location

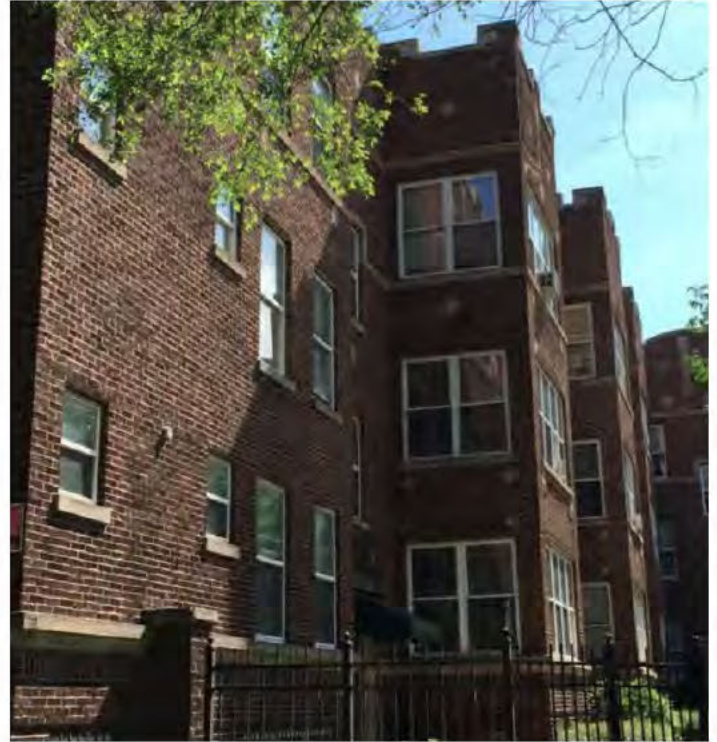
## LOCATION OVERVIEW

Located on a tree-lined street in Chicago's desirable South Hyde Park/Woodlawn neighborhood -- which was recently rated by Redfin as the 2nd hottest neighborhood in Chicago for 2017 -- this property's location adds lots of value.

Situated near the University of Chicago campus, the building is less than three blocks from 542-acre Jackson Park, home to the city's famous Museum of Science and Industry, as well as a yacht club, three harbors, a gym and a golf course which Tiger Woods has proposed redeveloping into a new PGA-caliber course.

Jackson Park will also be the home of the Obama Presidential Library; and regardless of your political leanings, that announcement is very impactful for the real estate market of the surrounding neighborhoods.

The property is near restaurants, shops, churches, and schools. It is convenient to public transportation, with the 63rd Street Metrarail station a block and half away, and the Cottage Grove station for the Green Line L Train within easy walking distance.



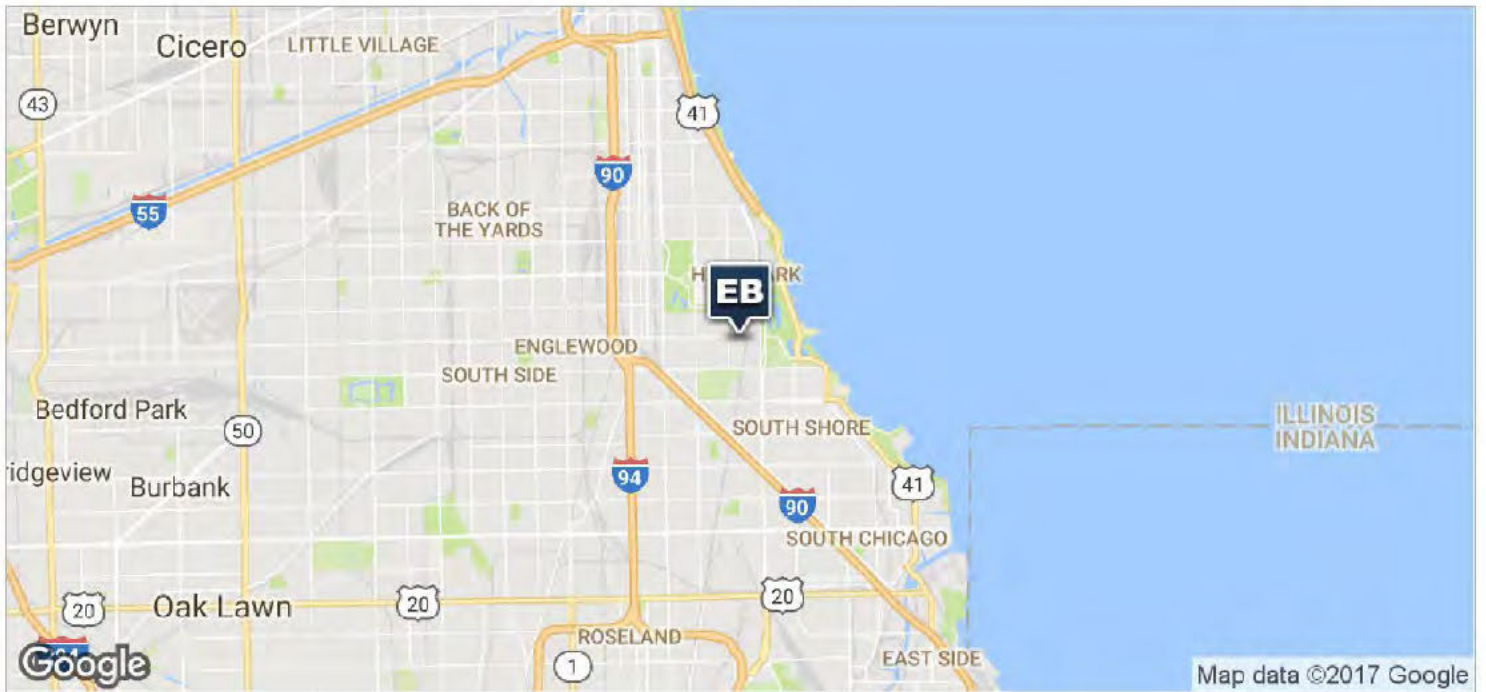
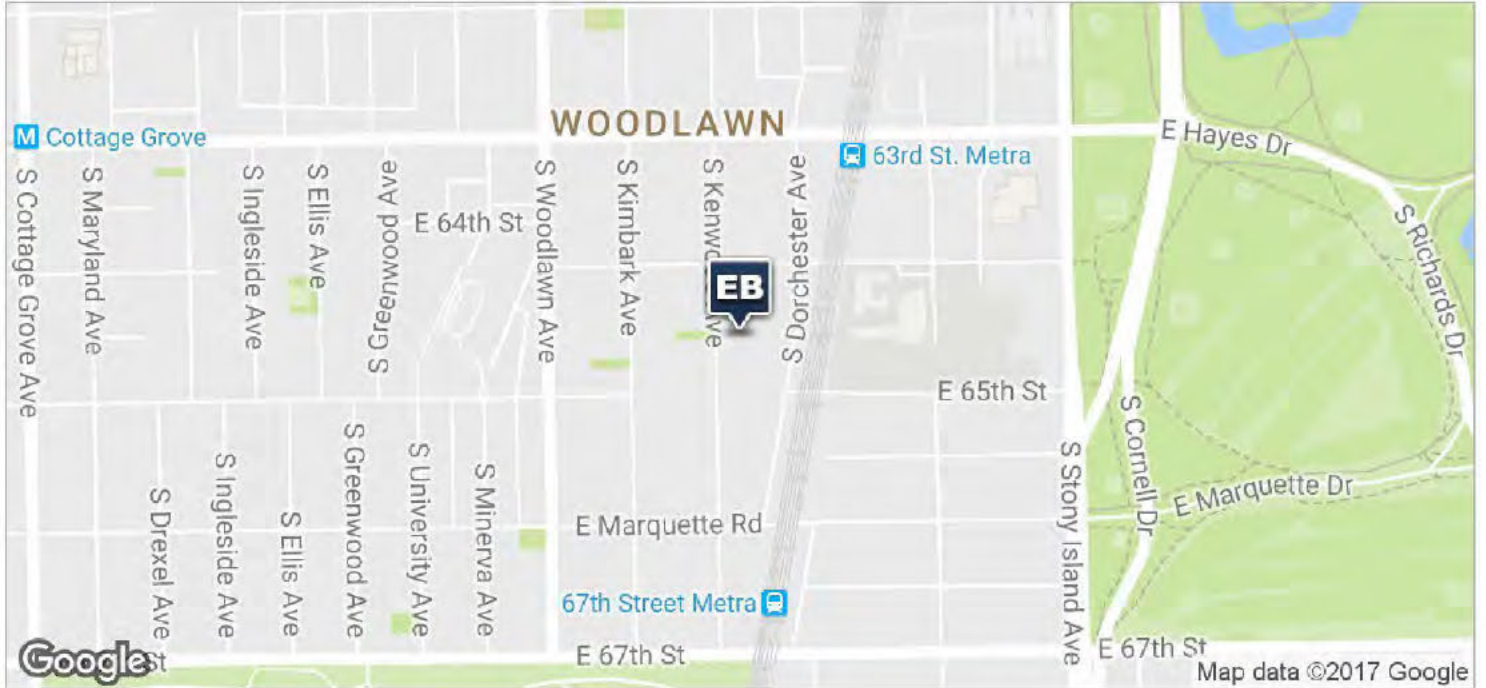
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# Location Maps



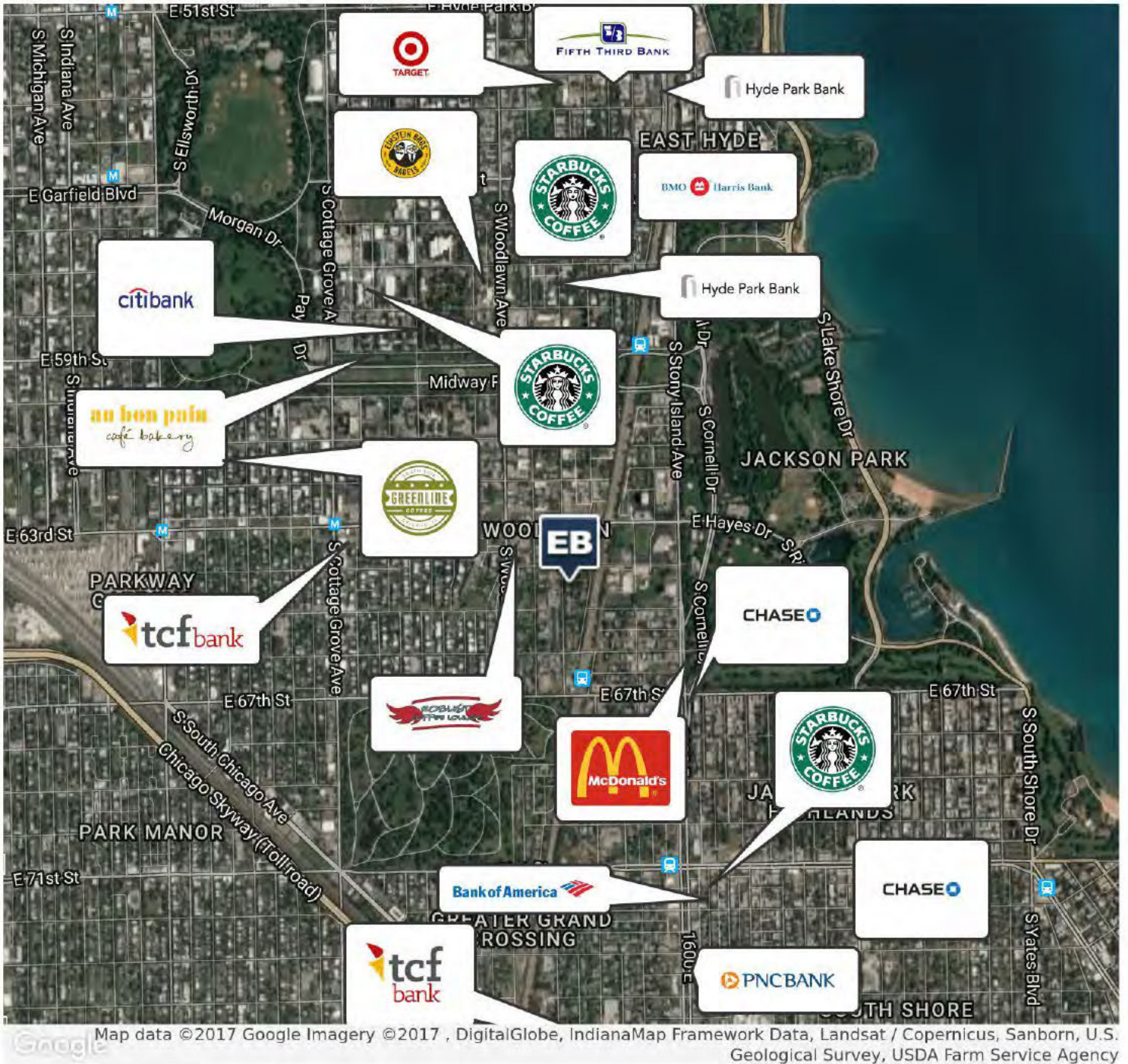
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# Retailer Map



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SECTION 3

# FINANCIAL ANALYSIS



6437 S. KENWOOD AVE. | 25 UNITS | CHICAGO, IL

# Development Budget

## Acquisition and Development Budget

Uses		% Of Uses
<b>Hard Costs</b>		
Purchase Price	\$1,475,000	59.00%
Rehab Cost	\$302,500	12.10%
<b>Total</b>	<b>\$1,777,500</b>	<b>71.10%</b>
<b>Closing Costs</b>		
Partnership Legal	\$25,000	1.00%
Prepaid Insurance	\$7,112	0.28%
Travel and Inspection	\$2,000	0.08%
Prepaid AM Fee	\$0	0.00%
Acquisition Fee	\$29,500	1.18%
Yield Maintenance Penalty	\$0	0.00%
Purchaser Legal	\$2,500	0.10%
Title & Closing Fees	\$7,500	0.30%
EB Development Fee	\$88,875	3.56%
<b>Total Closing Costs</b>	<b>\$162,487</b>	<b>6.50%</b>
<b>Loan Costs &amp; Fees</b>		
Financed Interest	\$456,165	18.25%
Lender Origination Costs	\$90,074	3.60%
Lender Legal Costs	\$3,774	0.15%
Appraisal	\$0	0.00%
Survey	\$0	0.00%
Environmental	\$0	0.00%
Engineering	\$0	0.00%
<b>Total Loan Fees &amp; Costs</b>	<b>\$550,013</b>	<b>22.00%</b>
<b>Operating Capital &amp; Deposits</b>		
Operating Capital	\$10,000	0.40%
<b>Total OC&amp;D</b>	<b>\$10,000</b>	<b>0.40%</b>
<b>Total Uses</b>	<b>\$2,500,000</b>	<b>100.00%</b>

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# Stabilized Pro Forma

Assumptions	
Vacancy At 30% Yearly Turnover And 2 Months Average Abs	5.00%
Market Cap	6.00%
Income Inflation Rate	3.50%
Expense Inflation Rate	3.50%
Property Management Fee	5.00%
Bad Debt/Uncollectable Expense	5.00%
Selling Costs	5.00%

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year Ending	5/31/18	5/31/19	5/31/20	5/31/21	5/31/22	5/31/23	5/31/24	5/31/25	5/31/26	5/31/27
Gross Potential Rent	\$265,431	\$286,827	\$294,327	\$304,629	\$315,291	\$326,326	\$337,747	\$349,568	\$361,803	\$374,466
Vacancy/Loss	\$(38,193)	\$(14,341)	\$(14,716)	\$(15,231)	\$(15,765)	\$(16,316)	\$(16,887)	\$(17,478)	\$(18,090)	\$(18,723)
Gross Scheduled Rent	\$227,239	\$272,486	\$279,611	\$289,397	\$299,526	\$310,009	\$320,860	\$332,090	\$343,713	\$355,743
Less Uncollectables	\$(11,362)	\$(13,624)	\$(13,981)	\$(14,470)	\$(14,976)	\$(15,500)	\$(16,043)	\$(16,604)	\$(17,186)	\$(17,787)
Other Income	\$2,695	\$3,083	\$3,083	\$3,170	\$3,281	\$3,395	\$3,514	\$3,637	\$3,765	\$3,898
<b>Operating Income</b>	<b>\$218,572</b>	<b>\$261,924</b>	<b>\$268,693</b>	<b>\$278,097</b>	<b>\$287,830</b>	<b>\$297,904</b>	<b>\$308,331</b>	<b>\$319,123</b>	<b>\$330,292</b>	<b>\$341,852</b>
Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Leasing Commissions	\$(5,123)	\$(1,795)	\$(1,842)	\$(1,907)	\$(1,973)	\$(2,042)	\$(2,114)	\$(2,188)	\$(2,264)	\$(2,344)
Real Estate Taxes	\$(13,320)	\$(13,720)	\$(14,131)	\$(14,628)	\$(15,138)	\$(15,668)	\$(16,216)	\$(16,783)	\$(17,371)	\$(17,979)
Insurance	\$(7,112)	\$(7,326)	\$(7,545)	\$(7,809)	\$(8,083)	\$(8,366)	\$(8,659)	\$(8,962)	\$(9,275)	\$(9,600)
Gas/Heat	\$(11,388)	\$(12,940)	\$(12,940)	\$(13,303)	\$(13,662)	\$(14,347)	\$(14,849)	\$(15,369)	\$(15,907)	\$(16,464)
Electric	\$(2,750)	\$(3,125)	\$(3,125)	\$(3,234)	\$(3,348)	\$(3,465)	\$(3,588)	\$(3,712)	\$(3,841)	\$(3,976)
Water	\$(12,914)	\$(14,675)	\$(14,675)	\$(15,189)	\$(15,720)	\$(16,270)	\$(16,840)	\$(17,429)	\$(18,039)	\$(18,671)
Trash	\$(1,660)	\$(1,875)	\$(1,875)	\$(1,941)	\$(2,009)	\$(2,079)	\$(2,152)	\$(2,227)	\$(2,305)	\$(2,386)
Snow Removal/Landscaping	\$(1,650)	\$(1,875)	\$(1,875)	\$(1,941)	\$(2,009)	\$(2,079)	\$(2,152)	\$(2,227)	\$(2,305)	\$(2,386)
Pest Control	\$(1,100)	\$(1,250)	\$(1,250)	\$(1,294)	\$(1,339)	\$(1,386)	\$(1,434)	\$(1,485)	\$(1,537)	\$(1,590)
Legal	\$(1,100)	\$(1,250)	\$(1,250)	\$(1,294)	\$(1,339)	\$(1,386)	\$(1,434)	\$(1,485)	\$(1,537)	\$(1,590)
Repairs & Maintenance	\$(12,500)	\$(12,875)	\$(13,261)	\$(13,725)	\$(14,206)	\$(14,703)	\$(15,218)	\$(15,750)	\$(16,301)	\$(16,872)
G&A	\$(5,000)	\$(5,150)	\$(5,305)	\$(5,490)	\$(5,682)	\$(5,881)	\$(6,087)	\$(6,300)	\$(6,521)	\$(6,749)
Management Fee- 5%	\$(10,929)	\$(13,066)	\$(13,435)	\$(13,905)	\$(14,392)	\$(14,895)	\$(15,417)	\$(15,956)	\$(16,515)	\$(17,093)
<b>Operating Expenses</b>	<b>\$(86,535)</b>	<b>\$(90,952)</b>	<b>\$(92,509)</b>	<b>\$(95,747)</b>	<b>\$(99,098)</b>	<b>\$(102,567)</b>	<b>\$(106,157)</b>	<b>\$(109,872)</b>	<b>\$(113,718)</b>	<b>\$(117,698)</b>
% Operating Income	39.59%	34.72%	34.43%	34.43%	34.43%	34.43%	34.43%	34.43%	34.43%	34.43%
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$132,037	\$170,972	\$176,183	\$182,350	\$188,732	\$195,338	\$202,174	\$209,251	\$216,574	\$224,154
Cap Rate (Purchase Price)	8.05%	11.56%	11.94%	12.36%	12.80%	13.24%	13.71%	14.19%	14.68%	15.20%
Cap Rate (Market Value)	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Free Cash Flow	\$122,240	\$90,081	\$26,701	\$32,410	\$38,319	\$44,434	\$50,764	\$57,315	\$64,095	\$71,113
Cash-on-Cash Return	48.38%	35.65%	10.57%	12.83%	15.17%	17.59%	20.09%	22.68%	25.37%	28.14%
Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Valuation (At Year End)	\$2,738,953	\$2,837,543	\$2,936,389	\$3,039,162	\$3,145,533	\$3,255,626	\$3,369,573	\$3,487,508	\$3,609,571	\$3,735,906
- Year End Loan Balance	\$(2,500,000)	\$(2,251,802)	\$(2,213,501)	\$(2,173,689)	\$(2,132,000)	\$(2,088,623)	\$(2,043,204)	\$(1,995,746)	\$(1,946,158)	\$(1,894,158)
= Equity	\$238,953	\$585,941	\$722,888	\$865,473	\$1,013,443	\$1,167,004	\$1,326,369	\$1,491,762	\$1,663,413	\$1,789,748
Loan-to-Value Ratio	91.28%	79.35%	75.38%	71.52%	67.78%	64.15%	60.64%	57.23%	53.92%	52.00%
Debt Service Coverage	0.99	1.28	1.31	1.36	1.41	1.46	1.51	1.56	1.62	1.67
Potential Cash-Out Refi Amount	\$(308,838)	\$(229,966)	\$97,509	\$217,829	\$342,737	\$472,411	\$607,036	\$746,803	\$891,911	\$1,042,567
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$238,953	\$585,941	\$722,888	\$865,473	\$1,013,443	\$1,167,004	\$1,326,369	\$1,491,762	\$1,663,413	\$1,789,748
- Selling Costs	\$(136,948)	\$(141,877)	\$(146,819)	\$(151,958)	\$(157,277)	\$(162,781)	\$(168,479)	\$(174,375)	\$(180,479)	\$(186,795)
= Proceeds After Sale	\$102,005	\$444,064	\$576,069	\$713,515	\$856,166	\$1,004,222	\$1,157,890	\$1,317,387	\$1,482,935	\$1,602,953
+ Cumulative Cash Flow	\$122,240	\$212,321	\$230,022	\$271,432	\$309,751	\$354,185	\$404,940	\$462,263	\$526,359	\$597,471
+ Projected Capital Requirement	\$(402,666)	\$(402,666)	\$(402,666)	\$(402,666)	\$(402,666)	\$(402,666)	\$(402,666)	\$(402,666)	\$(402,666)	\$(402,666)
= Net Profit	\$(178,422)	\$253,718	\$412,424	\$582,281	\$763,251	\$955,741	\$1,160,173	\$1,376,984	\$1,606,627	\$1,797,758
Internal Rate of Return		71.59%	61.69%	55.02%	50.18%	46.50%	43.62%	41.30%	39.40%	37.56%
Return on Investment		63.01%	102.42%	144.61%	189.55%	237.35%	288.12%	341.97%	399.00%	446.46%



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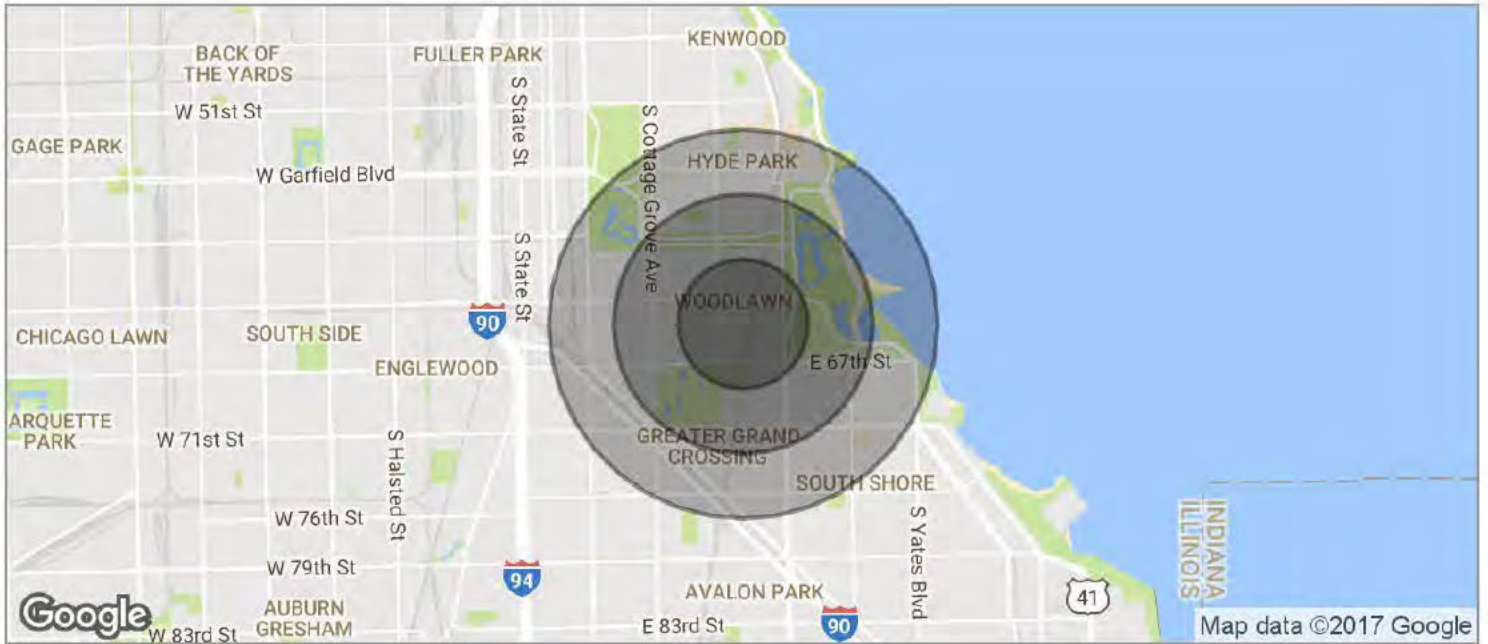


SECTION 4

# DEMOGRAPHICS

6437 S. KENWOOD AVE. | 25 UNITS | CHICAGO, IL

# Demographics Map



	0.5 MILES	1 MILE	1.5 MILES
<b>POPULATION</b>			
TOTAL POPULATION	7,877	31,851	77,431
MEDIAN AGE	33.9	34.1	34.2
MEDIAN AGE (MALE)	32.4	32.0	31.5
MEDIAN AGE (FEMALE)	35.5	35.3	36.8
<b>HOUSEHOLDS &amp; INCOME</b>			
TOTAL HOUSEHOLDS	3,355	13,375	33,502
# OF PERSONS PER HH	2.3	2.4	2.3
AVERAGE HH INCOME	\$47,706	\$54,805	\$51,308
AVERAGE HOUSE VALUE	\$260,809	\$322,398	\$316,289

\* Demographic data derived from 2010 US Census



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# **EXHIBIT E**

**6437 S KENWOOD, LLC**

**FINANCIAL STATEMENT**

**6437 S Kenwood LLC**  
**Profit and Loss**  
January - April 21, 2017

<b>Income</b>	
<b>Total Income</b>	<u>\$ 0.00</u>
<b>Gross Profit</b>	<u>\$ 0.00</u>
<b>Expenses</b>	
<b>Incorporation Fees</b>	<u>\$ 600.00</u>
<b>Total Expenses</b>	<u>\$ 600.00</u>
<b>Net Operating Income</b>	<u>-\$ 600.00</u>
<b>Net Income</b>	<u>-\$ 600.00</u>

# 6437 S Kenwood, LLC

## Balance Sheet

As of April 21, 2017

	<u>Total</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
Wells Fargo	100.00
<b>Total Bank Accounts</b>	<u>\$ 100.00</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 100.00</u></u>
<b>LIABILITIES AND EQUITY</b>	
<b>Total Liabilities</b>	<u>\$ 0.00</u>
<b>Equity</b>	
Owners Equity	700.00
Net Income	-600.00
<b>Total Equity</b>	<u>\$ 100.00</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>\$ 100.00</u></u>





SSPH 11117 S Longwood LLC

# CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**SSPH 11117 S Longwood LLC**  
An Illinois limited liability company

---

**\$5,200,000**

**Minimum Offering Amount: \$500,000**

**\$50,000 per Promissory Note (Unit) Minimum**

**MINIMUM PURCHASE - 1 Promissory Note**

**16% Annual Rate of Return, Paid Monthly**

**(Plus Additional Initial Payment of 2% of Note Amount Only for  
Investments of Over \$150,000)**

**Maturity Date: 24 months**

**Redemption at Maturity - \$50,000 per Unit Minimum**

**ACCREDITED INVESTORS ONLY**

---

SSPH 11117 S Longwood LLC, an Illinois 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 and Four (104) 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 Five Million Two Hundred Thousand (\$5,200,000) 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 May31, 2017.**



	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$50,000	\$0	\$50,000
<b>Minimum Units</b>	\$500,000	\$0	\$500,000
<b>Maximum Units</b>	\$5,200,000	\$0	\$5,200,000

SSPH 11117 S Longwood LLC  
180 North Stetson Avenue, Suite 3500  
Chicago, Illinois 60601  
Telephone: (877) 978-1916

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## **TABLE OF CONTENTS**

<b>IMPORTANT NOTICES .....</b>	<b>5</b>
<b>DISCLAIMERS.....</b>	<b>5</b>
<b>JURISDICTIONAL (NASAA) LEGENDS .....</b>	<b>7</b>
<b>1. SUMMARY OF THE OFFERING .....</b>	<b>21</b>
<b>2. THE COMPANY .....</b>	<b>22</b>
<b>3. MANAGEMENT .....</b>	<b>26</b>
3.1 LLC MANAGERS .....	26
<b>4. TERMS OF THE OFFERING .....</b>	<b>32</b>
4.1 GENERAL TERMS OF THE OFFERING .....	32
4.3 NONTRANSFERABILITY OF NOTES .....	32
4.4 CLOSING OF THE OFFERING .....	33
<b>5. PLAN OF DISTRIBUTION.....</b>	<b>34</b>
5.1 OFFERING OF NOTES.....	34
5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS .....	34
<b>6. DESCRIPTION OF NOTES.....</b>	<b>35</b>
6.1 NOTES.....	35
6.2 SECURITY FOR PAYMENT OF THE NOTES.....	35
6.3 REPORTS TO NOTEHOLDERS .....	35
<b>7. USE OF PROCEEDS .....</b>	<b>36</b>
<b>8. CAPITALIZATION STATEMENT .....</b>	<b>38</b>
8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING.....	38
<b>9. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....</b>	<b>38</b>
9.1 RESULTS OF OPERATIONS .....	38
9.2 LIQUIDITY AND CAPITAL RESOURCES.....	39
<b>10. CERTAIN TRANSACTIONS .....</b>	<b>39</b>
10.1 ILLINOIS LIMITED LIABILITY COMPANY .....	39
10.2 PRIVATE OFFERING OF NOTES .....	39
<b>11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY.....</b>	<b>40</b>
11.1 GENERAL .....	40
11.2 INDEMNIFICATION .....	40
<b>12. RISK FACTORS .....</b>	<b>40</b>
12.1 FORMATION OF THE COMPANY .....	41
12.2 CONTROL BY COMPANY .....	41
12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT .....	41
12.4 LIMITED TRANSFERABILITY OF THE NOTES .....	41

12.5 CAPITALIZATION OF THE COMPANY ..... 42  
12.6 REGULATIONS ..... 42  
**13. PRINCIPAL SHAREHOLDERS ..... 43**  
**14. HOW TO INVEST..... 43**  
**15. INVESTOR SUITABILITY REQUIREMENTS ..... 44**  
15.1 INTRODUCTION..... 44  
15.2 GENERAL SUITABILITY ..... 45  
15.3 ACCREDITED INVESTORS ..... 45  
15.4 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY ..... 47  
**16. LITIGATION..... 48**  
**17. ADDITIONAL INFORMATION..... 48**  
**18. FORECASTS OF FUTURE OPERATING RESULTS ..... 48**  
**19. GLOSSARY OF TERMS..... 51**

**EXHIBITS:**

EXHIBIT A: SUBSCRIPTION AGREEMENT..... **A**  
EXHIBIT B: FORM OF PROMISSORY NOTE..... **B**  
EXHIBIT C: INVESTOR QUESTIONNAIRE..... **C**  
EXHIBIT D: BUSINESS PLAN..... **D**  
EXHIBIT E: FINANCIAL STATEMENTS OF THE COMPANY..... **E**

## 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 SSPH 11117 S Longwood 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

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:**

**SSPH 11117 S Longwood LLC**  
**180 North Stetson Avenue, Suite 3500**  
**Chicago, Illinois 60601**  
**(877) 978-1916**

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## 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.**

**SSPH 11117 S Longwood LLC** (the “Company”) was formed on May 24, 2017 as an Illinois limited liability company. The Company is in the business of purchasing, renovating and reselling or refinancing a building located at 11117 South Longwood Avenue, Chicago, Illinois 60649 (the “Longwood Building”). The Securities offered are up to One Hundred and Four (104) 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 Sixteen Percent (16%) 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.

Each holder of a Note with an amount of at least One Hundred and Fifty Thousand (\$150,000) Dollars will also receive a one-time payment of two percent (2%) of the amount of the Note at the time of the purchase of the Longwood Building. The Notes offered pursuant to this Confidential Private Placement Memorandum will be secured by a first trust mortgage on the Longwood Building.

**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 May 31, 2017, and will terminate no later than July 31, 2017, unless extended by the Company to an extension date no later than November 30, 2017 (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 Five Million Two Hundred Thousand (\$5,200,000) Dollars. The use of the proceeds is to purchase, renovate and either sell or refinance the Longwood Building as described herein (see “USE OF PROCEEDS”).

## **2. THE COMPANY**

**SSPH 11117 S Longwood LLC** (the “Company”) was formed on May 24, 2017, as an Illinois 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) a building located at 11117 South Longwood Avenue, Chicago, Illinois 60649.

### **2.1 RELATED ENTITIES**

Several related entities to the Company will assist the Company in purchasing, renovating and managing the Longwood Building. EquityBuild, Inc., a Florida corporation and an affiliate of the Company, will be responsible for arranging the purchase of the Longwood Building and managing the close of the purchase. EquityBuild, Inc., a Florida corporation, entered into the purchase agreement for the Longwood Building and will assign that purchase agreement to the Company prior to the purchase of the Longwood Building. EquityBuild, Inc. will also perform development and consulting services for the Company, for which it will be paid a development fee of \$358,000. **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. South Shore Property Holdings, LLC will form a single member LLC to hold its interest in the Company, SSH Holdco I, LLC, a Delaware limited liability company. That affiliate will hold 100% of the membership interest in the Company, SSPH 11117 S Longwood LLC. The Company has hired an affiliated developer,

EquityBuild, Inc. to manage the development and stabilization of the Longwood Building. The Company has hired unrelated third party property managers and general contractors to complete all renovation work on the Longwood Building. 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 financing as per the terms of this Confidential Private Placement Memorandum.

## **2.2 BUSINESS PLAN**

### **Executive Summary:**

The funds from this Offering will be used to purchase, renovate, and stabilize a thirty-four unit multifamily apartment building in Chicago's Morgan Park neighborhood. The building is currently under contract to be purchased for \$3,250,000 with an expected closing during June or July 2017. The Company anticipates an overall renovation cost of approximately \$340,000 with a approximate projected allocations as follows: \$96,000 for the roof, \$12,000 for exterior and masonry corrections, \$60,000 for plumbing repairs and updates, \$70,000 to upgrade the electric system, and \$68,000 for in-unit updates, with a \$30,000 contingency amount. Additional anticipated costs include \$472,561 in closing fees and costs, as well as \$1,137,439 in financing fees and costs.

The building has a current occupancy of 97% with an average rent of \$1,027 per month. The Company believes that it can achieve average rents of \$1,217 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 was formed to purchase, stabilize, and sell (or refinance) the Longwood Building within eighteen to twenty-four months. The Company anticipates



closing the purchase of the Longwood Building at a purchase price of \$3,250,000 during June or July, 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,  
Page | 24

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, SSPH 11117 S Longwood 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 Longwood Building. 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 3.5% 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 LONGWOOD BUILDING**

EquityBuild, Inc. an affiliate of the Company, entered into a purchase agreement with the current owner of the Longwood Building, Villa Capital Partners, LLC, for a purchase price of Three Million Two Hundred and Fifty Thousand (\$3,250,000.00) Dollars. Pursuant to the Purchase Agreement, EquityBuild, Inc. has been conducting due diligence on the Longwood Building, which is expected to be finished on or about June 2, 2017. Under the Purchase Agreement, if not extended, the purchase must be completed on or before June 30, 2017. **If the purchase of the Longwood Building is not completed by June 30, 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 11117 South Longwood Avenue 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 ML 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 and Four (104) Notes at Fifty Thousand (\$50,000) Dollars per Note, for a minimum of Five Hundred Thousand (\$500,000) Dollars and a maximum of Five Million Two Hundred Thousand (\$5,200,000) 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 Longwood Building. 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 (\$500,000) Dollars; or
2. Upon receipt of the maximum offering subscription amount of Five Million and Two Hundred Thousand (\$5,200,000) Dollars.

3. On July 31, 2017, unless the Company extends the date of the Offering until not later than November 30, 2017.

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 power 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 and Four (104) 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 **Sixteen Percent (16%) 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.

Each holder of a Note with an amount of One Hundred and Fifty Thousand (\$150,000) Dollars or more will also receive a one-time payment of **two percent (2%) of the amount of the Note** at the time of the purchase of the Longwood Building.

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 priority deed of trust on the Longwood Building securing the Notes.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Noteholders ninety (90) days after 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 31<sup>st</sup> 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 Five Million Two Hundred Thousand (\$5,200,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

## Sources and Application of Proceeds

	<b>Maximum Amount</b>	<b>Percent of Proceeds</b>	<b>Minimum Amount</b>	<b>Percent of Proceeds</b>
<b>Proceeds From Sale of Notes</b>	\$5,200,000	100%	\$500,000	100%

### Application of Proceeds

Offering Expenses	\$25,000	0.48%	\$25,000	0.016%
Commissions	\$0	0%	\$0	0%
Total Offering Expenses & Fees	\$25,000	0.48%	\$25,000	5.0%
<b>Net Offering Proceeds</b>	<b>\$5,175,000</b>	<b>99.52%</b>	<b>\$475,000</b>	<b>95.00%</b>
Building Purchase	\$3,250,000	62.80%	\$0	0%
Building Renovation	\$330,000	6.38%	\$330,000	69.47%
Purchaser Legal	\$5,000	0.10%	\$5,000	2.22%
Prepaid Insurance	\$10,561	0.20%	\$10,561	0.42%
Acquisition Fee	\$65,000	1.26%	\$65,000	13.68%
Development Fee	\$358,000	3.56%	\$88,875	5.22%
Closing Costs/Fees	\$11,531	0.22%	\$11,531	2.30%
Financed Interest	\$935,206	18.07%	\$0	0%
Working Capital	\$10,000	0.40%	\$10,000	0.60%
Lender Orig. Costs	\$199,702	3.85%	\$0	0%
<b>Total Application of Proceeds</b>	<b>\$5,175,000</b>	<b>100%</b>	<b>\$500,000</b>	<b>100%</b>



**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 and Four (104) Notes or Five Million Two Hundred Thousand (\$5,200,000) Dollars.

	AS ADJUSTED 4/21/17	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$5,200,000</u>
Membership Units \$.01 par value, 1,000 Interests authorized, 1000 Interests issued and outstanding	\$100	\$100
Net Interest Holders' Equity	\$100	\$100
<b>TOTAL CAPITALIZATION</b>	<b><u>\$100</u></b>	<b><u>\$5,200,100</u></b>

**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 ILLINOIS LIMITED LIABILITY COMPANY**

**SSPH 11117 S Longwood LLC** is a privately held Illinois Limited liability company, organized on May 24, 2017.

### **10.2 PRIVATE OFFERING OF NOTES**

The Company is authorized to offer in this private offering, up to Five Million Two Hundred Thousand (\$5,200,000) Dollars of Notes to selected investors, effective on May 31, 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 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 May 24, 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 Longwood Building, 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 LONGWOOD BUILDING.**

### **13. PRINCIPAL SHAREHOLDERS**

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 SSPH 11117 S Longwood 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 SSPH 11117 S Longwood 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 **SSPH 11117 S Longwood Avenue, LLC, 180 North Stetson Avenue, Suite 3500, Chicago, Illinois 60601.**

## **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.**

#### **15.5 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 SSPH 11117 S Longwood AVENUE, LLC, an Illinois 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 SSPH 11117 S Longwood LLC, an Illinois 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 November 30, 2017.

# **EXHIBIT A**

## **SUBSCRIPTION AGREEMENT**



**SUBSCRIPTION AGREEMENT**

**Print Name of Subscriber:** DK Phenix Investments LLC

**Amount Loaned:** \$ 75,000.00

**Number of Notes:** 1

**SSPH 11117 S Longwood LLC**

**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF TEN (10) AND A MAXIMUM OF ONE HUNDRED AND FOUR (104) 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.**

**May 31, 2017**

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**SUBSCRIPTION INSTRUCTIONS**  
**(Please read carefully)**

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Each subscriber for the Secured Promissory Notes, Fifty Thousand (\$50,000) Dollars per Note (the “Notes”) of SSPH 11117 S Longwood LLC, an Illinois 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 SSPH 11117 S Longwood LLC at:

180 North Stetson Avenue  
Suite 3500  
Chicago, Illinois 60601

**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 in Exhibit F, in the appropriate amount, for the number of Notes purchased (at least Fifty Thousand (\$50,000) Dollars per Note), to “SSPH 11117 S Longwood 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: SSPH 11117 S Longwood LLC  
180 North Stetson Avenue  
Suite 3500  
Chicago, Illinois 60601

Gentlemen:

**1. Subscription.** The undersigned hereby subscribes for 1 Notes of SSPH 11117 S Longwood LLC (the “Company”), an Illinois limited liability company, and agrees to loan to the Company Seventy-Five Thousand (\$ 75,000 .00) Dollars per Note for an aggregate loan of \$5,200,000.00 (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 May 31, 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 and Four (104) 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 Five Million and Two Hundred Thousand (\$5,200,000) 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 SSPH 11117 S Longwood LLC, at 180 North Stetson Avenue, Suite 3500, Chicago, Illinois 60601. 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 Five Million and Two Hundred Thousand (\$5,200,000) 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 SSPH 11117 S Longwood Avenue, LLC at 180 North Stetson Drive,

Suite 3500, Chicago, Illinois 60601. 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 6th day of June, 2017, at

Bradenton (City), Florida (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]     × [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).

DK Phenix Investments LLC

AMBR

\_\_\_\_\_  
Print Name of Partnership, Corporation, Trust or Entity:

\_\_\_\_\_  
Title of Authorized Representative

DocuSigned by:  
*Kristien Van Hecke*  
\_\_\_\_\_  
Signature of Authorized Representative

FL

\_\_\_\_\_  
Print Jurisdiction of Organization or Incorporation

Kristien Van Hecke

\_\_\_\_\_

\_\_\_\_\_  
Print Name of Authorized Representative

\_\_\_\_\_  
Print Federal Tax Identification Number

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this 8th day of June, 2017.

**SSPH 11117 S Longwood LLC**

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

## **EXHIBIT B**

### **FORM OF PROMISSORY NOTE**

**FORM OF 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.**

**PROMISSORY NOTE**

[Date]  
[City, State]

LENDER: [Name of Lender], an [individual] [State/Entity Type] whose [address] [principal place of business is] [\_\_\_\_\_] ("Lender").

BORROWER: [Name of Borrower], a/an [State] [Type of Entity], whose principal place of Business is [Address] ("Borrower").

**1. BORROWER'S PROMISE TO PAY.**

FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the principal amount of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_.\_\_) ("Principal"), along with fixed interest thereon in the amount of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_.\_\_) ("Interest"), for a total amount of \_\_\_\_\_ DOLLARS AND \_\_\_\_\_ CENTS (\$\_\_\_\_\_.\_\_) (collectively, the Principal and Interest is referred to as the "Loan") on or before the Maturity Date (as defined herein).

Borrower acknowledges that the obligations under this Promissory Note (the "Note") are joint and several and it shall make all payments under this Note in the form of cash, cashier's check or money order or wire to the order of Lender or as Lender may direct.

Borrower understands that Lender may transfer this Note. Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

**2. FIXED INTEREST RATE.**

Interest is a fixed interest rate on the Principal in the amount of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_.\_\_) from the date hereof and through the Maturity Date as defined herein.

The Interest is subject to the Extension Fees identified herein and all other sums and fees which may apply and delineated herein this Note.

**3. PAYMENTS.**

**(A) Time and Place of Payments and Maturity Date.**

Borrower shall make a lump sum payment of the Loan on [date], which is the “Maturity Date.”

Borrower shall make payments at Lender’s address identified above in paragraph 1, or at a different place if required by the Note Holder in writing.

**(B) Option to Extend Maturity Date and Fees Related to Such.**

Borrower may seek an extension of the Maturity Date or Extended Maturity Date, as identified herein (each such extension of the Maturity Date being referred to as an “Extended Maturity Date”). In the event that Borrower desires to extend the Maturity Date or Extended Maturity Date, as applicable, Borrower shall notify Lender, in writing, of its exercise of an extension of the Maturity Date or Extended Maturity Date, as applicable (hereinafter referred to as each an” Extension Notice”) on or before the Maturity Date or Extended Maturity Date, as applicable.

In the event Borrower fails to deliver an Extension Notice, Borrower shall be deemed to be in Monetary Default. At that time, Lender may exercise any and all options available to it under said Note, including but not limited to deeming Borrower’s right to extend the Maturity Date or Extended Maturity Date, as applicable, null and void and all amounts due and owing Lender hereunder shall be paid to Lender on the Maturity Date or Extended Maturity Date, as applicable, or recording the Warranty Deed held in Escrow.

**4. LENDER DISBURSEMENTS.**

**(A) Lender Disbursements.**

Subject to all conditions precedent set forth above, the proceeds of the Loan and any Borrower's Funds shall be disbursed in accordance with the following schedule:

[Disbursement Schedule]

**5. BORROWER’S RIGHT TO PREPAY.**

Borrower may make any payments on the Principal of this Note at any time prior to the Maturity Date, as applicable.

**6. BUSINESS LOAN.**

In addition to the protections given to the Note Holder under this Note, a Business Loan Agreement, entered into contemporaneously herewith by the parties and



which is incorporated herein, protects the Note Holder from possible losses which might result if Borrower does not keep the promises made in this Note.

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. Borrower and Lender agree that no payment of interest or other consideration made or agreed to be made by Borrower to Lender pursuant to this Note shall, at any time, be deemed to have been computed at an interest rate in excess of the maximum rate of interest permissible by law, if any. In the event such payments of interest or other consideration provided for in this Note shall result in payment of an effective rate of interest which, for any period of time, is in excess of the limit of the usury law or any other law applicable to the loan evidenced hereby, all sums in excess of those lawfully collectible as interest for the period in question shall, without further Note or notice between or by any party or parties hereto, be applied to the Principal balance immediately upon receipt of such monies by Lender with the same force and effect as though Borrower had specifically designated, and Lender had agreed to accept, such extra payments as a Principal payment, without premium or penalty. If Principal has been fully paid, any such excess amount shall be refunded to Borrower. This provision shall control over every other obligation of Borrower and Lender hereunder.

Borrower confirms that Lender’s Note to make the loan evidenced by this Note at the interest rates and on the other terms set forth herein and in the other Loan Documents constitutes adequate and valuable consideration, given individual weight by Borrower, for this Note. Borrower understands that Lender has made the Loan in reliance on the Note and waiver of Borrower and that Lender would not have made the loan without such Note and waiver of borrower.

**7. CURE PERIOD.**

Borrower has Twenty-Five (25) calendar days from the Maturity Date to cure any monetary default as defined herein.

Borrower has Thirty (30) calendar days from the Maturity Date to cure non –monetary Defaults.

**8. DEED IN LIEU.**

Upon execution of this Note, Borrower shall deliver to Lender an executed Warranty Deed (hereinafter referred to as “Deed”) to the Property securing the Loan which Lender, or his assignee, shall hold in escrow and shall not record the Deed unless and until Borrower defaults under the terms of the Loan. Upon the occurrence of a default by Borrower under the Loan, which default is not cured within the cure period identified herein, Lender may at its sole and exclusive option, may record the Deed and transfer title to the Property from Borrower to Lender or exercise any of its rights or remedies under any Security Instrument or at law or in equity.

**9. DEFAULT.**

Borrower agrees that upon the occurrence of any one or more of the following events of default (each such event being an “Event of Default”):

- (a) failure of Borrower to pay any and all of the amounts due herein timely and fully, or on any other indebtedness of Borrower to Lender when due pursuant this Note or pursuant to any Security Instrument executed in connection with the Loan (hereinafter referred to as a “Monetary Default”);
- (b) if any material warranty or representation, if any, made to Lender by or on behalf of Borrower pursuant to this Note or any Security Instrument (as defined herein), by and between Borrower and Lender, proves to have been false in any material respect when made; or
- (c) the occurrence of any event of default specified in, or other breach by Borrower of any of its obligations under, the Note, or any Security Instrument (as defined herein); or
- (d) the bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of, or the liquidation, termination, dissolution or legal incapacity of, any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety or otherwise.

If Borrower fails to cure any default within the cure period, Lender may, at its option, without further notice or demand, (i) declare the entire outstanding Principal, Interest, Late Charge(s), Default Rate charges and any and all other fees on this Note due and payable; (ii) record the Warranty Deed held in Deed In Escrow by Lender or its assignee, (iii) pursue any and all other rights, remedies and resources available to the holder hereof, including but not limited to any such rights, remedies or resources under the Note or any Security Instrument, at law or in equity, or (vi) pursue any combination of the foregoing.

#### **10. NOTICES.**

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by regular first class mail to Borrower at the address identified herein, or by facsimile transmission, at Lender’s option.

#### **11. WAIVERS.**

Except as otherwise provided, Borrower waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; notice of late charges; and diligence in taking any action to collect any sums owing under this Note.

**WAIVER OF RIGHT TO TRIAL BY JURY. BORROWER HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS NOTE OR ANY**

**OTHER LOAN DOCUMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION HEREOF OR THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF BORROWER AND Lender OR ANY OF THEM WITH RESPECT TO THIS NOTE OR ANY OTHER LOAN DOCUMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR NOTE EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED THERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER HEREBY AGREES AND CONSENTS THAT LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER TO THE WAIVER OF ANY RIGHT BORROWER MIGHT OTHERWISE HAVE TO TRIAL BY JURY.**

**12. UNIFORM SECURED NOTE.**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed in Escrow, and a Business Loan Agreement (hereinafter referred to collectively as “Security Instrument”), dated the same date as this Note, protects the Note Holder from possible losses which might result if Borrower does not keep the promises made in this Note. That Security Instrument describes how and under what conditions Borrower may be required to make immediate payment in full of all amounts owed under this Note or other remedies. Some of those conditions are described as follows:

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. The rights, remedies, and resources of the Lender hereof, as provided in this Note, shall be cumulative and concurrent and may be pursued separately, successively, or together as often as occasion therefore shall arise, at the sole discretion of the holder hereof. The acceptance by the Lender hereof of any payment under this Note which is less than the payment in full of all amounts due and payable at the time of such payment shall not: (a) constitute a waiver of or impair, reduce, release, or extinguish any right, remedy, or recourse of the holder hereof, or nullify any prior exercise of any such right, remedy, or recourse, or (b) impair, reduce, release, or extinguish the obligations of the Borrower under the Purchase Note, if any, unless agreed to in writing by both Parties and unless such payment is less than the full amount due is permissible by law.

This Note is secured by the following collateral (herein referred to as “Property”):

[PROPERTY LEGAL DESCRIPTION]

Permanent Index Number: 25-19-113-010-0000

Property Address: 11117 S Longwood Dr. Chicago, IL 60643

### 13. 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 Loan Documents.

**BINDING OBLIGATIONS.** Borrower is authorized to executed, deliver and perform its obligations under the Loan Documents, 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 statues, 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 Loan Documents 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.

**UTILITIES.** All utilities services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for occupancy of the Property are available at or within the boundaries of the Property, and Borrower shall assume all financial obligation for payments of such.

### 14. TAXES.

**Borrower shall cause all Taxes (as hereinafter defined) levied, assessed or imposed upon the Property or any part thereof that are payable during the Term of this Note to be paid in full before due. As used herein, the term "Taxes" shall mean real estate taxes, assessments, sewer rents, rates and charges, permit and license fees, transit taxes, taxes based upon the receipt of rent, special service area assessments and any other federal, state or local governmental charge, general, special, ordinary or extraordinary, which may now or hereafter be assessed against the Property or any portion thereof in any year during the term of this Note hereof, and shall also include any personal property taxes (attributable to the year in which paid) imposed upon the furniture, fixtures, machinery, equipment, apparatus, systems and appurtenances used in connection with the operation of the Property.**

**Nothing contained herein shall be construed to require Lender to pay any**

**franchise, inheritance, estate, succession or transfer tax of Borrower or any income or excess profits tax assessed upon or in respect of all income of Borrower or chargeable to or required to be paid by Borrower.**

**15. ASSESSMENTS AND COMMUNITY FACILITIES DISTRICTS.**

Without Lender's prior written consent, Borrower shall not cause or suffer to become effective or otherwise consent to the formation of any assessment district or community facilities district which includes all or any part of the Property, nor shall Borrower cause or otherwise consent to the levying of special taxes or assessments against the Property by any such assessment district or community facilities district. Borrower shall immediately give notice to Lender of any notification or advice that Borrower may receive from any municipality or other third party of any intent or proposal to include the Property in a community facilities district or to levy any such special taxes or assessments. Lender shall have the right to file a written objection to the inclusion of all or any part of the Property and Improvements in a community facilities district, or to the levy of any such special taxes or assessments, either in its own name or in the name of borrower, and to appear at, and participate in, any hearing with respect to the information of any such district or the levy or such special taxes or assessments.

**16. DAMAGE OR DESTRUCTION.**

**In the event the Property are damaged by fire, explosion or other casualty (a "Casualty"), attributable to Borrower or Borrower's operations, Borrower shall diligently proceed with respect to the proposed restoration promptly after receipt of the insurance proceeds. Borrower shall commence the repair, restoration or rebuilding thereof and shall complete such restoration, repair or rebuilding within twelve (12) months after the receipt of such proceeds, subject to extension due to delay because of strikes, lockouts, casualties, acts of God, war, fuel or energy shortages, material or labor shortages, governmental regulation or control, severe weather conditions or other causes beyond the control of Borrower ("Events of Force Majeure"). Borrower's obligation to repair, restore or rebuild the Property shall be limited to restoring the Property to substantially the condition in which the same existed prior to the Casualty, subject to then applicable Laws. Payment under this Note, and any and all other charges payable by Borrower hereunder shall continue during the period of such repair, restoration or rebuilding.**

**17. SEVERABILITY.**

If a tribunal of competent jurisdiction holds that any one or more of this Note's provisions are invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any of this Note's other provisions, and this Note will be construed as if it had never contained such invalid, illegal or unenforceable provisions. Without limiting other provisions of this Note, it is expressly understood and agreed that each and every provision of this Note, which provides for a limitation of liability, disclaimer of warranties or exclusion of damages is intended by the parties to be severable and independent of any other provision and to be enforced as such. Further, it is expressly understood and agreed that if any remedy under this Note is determined to have failed of its essential purpose, all limitations of liability and exclusions of damages set forth in this Note will remain in effect.

**18. COUNTERPARTS.**

This Note may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

**19. AMENDMENTS AND WAIVER.**

No amendment, waiver or consent with respect to any provision of this Note, including an extension of the Maturity Date, will in any event be effective, unless the same will be in writing and signed by the parties hereto, and then such amendment, waiver or consent will be effective only in the specific instance and for the specific purpose for which given. The failure of any party at any time or times to require performance of any provisions hereof will in no manner affect that party's right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this Note in any one or more instances will be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Note.

**20. VENUE.**

**THE PARTIES, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, AGREES 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.**

**WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.**

DocuSigned by:  
*Jerry Cohen*  
B07F03F896EF4CC...  
**Maker:**  
**SSPH 1117 S Longwood LLC,**  
An Illinois limited liability company  
6/9/2017

**Holder:**  
DocuSigned by:  
*Kristien Van Hecke*  
Print Name: Kristien Van Hecke  
Date: 6/6/2017

State of )  
 ) SS.  
County of )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_ as **manager and on behalf of** \_\_\_\_\_ personally known to me to be the same person(s) whose name(s) are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of Homestead.

Given under my hand and official seal, this \_\_\_\_ day of \_\_\_\_\_, 2017.



**EXHIBIT A**

**EXHIBIT A - DESCRIPTION OF PROPERTY**

Permanent Index Number: 25-19-113-010-0000

Property Address: 11117 S Longwood Dr Chicago, IL 60643

## **EXHIBIT C**

### **Investor Suitability Questionnaire**





provide for current needs and possible personal contingencies:



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:



**D. Affiliation with the Issuer**

Are you a director or executive officer of the Company?



**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.



**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?



**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:

Kristien Van Hecke  
Signature

Date: 6/6/2017

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

## **EXHIBIT D**

**SSPH 11117 S Longwood LLC**

**BUSINESS PLAN**

FOR SALE | MULTIFAMILY

# 11117 S. Longwood Dr.

11117 S. Longwood Dr. , Chicago, IL 60643



CHICAGO, IL

**EB**  
EQUITYBUILD INC. 877-978-1869



## CONTENTS

PROPERTY INFORMATION	4
LOCATION INFORMATION	9
FINANCIAL ANALYSIS	12
DEMOGRAPHICS	15

## CONFIDENTIALITY & DISCLAIMER

All materials and information received or derived from EquityBuild Inc. its directors, officers, agents, advisors, affiliates and/or any third party sources are provided without representation or warranty as to completeness, veracity, or accuracy, condition of the property, compliance or lack of compliance with applicable governmental requirements, developability or suitability, financial performance of the property, projected financial performance of the property for any party's intended use or any and all other matters. Neither EquityBuild Inc. its directors, officers, agents, advisors, or affiliates makes any representation or warranty, express or implied, as to accuracy or completeness of the any materials or information provided, derived, or received. Materials and information from any source, whether written or verbal, that may be furnished for review are not a substitute for a party's active conduct of its own due diligence to determine these and other matters of significance to such party. EquityBuild Inc. will not investigate or verify any such matters or conduct due diligence for a party unless otherwise agreed in writing.

EACH PARTY SHALL CONDUCT ITS OWN INDEPENDENT INVESTIGATION AND DUE DILIGENCE.

Any party contemplating or under contract or in escrow for a transaction is urged to verify all information and to conduct their own inspections and investigations including through appropriate third party independent professionals selected by such party. All financial data should be verified by the party including by obtaining and reading applicable documents and reports and consulting appropriate independent professionals. EquityBuild Inc. makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions. EquityBuild Inc. does not serve as a financial advisor to any party regarding any proposed transaction. All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property. Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by EquityBuild Inc. in compliance with all applicable fair housing and equal opportunity laws.



11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

# Executive Summary



## OFFERING SUMMARY

<b>Sale Price:</b>	\$3,250,000
<b>Rehab Cost:</b>	\$330,000
<b>Closing Cost:</b>	\$472,561
<b>Financing Cost:</b>	\$1,137,439
<b>Operating Capital:</b>	\$10,000
<b>Total Capitalized Cost:</b>	\$5,200,000
<b>Cost / SF:</b>	\$165.55

## EXECUTIVE SUMMARY

The funds from this Offering will be used to purchase, renovate, and stabilize a thirty-four unit multifamily apartment building in Chicago's Morgan Park neighborhood. The building is currently under contract to be purchased for \$3,250,000 with an expected closing during June or July 2017.

The Company anticipates an overall renovation cost of approximately \$340,000 with a approximate projected allocations as follows: \$96,000 for the roof, \$12,000 for exterior and masonry corrections, \$60,000 for plumbing repairs and updates, \$70,000 to upgrade the electric system, and \$68,000 for in-unit updates, with a \$30,000 contingency amount. Additional anticipated costs include \$472,561 in closing fees and costs, as well as \$1,137,439 in financing fees and costs.

The building has a current occupancy of 97% with an average rent of \$1,027 per month. The Company believes that it can achieve average rents of \$1,217 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.

SECTION 1

# PROPERTY INFORMATION



EQUITYBUILD INC. 877-978-1869



11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

# Business Plan

## BUSINESS PLAN

The Company was formed to purchase, stabilize, and sell (or refinance) the Longwood Building within eighteen to twenty-four months. The Company anticipates closing the purchase of the Longwood Building at a purchase price of \$3,250,000 during June or July, 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.





11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

## Related Entities And Fee Structure

### 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, SSPH 11117 S Longwood 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 Longwood Building. EquityBuild Inc., is wholly owned by Jerome H. Cohen, a Florida individual. The Company has hired EquityBuild Finance, LLC, a wholly vowned 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 3.5% 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.



11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

# Property Details

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<b>PROPERTY ADDRESS:</b>	11117 S. Longwood Dr. Chicago, IL 60643
<b>APN:</b>	25-19-113-010-0000
<b>PRICE / SF:</b>	\$103.67
<b>LOT SIZE:</b>	0.84 AC
<b>BUILDING SIZE:</b>	31,350 SF
<b>ZONING:</b>	RT-4
<b>YEAR BUILT:</b>	1932
<b>NUMBER OF STORIES:</b>	3
<b>FOUNDATION:</b>	Concrete
<b>WALLS:</b>	Brick and Frame
<b>NUMBER OF UNITS:</b>	34
<b>ROOF:</b>	Flat - Membrane



11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

# Additional Photos





SECTION 2

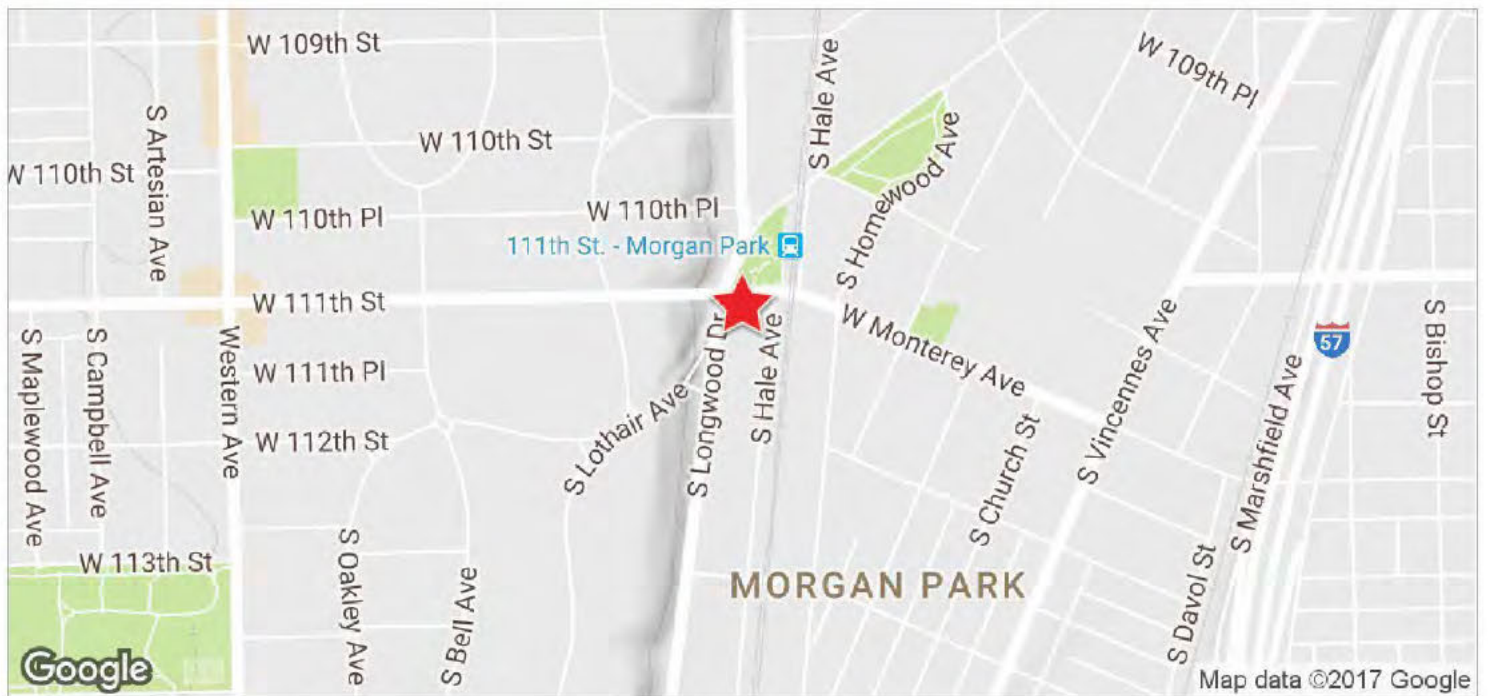
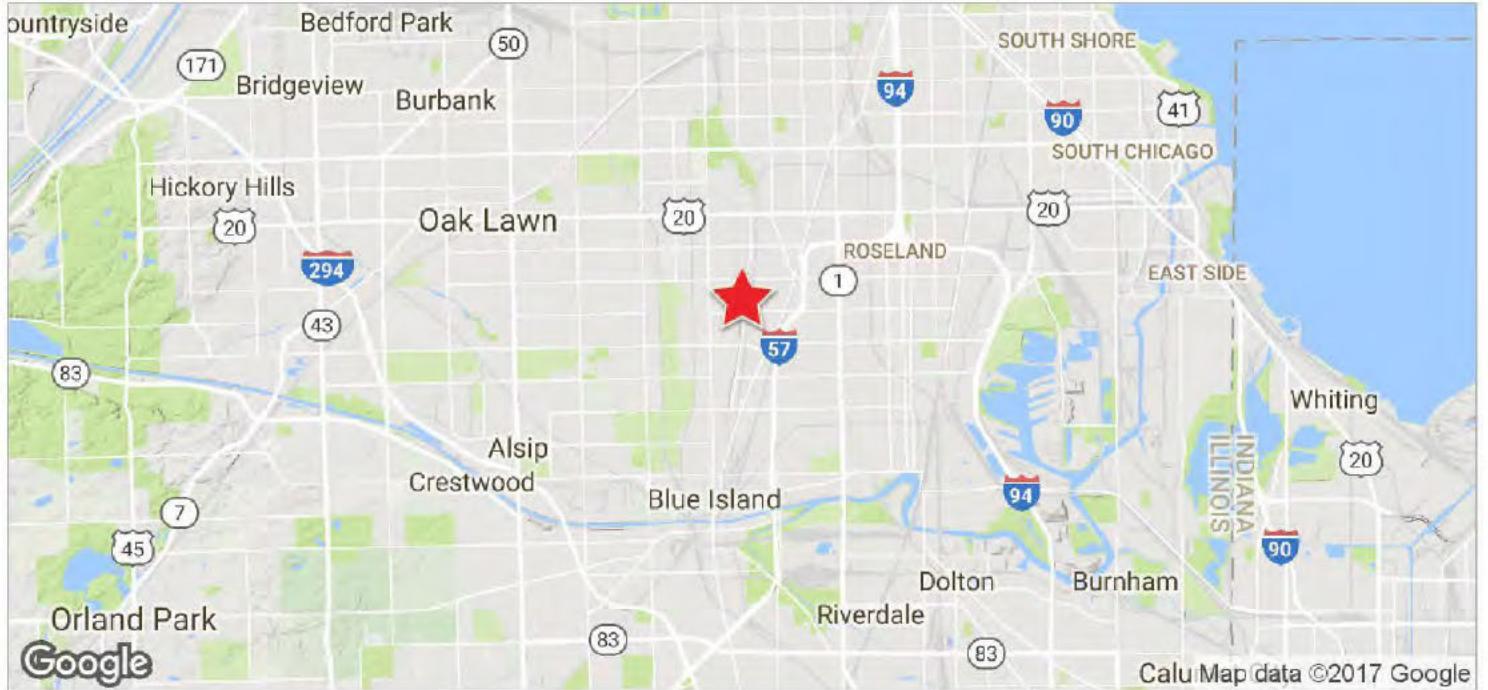
# LOCATION INFORMATION



EQUITYBUILD INC. 877-978-1869

11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

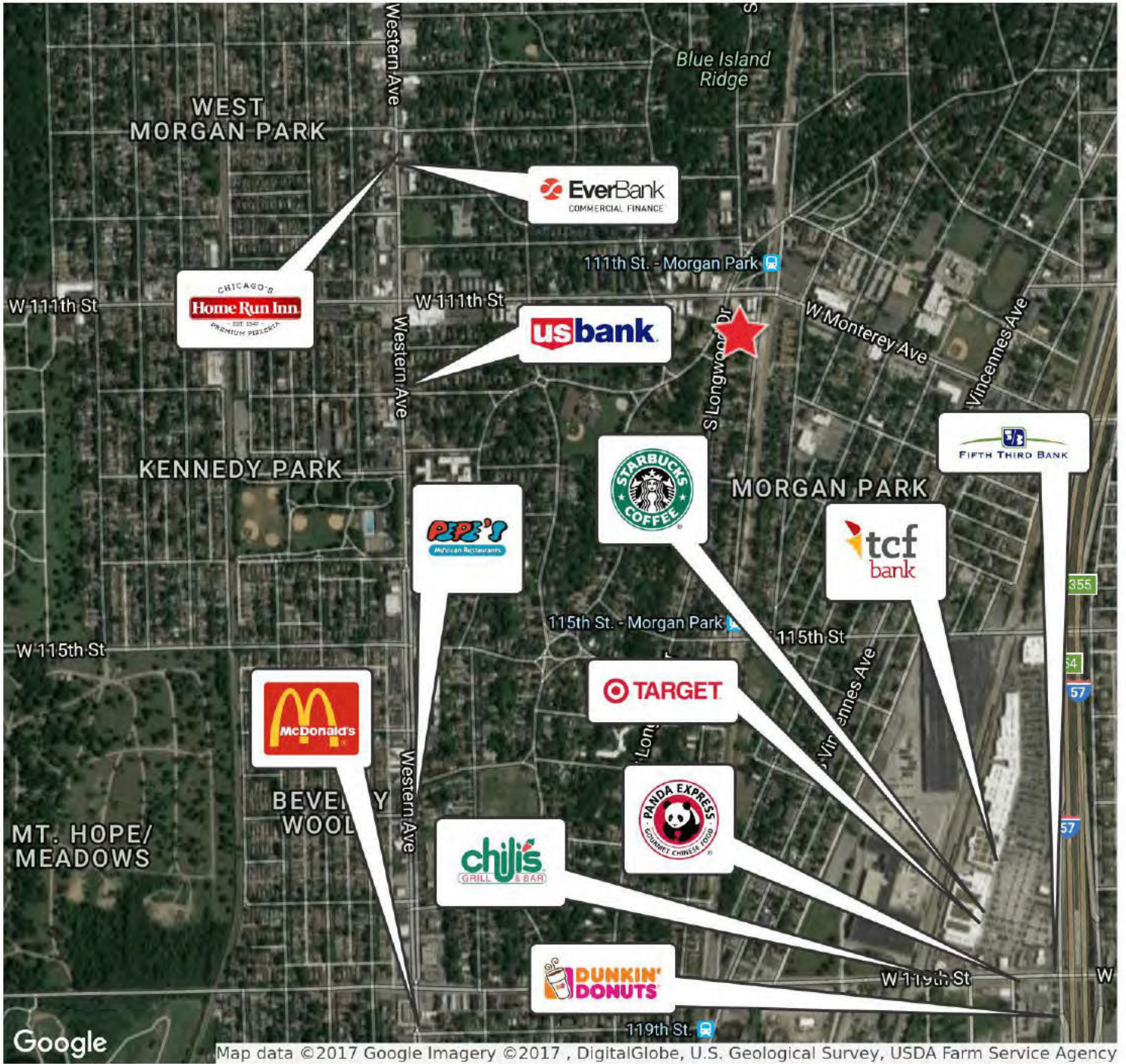
# Location Maps





11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

# Retailer Map



SECTION 3

# FINANCIAL ANALYSIS



EQUITYBUILD INC. 877-978-1869



11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

# Development Budget

## Acquisition and Development Budget

Uses		% Of Uses
<b>Hard Costs</b>		
Purchase Price	\$3,250,000	62.50%
Rehab Cost	\$330,000	6.35%
<b>Total</b>	<b>\$3,580,000</b>	<b>68.85%</b>
<b>Closing Costs</b>		
Partnership Legal	\$25,000	0.48%
Prepaid Insurance	\$10,561	0.20%
Travel and Inspection	\$1,500	0.03%
Prepaid AM Fee	\$0	0.00%
Acquisition Fee	\$65,000	1.25%
Yield Maintenance Penalty	\$0	0.00%
Purchaser Legal	\$5,000	0.10%
Title & Closing Fees	\$7,500	0.14%
EB Development Fee	\$358,000	6.88%
<b>Total Closing Costs</b>	<b>\$472,561</b>	<b>9.09%</b>
<b>Loan Costs &amp; Fees</b>		
Interest Reserve	\$935,206	17.98%
Lender Origination Costs	\$199,702	3.84%
Lender Legal Costs	\$2,531	0.05%
Appraisal	\$0	0.00%
Survey	\$0	0.00%
Environmental	\$0	0.00%
Engineering	\$0	0.00%
<b>Total Loan Fees &amp; Costs</b>	<b>\$1,137,439</b>	<b>21.87%</b>
<b>Operating Capital &amp; Deposits</b>		
Operating Capital	\$10,000	0.19%
<b>Total OC&amp;D</b>	<b>\$10,000</b>	<b>0.19%</b>
<b>Total Uses</b>	<b>\$5,200,000</b>	<b>100.00%</b>

11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

# 10 Year Pro Forma

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year Ending	5/31/18	5/31/19	5/31/20	5/31/21	5/31/22	5/31/23	5/31/24	5/31/25	5/31/26	5/31/27
Gross Potential Rent	\$450,461	\$493,201	\$503,876	\$521,512	\$539,765	\$558,656	\$578,209	\$598,447	\$619,392	\$641,071
Vacancy/Loss	\$(39,250)	\$(24,660)	\$(25,194)	\$(26,076)	\$(26,988)	\$(27,933)	\$(28,910)	\$(29,922)	\$(30,970)	\$(32,054)
Gross Scheduled Rent	\$411,211	\$468,541	\$478,682	\$495,436	\$512,776	\$530,724	\$549,299	\$568,524	\$588,423	\$609,017
Less Uncollectables	\$(20,561)	\$(23,427)	\$(23,934)	\$(24,772)	\$(25,639)	\$(26,536)	\$(27,465)	\$(28,426)	\$(29,421)	\$(30,451)
Other Income	\$4,073	\$4,196	\$4,410	\$4,564	\$4,724	\$4,889	\$5,061	\$5,238	\$5,421	\$5,611
<b>Operating Income</b>	<b>\$394,724</b>	<b>\$449,310</b>	<b>\$469,158</b>	<b>\$475,229</b>	<b>\$491,862</b>	<b>\$509,077</b>	<b>\$526,894</b>	<b>\$545,336</b>	<b>\$564,423</b>	<b>\$584,177</b>
Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Leasing Commissions	\$(6,162)	\$(12,662)	\$(6,294)	\$(6,514)	\$(6,742)	\$(6,978)	\$(7,223)	\$(7,475)	\$(7,737)	\$(8,008)
Real Estate Taxes	\$(29,193)	\$(30,069)	\$(30,971)	\$(32,055)	\$(33,176)	\$(34,338)	\$(35,539)	\$(36,783)	\$(38,071)	\$(39,403)
Insurance	\$(10,561)	\$(10,877)	\$(11,204)	\$(11,596)	\$(12,002)	\$(12,422)	\$(12,856)	\$(13,306)	\$(13,772)	\$(14,254)
Gas/Heat	\$(20,561)	\$(21,340)	\$(22,430)	\$(23,215)	\$(24,028)	\$(24,869)	\$(25,739)	\$(26,640)	\$(27,572)	\$(28,538)
Electric	\$(2,475)	\$(2,569)	\$(2,700)	\$(2,795)	\$(2,892)	\$(2,994)	\$(3,098)	\$(3,207)	\$(3,319)	\$(3,435)
Water	\$(11,449)	\$(11,883)	\$(12,490)	\$(12,927)	\$(13,380)	\$(13,848)	\$(14,333)	\$(14,834)	\$(15,353)	\$(15,891)
Trash	\$(2,475)	\$(2,569)	\$(2,700)	\$(2,795)	\$(2,892)	\$(2,994)	\$(3,098)	\$(3,207)	\$(3,319)	\$(3,435)
Snow Removal/Landscaping	\$(2,475)	\$(2,569)	\$(2,700)	\$(2,795)	\$(2,892)	\$(2,994)	\$(3,098)	\$(3,207)	\$(3,319)	\$(3,435)
Pest Control	\$(1,650)	\$(1,713)	\$(1,800)	\$(1,863)	\$(1,928)	\$(1,996)	\$(2,066)	\$(2,138)	\$(2,213)	\$(2,290)
Legal	\$(1,650)	\$(1,713)	\$(1,800)	\$(1,863)	\$(1,928)	\$(1,996)	\$(2,066)	\$(2,138)	\$(2,213)	\$(2,290)
Repairs & Maintenance	\$(21,600)	\$(22,248)	\$(22,915)	\$(23,717)	\$(24,548)	\$(25,407)	\$(26,296)	\$(27,216)	\$(28,169)	\$(29,155)
G&A	\$(7,200)	\$(7,416)	\$(7,638)	\$(7,906)	\$(8,183)	\$(8,469)	\$(8,765)	\$(9,072)	\$(9,390)	\$(9,718)
Management Fee 5%	\$(19,736)	\$(22,465)	\$(22,958)	\$(23,761)	\$(24,593)	\$(25,454)	\$(26,345)	\$(27,267)	\$(28,221)	\$(29,209)
<b>Operating Expenses</b>	<b>\$(137,187)</b>	<b>\$(150,091)</b>	<b>\$(148,600)</b>	<b>\$(153,801)</b>	<b>\$(159,185)</b>	<b>\$(164,756)</b>	<b>\$(170,522)</b>	<b>\$(176,491)</b>	<b>\$(182,668)</b>	<b>\$(189,061)</b>
<b>% Operating Income</b>	<b>34.76%</b>	<b>33.40%</b>	<b>32.36%</b>	<b>32.36%</b>	<b>32.36%</b>	<b>32.36%</b>	<b>32.36%</b>	<b>32.36%</b>	<b>32.36%</b>	<b>32.36%</b>
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$257,537	\$299,219	\$310,558	\$321,427	\$332,677	\$344,321	\$356,372	\$368,845	\$381,755	\$395,116
Cap Rate (Purchase Price)	7.92%	9.21%	9.56%	9.89%	10.24%	10.59%	10.97%	11.35%	11.75%	12.16%
Cap Rate (Market Value)	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Loan Analysis	Year 1	Year 2*	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Valuation (At Year End)	\$3,079,236	\$5,028,825	\$5,175,961	\$5,357,119	\$5,544,619	\$5,738,680	\$5,939,534	\$6,147,418	\$6,362,577	\$6,585,268
- Year End Loan Balance	\$(3,975,864)	\$(3,910,581)	\$(3,842,367)	\$(3,771,090)	\$(3,696,613)	\$(3,618,792)	\$(3,537,478)	\$(3,452,512)	\$(3,363,731)	\$(3,263,731)
<b>= Equity</b>	<b>\$(896,628)</b>	<b>\$1,118,244</b>	<b>\$1,333,594</b>	<b>\$1,586,029</b>	<b>\$1,848,005</b>	<b>\$2,119,888</b>	<b>\$2,402,057</b>	<b>\$2,694,906</b>	<b>\$2,998,846</b>	<b>\$3,221,536</b>
Loan-to-Value Ratio	129.12%	77.76%	74.23%	70.39%	66.67%	63.06%	59.56%	56.16%	52.87%	51.08%
Debt Service Coverage	1.10	1.27	1.32	1.37	1.42	1.47	1.52	1.57	1.63	1.68
<b>Potential Cash-Out Refi Amount</b>	<b>\$(1,512,475)</b>	<b>\$47,196</b>	<b>\$230,188</b>	<b>\$443,329</b>	<b>\$664,605</b>	<b>\$894,331</b>	<b>\$1,132,835</b>	<b>\$1,380,457</b>	<b>\$1,637,550</b>	<b>\$1,904,483</b>
Sale Analysis	Year 1	Year 2*	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$(896,628)	\$1,118,244	\$1,333,594	\$1,586,029	\$1,848,005	\$2,119,888	\$2,402,057	\$2,694,906	\$2,998,846	\$3,221,536
- Selling Costs	\$(153,962)	\$(251,441)	\$(258,798)	\$(267,856)	\$(277,231)	\$(286,934)	\$(296,977)	\$(307,371)	\$(318,129)	\$(329,263)
<b>= Proceeds After Sale</b>	<b>\$(1,050,590)</b>	<b>\$866,803</b>	<b>\$1,074,796</b>	<b>\$1,318,173</b>	<b>\$1,570,774</b>	<b>\$1,832,954</b>	<b>\$2,105,080</b>	<b>\$2,387,535</b>	<b>\$2,680,717</b>	<b>\$2,892,273</b>
+ Cumulative Cash Flow	\$(985,709)	\$(947,607)	\$(899,008)	\$(840,345)	\$(771,268)	\$(691,410)	\$(600,396)	\$(497,834)	\$(383,320)	\$(256,437)
+ Projected Capital Requirement	\$(1,536,136)	\$(1,536,136)	\$(1,536,136)	\$(1,536,136)	\$(1,536,136)	\$(1,536,136)	\$(1,536,136)	\$(1,536,136)	\$(1,536,136)	\$(1,536,136)
<b>= Net Profit</b>	<b>\$(3,572,434)</b>	<b>\$(1,616,941)</b>	<b>\$(1,360,348)</b>	<b>\$(1,058,308)</b>	<b>\$(736,629)</b>	<b>\$(394,592)</b>	<b>\$(31,452)</b>	<b>\$353,565</b>	<b>\$761,261</b>	<b>\$1,099,700</b>
Internal Rate of Return		-8.20%	8.71%	14.57%	16.81%	17.71%	18.03%	18.06%	17.95%	17.45%



SECTION 4

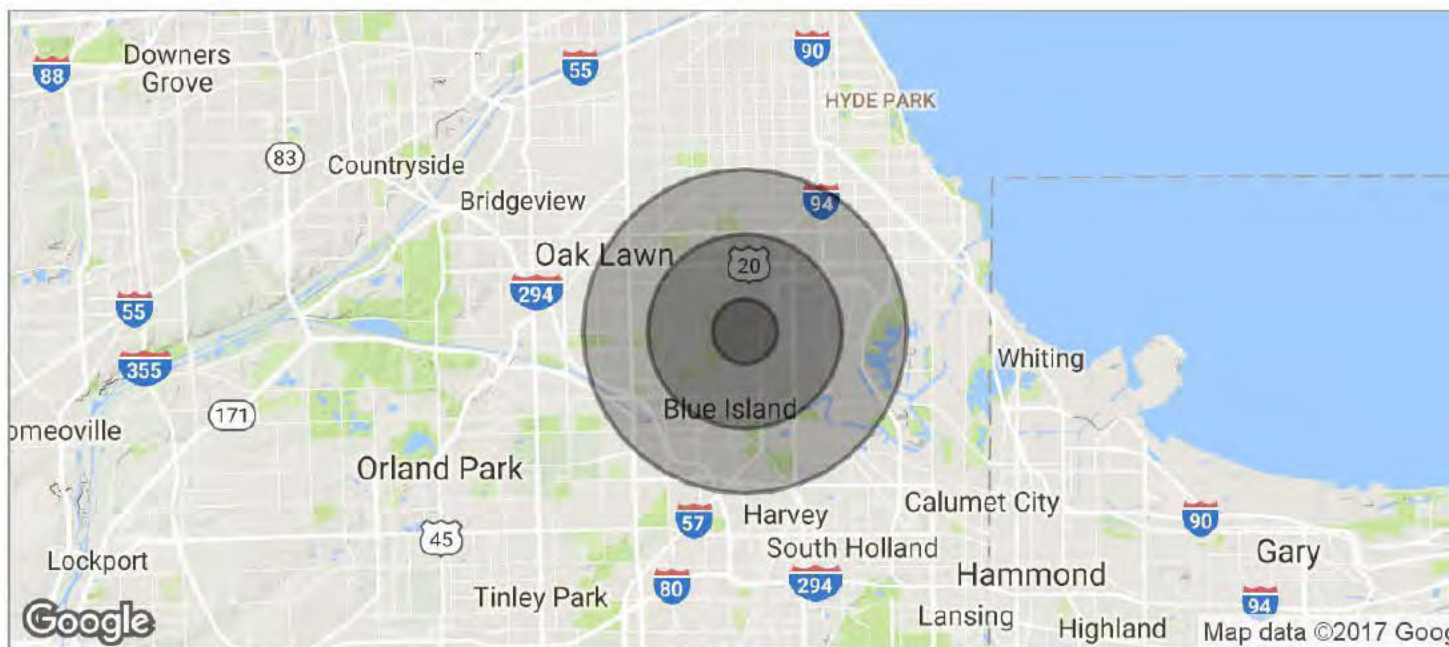
# DEMOGRAPHICS



EQUITYBUILD INC. 877-978-1869

11117 S. LONGWOOD DR. | 34 UNITS | CHICAGO, IL

# Demographics Map



	1 MILE	3 MILES	5 MILES
<b>POPULATION</b>			
TOTAL POPULATION	19,388	196,665	524,939
MEDIAN AGE	40.8	37.8	36.7
MEDIAN AGE (MALE)	39.9	35.6	34.0
MEDIAN AGE (FEMALE)	42.9	40.1	39.0
<b>HOUSEHOLDS &amp; INCOME</b>			
TOTAL HOUSEHOLDS	7,523	69,698	183,996
# OF PERSONS PER HH	2.6	2.8	2.9
AVERAGE HH INCOME	\$76,162	\$67,458	\$59,832
AVERAGE HOUSE VALUE	\$254,639	\$228,941	\$210,737

\* Demographic data derived from 2010 US Census

# **EXHIBIT E**

**SSPH 11117 S Longwood LLC**

**FINANCIAL STATEMENT**

Longwood Starting Financials.xlsx - Profit and Loss

<b>SSPH 11117 S Longwood, LLC</b>			
<b>Profit and Loss</b>			
<b>January - May 22, 2017</b>			
<b>Income</b>			
<b>Total Income</b>			<b>\$ 0.00</b>
<b>Gross Profit</b>			<b>\$ 0.00</b>
<b>Expenses</b>			
<b>Incorporation Fees</b>			<b>\$ 612.00</b>
<b>Total Expenses</b>			<b>\$ 612.00</b>
<b>Net Operating Income</b>			<b>-\$ 612.00</b>
<b>Net Income</b>			<b>-\$ 612.00</b>

Longwood Starting Financials.xlsx - 2016 YTD Balance Sheet


<b>SSPH 11117 S Longwood, LLC</b>	
<b>Balance Sheet</b>	
<b>As of May 22, 2017</b>	
	<b>Total</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
<b>Wells Fargo</b>	100.00
<b>Total Bank Accounts</b>	<b>\$ 100.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 100.00</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Total Liabilities</b>	<b>\$ 0.00</b>
<b>Equity</b>	
<b>Owners Equity</b>	712.00
<b>Net Income</b>	-612.00
<b>Total Equity</b>	<b>\$ 100.00</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 100.00</b>

**Illinois Anti-Predatory  
Lending Database  
Program**

**Certificate of Exemption**



**Report Mortgage Fraud  
844-768-1713**



\*1734944038\*

Doc# 1734944038 Fee \$80.00

RHSP FEE: \$9.00 RPDF FEE: \$1.00

KAREN A. YARBROUGH

COOK COUNTY RECORDER OF DEEDS

DATE: 12/15/2017 11:42 AM PG: 1 OF 23

The property identified as: **PIN: 20-23-213-009-0000**

**Address:**

**Street:** 6437 S. Kenwood Ave.

**Street line 2:**

**City:** Chicago

**State:** IL

**ZIP Code:** 60637

**Lender:** The Persons Listed on Exhibit A to the Mortgage C/O EquityBuild Finance, LLC

**Borrower:** 6437 S Kenwood, LLC

**Loan / Mortgage Amount:** \$2,500,000.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 77/70 et seq. because it is not owner-occupied.

**Certificate number:** B5CB8F6A-9BD8-49EC-89DB-269C8311176B

**Execution date:** 5/31/2017

44

**Exhibit**

**14**

Receiver's Submission on Group 4 Claims

exhibitsticker.com



Prepared by and After Recording Return To:

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

[Space Above This Line For Recording Data]

## MORTGAGE

### DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) **"Security Instrument"** means this document, which is dated 05/31/2017, together with all Riders to this document.

(B) **"Mortgagor"** is 6437 S Kenwood, LLC, an Illinois limited liability company, whose principal place of Business is 180 North Stetson Avenue, Suite 3500, Chicago, IL 60601 (hereinafter referred to as "Mortgagor") Mortgagor is the mortgagor under this Security Instrument.

(C) **"Mortgagee"** is The Persons Listed on Exhibit A to the Mortgage C/O EquityBuild Finance LLC, whose principal place of business is 5068 West Plano Pkwy. #300, Plano, TX 75093. Mortgagee is the mortgagee under this Security Instrument.

(D) **"Note"** means the promissory notes signed by Mortgagor and dated their respective dates listed on the individual promissory notes. The Notes collectively state that Mortgagor owes, in total, Mortgagee the principal amount of Two Million Five Hundred Thousand Dollars and 00 Cents (\$2,500,000.00) (hereinafter referred to as "Principal"), along with fixed interest thereon at the rate of 16.00% in the amount of Thirty-Three Thousand Three Hundred Thirty-Three Dollars and 33 Cents (\$33,333.33), (hereinafter referred to as "Interest"). Mortgagor has promised to pay this debt in full not later than 06/01/2019 (the "Maturity Date").

(E) **"Property"** means the real estate property commonly known as 6437 S. Kenwood Ave. Chicago, IL 60637

(F) **"Loan"** means the debt evidenced by the Note, plus interest, any prepayment charges, extension fees and late charges due under the Note, and all sums due under this Security Instrument, Mortgage, and Business Loan Agreement.

**(G) "Riders"** means all Riders to this Security Instrument that are executed by Mortgagor. The following Riders are to be executed by Mortgagor [check box as applicable]:

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider              | <input type="checkbox"/> Second Home Rider                |
| <input type="checkbox"/> Balloon Rider         | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Other(s) Business Loan Agreement |
| <input type="checkbox"/> 1-4 Family Rider      | <input type="checkbox"/> Biweekly Payment Rider         |   |

**(H) "Applicable Law"** means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

**(I) "Community Association Dues, Fees, and Assessments"** means all dues, fees, assessments and other charges that are imposed on Mortgagor or the Property by a condominium association, homeowners association or similar organization.

**(J) "Electronic Funds Transfer"** means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

**(K) "Escrow Items"** means those items that are described in Section 3.

**(L) "Miscellaneous Proceeds"** means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

**(M) "Mortgage Insurance"** means insurance protecting Mortgagee against the nonpayment of, or default on, the Loan.

**(N) "Periodic Payment"** means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

**(O) "RESPA"** means the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA. Notwithstanding anything contained herein, it is acknowledged by Mortgagee and Mortgagor that this transaction is not governed by RESPA as it is a private loan/mortgage solely for business purposes.

**(P) "Successor in Interest of Mortgagor"** means any party that has taken title to the

Property, whether or not that party has assumed Mortgagor's obligations under the Note and/or this Security Instrument.

**TRANSFER OF RIGHTS IN THE PROPERTY TO SECURE TO MORTGAGEE** (a) the repayment of the indebtedness evidenced by the Note, with interest thereon, and all renewals, extensions and modifications thereof; (b) the repayment of any future advances, with interest thereon, made by Mortgagees to Mortgagor (herein "Future Advances") hereof; (c) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Instrument; and (d) the performance of the covenants and agreements of Mortgagor herein contained, Mortgagor do hereby mortgage, grant, convey and assign to Mortgagees the following described property located in:

This Security Instrument secures to Mortgagee: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Mortgagor's covenants and agreements under this Security Instrument and the Note. For this purpose, Mortgagor does hereby mortgage, grant and convey to Mortgagee and Mortgagee's successors and assigns the following described properties:

**Lots 1, 2 and 3 in block 2 in Thomas A. Hall's addition to Hyde Park in the northeast 1/4 of section 23, township 38 north, range 14, east of the third principal meridian in Cook County, Illinois.**

**Permanent Index Number: 20-23-213-009-0000**

**Property Address: 6437 S. Kenwood Ave. Chicago, IL 60637**

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

**MORTGAGORS COVENANT** that Mortgagor lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Mortgagor warrant and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

**THIS SECURITY INSTRUMENT** combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

**UNIFORM COVENANTS.** Mortgagor and Mortgagee covenant and agree as follows:

**1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.** Mortgagor shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note.

Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Mortgagee as payment under the Note or this Security Instrument is returned to Mortgagee unpaid, Mortgagee may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Mortgagee when received at the location and in the manner designated in the Note or at such other location as may be designated by Mortgagee in accordance with the notice provisions in Section 15. Mortgagee may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Mortgagee may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Mortgagee is not obligated to apply such payments at the time such payments are accepted. If Periodic Payments exist, they will be applied as of its scheduled due date, then Mortgagee need not pay interest on unapplied funds. Mortgagee may hold such unapplied funds until Mortgagor makes payment to bring the Loan current. If Mortgagor do not do so within a reasonable period of time, Mortgagee shall either apply such funds or return them to Mortgagor. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Mortgagor might have now or in the future against Mortgagee shall relieve Mortgagor from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

**2. Application of Payments or Proceeds.** Except as otherwise described in this Section 2, all payments accepted and applied by Mortgagee shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Mortgagee receives a payment from Mortgagor for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Mortgagee may apply any payment received from Mortgagor to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

**3. Funds for Escrow Items.** Mortgagor shall pay to Mortgagee on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Mortgagee under Section 5, if any; and (d) Mortgage Insurance premiums or any sums payable by Mortgagor to Mortgagee in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10, if any. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Mortgagee may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Mortgagor, and such dues, fees and assessments shall be an Escrow Item. Mortgagor shall promptly furnish to Mortgagee all notices of amounts to be paid under this Section. Mortgagor shall pay Mortgagee the Funds for Escrow Items unless Mortgagee waives Mortgagor's obligation to pay the Funds for any or all Escrow Items. Mortgagee may waive Mortgagor's obligation to pay to Mortgagee Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Mortgagor shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Mortgagee and, if Mortgagee requires, shall furnish to Mortgagee receipts evidencing such payment within such time period as Mortgagee may require. Mortgagor's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Mortgagor is obligated to pay Escrow Items directly, pursuant to a waiver, and Mortgagor fails to pay the amount due for an Escrow Item, Mortgagee may exercise its rights under Section 9 and pay such amount and Mortgagor shall then be obligated under Section 9 to repay to Mortgagee any such amount. Mortgagee may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Mortgagor shall pay to Mortgagee all Funds, and in such amounts, that are then required under this Section 3.

Mortgagee may, at any time, collect and hold Funds in an amount (a) sufficient to permit Mortgagee to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a Mortgagee can require under RESPA. Mortgagee shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Mortgagee, if Mortgagee is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Mortgagee shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Mortgagee shall not charge Mortgagor for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Mortgagee pays Mortgagor interest on the Funds and Applicable Law permits Mortgagee to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Mortgagee shall not be required to pay Mortgagor any interest or earnings on the Funds. Mortgagor and Mortgagee can agree in writing, however, that interest shall be paid on the Funds. Mortgagee shall give to Mortgagor, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Mortgagee shall account to Mortgagor for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Mortgagee shall notify Mortgagor as required by RESPA, and Mortgagor shall pay to Mortgagee the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Mortgagee shall notify Mortgagor as required by RESPA, and Mortgagor shall pay to Mortgagee the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Mortgagee shall promptly refund to Mortgagor any Funds held by Mortgagee.

**4. Charges; Liens.** Mortgagor shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Mortgagor shall pay them in the manner provided in Section 3.

Mortgagor shall promptly discharge any lien which has priority over this Security Instrument unless Mortgagor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Mortgagee, but only so long as Mortgagor is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Mortgagee's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Mortgagee subordinating the lien to this Security Instrument. If Mortgagee determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Mortgagee may give Mortgagor a notice identifying the lien. Within 10 days of the date on which that notice is given, Mortgagor shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Mortgagee may require Mortgagor to pay a one-time charge for a real estate tax verification and/or reporting service used by Mortgagee in connection with this Loan.

**5. Property Insurance.** Mortgagor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Mortgagee requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Mortgagee requires. What Mortgagee requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Mortgagee's right to disapprove Mortgagor's choice, which right shall not be exercised unreasonably. Mortgagee may require Mortgagor to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent



charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Mortgagor shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Mortgagor.

If Mortgagor fails to maintain any of the coverages described above, Mortgagee may obtain insurance coverage, at Mortgagee's option and Mortgagor's expense. Mortgagee is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Mortgagee, but might or might not protect Mortgagor, Mortgagor's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Mortgagor acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Mortgagor could have obtained. Any amounts disbursed by Mortgagee under this Section 5 shall become additional debt of Mortgagor secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Mortgagee to Mortgagor requesting payment.

All insurance policies required by Mortgagee and renewals of such policies shall be subject to Mortgagee's right to disapprove such policies, shall include a standard mortgage clause, and shall name Mortgagee as mortgagee and/or as an additional loss payee. Mortgagee shall have the right to hold the policies and renewal certificates. If Mortgagee requires, Mortgagor shall promptly give to Mortgagee all receipts of paid premiums and renewal notices. If Mortgagor obtains any form of insurance coverage, not otherwise required by Mortgagee, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Mortgagee as mortgagee and/or as an additional loss payee.

In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Mortgagee. Mortgagee may make proof of loss if not made promptly by Mortgagor. Unless Mortgagee and Mortgagor otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Mortgagee, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Mortgagee's security is not lessened. During such repair and restoration period, Mortgagee shall have the right to hold such insurance proceeds until Mortgagee has had an opportunity to inspect such Property to ensure the work has been completed to Mortgagee's satisfaction, provided that such inspection shall be undertaken promptly. Mortgagee may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Mortgagee shall not be required to pay Mortgagor any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Mortgagor shall not be paid out of the insurance proceeds and shall be the sole obligation of Mortgagor. If the restoration or repair is not economically feasible or Mortgagee's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Mortgagor. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Mortgagor abandons the Property, Mortgagee may file, negotiate and settle any available insurance claim and related matters. If Mortgagor does not respond within 30 days to a notice from Mortgagee that the insurance carrier has offered to settle a claim, then Mortgagee may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Mortgagee acquires the Property under Section 22 or otherwise, Mortgagor hereby assigns to Mortgagee (a) Mortgagor's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Mortgagor's rights (other than the right to any refund of unearned premiums paid by Mortgagor) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Mortgagee may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

**6. Occupancy. Omitted.**

**7. Preservation, Maintenance and Protection of the Property; Inspections.**

Mortgagor shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Mortgagor is residing in the Property, Mortgagor shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Mortgagor shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Mortgagor shall be responsible for repairing or restoring the Property only if Mortgagee has released proceeds for such purposes. Mortgagee may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Mortgagor is not relieved of Mortgagor's obligation for the completion of such repair or restoration.

Mortgagee or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Mortgagee may inspect the interior of the improvements on the Property. Mortgagee shall give Mortgagor notice at the time of or prior to such an interior inspection specifying such reasonable cause.

**8. Deed in Escrow.**

Upon execution of this Mortgage, Mortgagor shall deliver to Mortgagee an executed Warranty Deed ("Deed") to the Property. Mortgagee, or his assignee as approved by Mortgagor, shall hold the Deed in escrow and shall not record the Deed unless and until Mortgagors are in default under the terms of the Promissory Note. Upon the occurrence of a default by Mortgagor under this Agreement, which default is not cured within Five (5) business days of written notice of default from Mortgagee to Mortgagor, Mortgagee may record at its own option, record the Deed and transfer title to the Property from Mortgagor to Mortgagee. Once Mortgagee records the Deed in accordance with this paragraph, Mortgagor shall have no further obligations to Mortgagee pursuant to this Mortgage and the Promissory Note and Mortgagee shall seek any action against Mortgagor, including the seeking of any deficiency of Mortgagor for paid amounts. The recording of the Deed functions as full

payment and full satisfaction of any and all outstanding amounts due and owing from Mortgagor to Mortgagee.

**9. Protection of Mortgagee's Interest in the Property and Rights Under this Security Instrument.** If (a) Mortgagor fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Mortgagee's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Mortgagor has abandoned the Property, then Mortgagee may do and pay for whatever is reasonable or appropriate to protect Mortgagee's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Mortgagee's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Mortgagee may take action under this Section 9, Mortgagee does not have to do so and is not under any duty or obligation to do so. It is agreed that Mortgagee incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Mortgagee under this Section 9 shall become additional debt of Mortgagor secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Mortgagee to Mortgagor requesting payment.

If this Security Instrument is on a leasehold, Mortgagor shall comply with all the provisions of the lease. If Mortgagor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Mortgagee agrees to the merger in writing.

**10. Mortgage Insurance.** *Omitted.*

**11. Assignment of Miscellaneous Proceeds; Forfeiture.** All Miscellaneous Proceeds are hereby assigned to and shall be paid to Mortgagee.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Mortgagee's security is not lessened. During such repair and restoration period, Mortgagee shall have the right to hold such Miscellaneous Proceeds until Mortgagee has had an opportunity to inspect such Property to ensure the work has been completed to Mortgagee's satisfaction, provided that such inspection shall be undertaken promptly. Mortgagee may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be

paid on such Miscellaneous Proceeds, Mortgagee shall not be required to pay Mortgagor any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Mortgagee's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Mortgagor. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Mortgagor.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Mortgagor and Mortgagee otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Mortgagor.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Mortgagor and Mortgagee otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Mortgagor, or if, after notice by Mortgagee to Mortgagor that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Mortgagor fails to respond to Mortgagee within 30 days after the date the notice is given, Mortgagee is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Mortgagor Miscellaneous Proceeds or the party against whom Mortgagor has a right of action in regard to Miscellaneous Proceeds.

Mortgagor shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Mortgagee's judgment, could result in forfeiture of the Property or other material impairment of Mortgagee's interest in the Property or rights under this Security Instrument. Mortgagor can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Mortgagee's judgment, precludes forfeiture of the Property or other material impairment of Mortgagee's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Mortgagee's interest in the Property are hereby assigned and shall be paid to Mortgagee.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

**12. Mortgagor Not Released; Forbearance By Mortgagee Not a Waiver.**

Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Mortgagee to Mortgagor or any Successor in Interest of Mortgagor shall not operate to release the liability of Mortgagor or any Successors in Interest of Mortgagor. Mortgagee shall not be required to commence proceedings against any Successor in Interest of Mortgagor or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Mortgagor or any Successors in Interest of Mortgagor. Any forbearance by Mortgagee in exercising any right or remedy including, without limitation, Mortgagee's acceptance of payments from third persons, entities or Successors in Interest of Mortgagor or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

**13. Joint and Several Liability; Co-signers; Successors and Assigns Bound.**

Mortgagor covenants and agrees that Mortgagor's obligations and liability shall be joint and several. However, any Mortgagor who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Mortgagee and any other Mortgagor can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Any Successor in Interest of Mortgagor who assumes Mortgagor's obligations under this Security Instrument in writing, and is approved by Mortgagee, shall obtain all of Mortgagor's rights and benefits under this Security Instrument. Mortgagor shall not be released from Mortgagor's obligations and liability under this Security Instrument unless Mortgagee agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Mortgagee.

**14. Loan Charges.** Mortgagee may charge Mortgagor fees for services performed in connection with Mortgagor's default, for the purpose of protecting Mortgagee's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Mortgagor shall not be construed as a prohibition on the charging of such fee. Mortgagee may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already

collected from Mortgagor which exceeded permitted limits will be refunded to Mortgagor. Mortgagee may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Mortgagor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Mortgagor's acceptance of any such refund made by direct payment to Mortgagor will constitute a waiver of any right of action Mortgagor might have arising out of such overcharge.

**15. Notices.** All notices given by Mortgagor or Mortgagee in connection with this Security Instrument must be in writing. Any notice to Mortgagor in connection with this Security Instrument shall be deemed to have been given to Mortgagor when mailed by first class mail or when actually delivered to Mortgagor's notice address if sent by other means. Notice to any one Mortgagor shall constitute notice to all Mortgagor unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Mortgagor has designated a substitute notice address by notice to Mortgagee. Mortgagor shall promptly notify Mortgagee of Mortgagor's change of address. If Mortgagee specifies a procedure for reporting Mortgagor's change of address, then Mortgagor shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Mortgagee shall be given by delivering it or by mailing it by first class mail to Mortgagee's address stated herein unless Mortgagee has designated another address by notice to Mortgagor. Any notice in connection with this Security Instrument shall not be deemed to have been given to Mortgagee until actually received by Mortgagee. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

**16. Governing Law; Severability; Rules of Construction.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

**17.** *Omitted.*

**18.** *Omitted.*



**19. Mortgagor's Right to Reinstate After Acceleration.** If Mortgagor meets certain conditions, Mortgagor shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the expiration of the cure period as defined in the Escrow Agreement and Promissory Note. Those conditions are that Mortgagor: (a) pays Mortgagee all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Mortgagee's interest in the Property and rights under this Security Instrument; and (d) takes such action as Mortgagee may reasonably require to assure that Mortgagee's interest in the Property and rights under this Security Instrument, and Mortgagor's obligation to pay the sums secured by this Security Instrument, shall continue unchanged unless as otherwise provided under Applicable Law. Mortgagee may require that Mortgagor pay such reinstatement sums and expenses in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Mortgagor, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred.

**20. Sale of Note; Change of Loan Servicer; Notice of Grievance.** The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Mortgagor. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Mortgagor will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Mortgagor will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Mortgagor nor Mortgagee may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Mortgagor or Mortgagee has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph.

**21. Hazardous Substances.** As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Mortgagor shall promptly give Mortgagee written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Mortgagor learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Mortgagee for an Environmental Cleanup.

**NON-UNIFORM COVENANTS.** Mortgagor and Mortgagee further covenant and agree as follows:

**22. Acceleration; Remedies.** Mortgagee shall give notice to Mortgagor prior to acceleration following Mortgagor's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 5 days from the date the notice is given to Mortgagor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Mortgagor of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of

**Mortgagor to acceleration and foreclosure.** If the default is not cured on or before the date specified in the notice, Mortgagee at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Mortgagee shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

**23. Release.** Upon payment of all sums secured by this Security Instrument, Mortgagee shall release this Security Instrument. Mortgagor shall pay any recordation costs. Mortgagee may charge Mortgagor a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

**24. Waiver of Homestead.** In accordance with Illinois law, the Mortgagor hereby releases and waives all rights under and by virtue of the Illinois homestead exemption laws.

**25. Placement of Collateral Protection Insurance.** Unless Mortgagor provides Mortgagee with evidence of the insurance coverage required by Mortgagor's agreement with Mortgagee, Mortgagee may purchase insurance at Mortgagor's expense to protect Mortgagee's interests in Mortgagor's collateral. This insurance may, but need not, protect Mortgagor's interests. The coverage that Mortgagee purchases may not pay any claim that Mortgagor makes or any claim that is made against Mortgagor in connection with the collateral. Mortgagor may later cancel any insurance purchased by Mortgagee, but only after providing Mortgagee with evidence that Mortgagor has obtained insurance as required by Mortgagor's and Mortgagee's agreement. If Mortgagee purchases insurance for the collateral, Mortgagor will be responsible for the costs of that insurance, including interest and any other charges Mortgagee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to Mortgagor's total outstanding balance or obligation. The costs of the insurance may be more than the cost of insurance Mortgagor may be able to obtain on its own.

**26. Liens and Stop Notices.** If a claim of lien is recorded which affects the property or improvement or a bonded stop notice is served upon Mortgagee, Mortgagor shall, within twenty (20) calendar days of such recording or service or within five (5) calendar days of Mortgagee's demand, whichever occurs first: (a) pay and discharge the claim of lien or bonded stop notice; (b) effect the release thereof recording or delivering to Mortgagee a surety bond in sufficient form and amount; or (c) provide Mortgagee with other assurances which Mortgagee deems, in its sole discretion.

**27. Taxes.** Mortgagor shall pay all Taxes (as hereinafter defined) levied, assessed or imposed upon the Property or any part thereof payable during the Term of this Note. As used herein, the term "Taxes" shall mean real estate taxes, assessments, sewer, rates and charges, permit and license fees, transit taxes, taxes based upon the receipt of rent, special service area assessments and any other federal, state or local governmental charge, general, special, ordinary or extraordinary, which may now or hereafter be assessed against the Property or any portion thereof in any year during the term of this Note hereof, and shall also

include any personal property taxes (attributable to the year in which paid) imposed upon the furniture, fixtures, machinery, equipment, apparatus, systems and appurtenances used in connection with the operation of the Property.

Nothing contained herein shall be construed to require Mortgagee to pay any franchise, inheritance, estate, succession or transfer tax of Mortgagor or any income or excess profits tax assessed upon or in respect of all income of Mortgagor or chargeable to or required to be paid by Mortgagor.

**28. Assessment and Community Facilities Districts.** Without Mortgagee's prior written consent, Mortgagor shall not cause or suffer to become effective or otherwise consent to the formation of any assessment district or community facilities district which includes all or any part of the Property, nor shall Mortgagor cause or otherwise consent to the levying of special taxes or assessments against the Property by any such assessment district or community facilities district. Mortgagor shall immediately give notice to Mortgagee of any notification or advice that Mortgagor may receive from any municipality or other third party of any intent or proposal to include the Property in a community facilities district or to levy any such special taxes or assessments. Mortgagee shall have the right to file a written objection to the inclusion of all or any part of the Property and Improvements in a community facilities district, or to the levy of any such special taxes or assessments, either in its own name or in the name of Mortgagor, and to appear at, and participate in, any hearing with respect to the information of any such district or the levy or such special taxes or assessments.

**29. Venue.** MORTGAGOR, AND EACH OF THEM, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING DIRECTLY, INDIRECTLY OR OTHERWISE IN CONNECTION WITH, OUT OF, RELATED TO OR FROM THIS NOTE SHALL BE LITIGATED, AT MORTGAGEE'S SOLE DISCRETION AND ELECTION, ONLY IN COURTS HAVING A SITUS WITHIN THE COUNTY OF COOK, STATE OF ILLINOIS, MAKER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN SAID COUNTIES AND STATE. MAKER HEREBY WAIVES ANY RIGHT MAKER MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST MAKER BY MORTGAGEE ON THIS NOTE IN ACCORDANCE WITH THIS SECTION.

**30.** *Omitted.*

**31. Business Loan.** Mortgagor represents and agrees that the proceeds of the Note, subject to the mortgage, 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. Mortgagor and Mortgagee agree that no payment of interest or other consideration made or agreed to be made by Mortgagor to Mortgagee pursuant to this Note shall, at any time, be deemed to have been computed at an interest rate in excess of the maximum rate of interest permissible by law, if any. In the event such payments of interest or other consideration provided for in the Note shall result in payment of an effective rate of



Given under my hand and official seal, this 24<sup>th</sup> day of October, 2017.

Jessica Bain

COOK COUNTY  
RECORDER OF DEEDS

COOK COUNTY  
RECORDER OF DEEDS

COOK COUNTY  
RECORDER OF DEEDS



EXHIBIT A

<u>Lender Name</u>	<u>Principal Amount</u>	<u>Percentage of Loan</u>
Adir Hazan	\$50,000	2.00%
Agee Family Trust	\$15,000	0.60%
Asians Investing In Real Estate, LLC	\$70,000	2.80%
Captain Jack, LLC	\$75,000	3.00%
Charlotte A. Hofer	\$35,000	1.40%
Cosmopolitan Properties	\$150,000	6.00%
Cree Capital Ventures, LLC	\$250,000	10.00%
David M. Harris	\$200,000	8.00%
DISTRIBUTIVE MARKETING, LLC.	\$50,000	2.00%
Duane A. and Linda S. Degenhardt	\$150,000	6.00%
Ed Bancroft	\$7,500	0.30%
Ed Bancroft	\$13,000	0.52%
Equity Capital Resources, LLC	\$25,000	1.00%
Freja Partners, a Ca limited Partnership authorized by Sangham Partners, LLC Lyman Black Manager	\$50,000	2.00%
Garwood M Weatherhead	\$150,000	6.00%
Grathia Corp	\$57,000	2.28%
Hoang-Small Trust	\$150,000	6.00%
iPlanGroup Agent for Custodian FBO Ed Bancroft Roth IRA	\$200	0.01%
iPlanGroup Agent for Custodian FBO Elizabeth Zeng ROTH	\$25,000	1.00%
iPlanGroup Agent for Custodian FBO Eric Schwartz IRA	\$12,000	0.48%
iPlanGroup Agent for Custodian FBO Jacqueline Rowe IRA	\$60,000	2.40%
iPlanGroup Agent For Custodian FBO Laurie A Connely IRA	\$20,000	0.80%
iPlanGroup Agent for Custodian FBO Thomas F Gordon SEP IRA	\$53,000	2.12%
John Bloxham	\$50,000	2.00%
Julie Patel	\$40,000	1.60%
KKW Investments, LLC	\$2,000	0.08%

Lawrence Daly a married man as his sole and separate property	\$150,000	6.00%
Madison Trust Company Custodian FBO James R Robinson Traditional IRA Acct# M1705044	\$25,000	1.00%
Madison Trust Company Custodian FBO Steven Roche IRA # M1510060	\$16,000	0.64%
Midatlantic IRA, LLC, FBO Charles McEvoy IRA	\$112,000	4.48%
Optima Property Solutions, LLC	\$30,000	1.20%
Paul S. Scribner Revocable Trust dated May 15, 2003	\$50,000	2.00%
PNW investments, LLC	\$10,000	0.40%
Quest IRA, Inc. FBO Steven C. Noss IRA#12201-11	\$25,000	1.00%
Ramsey Stephan	\$9,481	0.38%
Robert A. Demick DDS PA 401k	\$50,000	2.00%
Robert A. Potter	\$30,726	1.23%
RSS Triad Investments, LLC	\$30,000	1.20%
Steven Roche	\$42,319	1.69%
Sunwest Trust FBO David M. Williams IRA Acct. #1812425	\$24,274	0.97%
Sunwest Trust, Custodian FBO Glenda K. Allred IRA #1612617	\$15,500	0.62%
Susan Kalisiak	\$50,000	2.00%
Terry L. Merrill & Sheryl R. Merrill	\$50,000	2.00%
Vartan Tarakchyan, Trustee for Defined Benefits Pension Plan and 401K Plan	\$20,000	0.80%

Lots 1, 2 and 3 in Block 2 in Thomas A. Hall's Addition to Hyde Park in the Northeast  
1/4 of Section 23, Township 38 North, Range 14, East of the Third Principal Meridian, in  
Cook County, Illinois

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**Illinois Anti-Predatory  
Lending Database  
Program**

**Certificate of Exemption**



**Report Mortgage Fraud  
844-768-1713**



Doc# 1811506119 Fee \$70.00

RHSP FEE:\$9.00 RPRF FEE: \$1.00

KAREN A. YARBROUGH

COOK COUNTY RECORDER OF DEEDS

DATE: 04/25/2018 12:08 PM PG: 1 OF 17

The property identified as: **PIN:** 25-19-113-010-0000

**Address:**

**Street:** 11117-11137 S. Longwood Dr

**Street line 2:**

**City:** Chicago

**State:** IL

**ZIP Code:** 60643

**Lender:** The Persons Listed on Exhibit B attached hereto

**Borrower:** SSPH 11117 S. Longwood, LLC

**Loan / Mortgage Amount:** \$5,200,000.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 77/70 et seq. because it is not owner-occupied.

**Exhibit**

**15**

Receiver's Submission on Group 4 Claims

exhibitsticker.com

**Certificate number:** 4080BCF0-8C03-4415-AAB0-9EF7794B896F

**Execution date:** 9/27/2017

Prepared by and  
After Recording Return To:  
Equity Build Finance  
5069 W Plano Pkwy  
Plano, TX 75093

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## **MORTGAGE**

THIS MORTGAGE ("MORTGAGE") is made as of September 29<sup>th</sup>, 2017, by and between SSPH 11117 S LONGWOOD, 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 Five Million Two Hundred Thousand and 00/100 Dollars (\$5,200,000.00) (collectively herein, "LOAN"), which loans are evidenced by Promissory Notes ("NOTES"). The Maturity Date of the NOTES is 10/01/2019.

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: (a) all taxes of every kind and nature, including without limitation all real property taxes and all personal property taxes; (b) all general and special assessments and levies; (c) all water, sewer and other utility charges, rents, and assessments; and (d) 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.

(a) 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.

(b) 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.

(c) 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.

(d) 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: (a) set forth as exceptions to any commitment for title insurance or any title insurance policy accepted by the BENEFICIARIES; (b) expressly permitted as a prior lien or encumbrance pursuant to another provision of this MORTGAGE; or (c) 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: (a) the institution of any proceedings for the condemnation of the SECURED PROPERTY or any portion thereof; or (b) 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 2.1. 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 2.2. 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 2.3. Voluntary Bankruptcy. The commencement by the GRANTOR of a voluntary INSOLVENCY PROCEEDINGS.

Section 2.4. 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 3.1. 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.

3.1.1. 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 3.2. 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 3.3. 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 4.1. 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 4.2. Binding Obligation. This MORTGAGE shall be binding upon the parties and their successors and assigns.



Section 4.3. 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 4.4. 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 4.5. 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 4.6. 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 4.7. 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 4.8. 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 4.9. 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 4.10. 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 4.11. Time. Time is of the essence with respect to all OBLIGATIONS.

Section 4.12. 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 4.13. Counterparts. This MORTGAGE may be executed in two or more counterparts, which when taken together shall constitute one and the same instrument.

Section 4.14. 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:

SSPH 11117 S LONGWOOD, LLC

\_\_\_\_\_

By: [Signature] (Seal)

STATE OF Florida  
COUNTY OF manatee, to wit:

I HEREBY CERTIFY, that on this 28 day of November, 2017, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared Jerry Cohen, the manager of **SSPH 11117 S Longwood, 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.



Jessica Baier (SEAL)  
Notary Public: Jessica Baier

My Commission Expires: August 17, 2021

**EXHIBIT A**  
**(Legal Description)**

LOTS 5, 6, 7 AND THE NORTH 25 FEET OF LOT 8 IN BLOCK 72 IN THE SUBDIVISION BY THE BLUE ISLAND LAND AND BUILDING CO. KNOWN AS WASHINGTON HEIGHTS, IN SECTION 19, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, COOK COUNTY, ILLINOIS.

Permanent Index Number: 25-19-113-010-0000

Property Address: 11117-11137 S Longwood Dr. Chicago, IL 60643



**EXHIBIT B****BENEFICIARIES**

<u>Lender Name</u>	<u>Principal Amount</u>	<u>Percentage of Loan</u>
88 Legacy LLC	\$50,000	0.96%
Agee Family Trust	\$25,000	0.48%
Alan Schankman	\$50,000	0.96%
Allred Living Trust dated 12/07/2016	\$50,000	0.96%
Asians Investing In Real Estate LLC	\$150,000	2.88%
Blue Mountain Ventures PSP 401K	\$100,000	1.92%
Braden Galloway	\$102,238	1.97%
Brook Swientisky	\$50,000	0.96%
Btrue LLC	\$50,000	0.96%
Chestnut Capital LLC	\$50,000	0.96%
Concorde Management, LLC	\$60,000	1.15%
Cree Capital Ventres, LLC	\$250,000	4.81%
Danyel Tiefenbacher & Jamie Lai	\$50,000	0.96%
David M. Harris	\$32,700	0.63%
DeeAnn Nason	\$50,000	0.96%
DISTRIBUTIVE MARKETING LLC	\$55,000	1.06%
DK Phenix Investments LLC	\$75,000	1.44%
Eco2 Capital inc 401k	\$50,000	0.96%
Edge Investments, LLC	\$100,000	1.92%
Gallowglass LLC	\$50,000	0.96%
Grathia Corporation	\$53,000	1.02%
Hillside Fund, LLC	\$75,000	1.44%



iPlanGroup Agent for Custodian FBO David Trengove IRA Account#3300951	\$46,000	0.88%
James S Factor TTEE James S Factor Revocable Trust U/A DTD 05/23/2008	\$15,000	0.29%
James Tutsock	\$250,000	4.81%
JFKN Investment trust	\$25,000	0.48%
John McDevitt	\$100,000	1.92%
John S Ennema & Roswitha M Ennema	\$5,000	0.10%
Koates LLC	\$50,000	0.96%
Kristien Van Hecke as trustee of DK Phenix Investments LLC 401 (k) FBO Kristien Van Hecke	\$25,000	0.48%
Leon Liu	\$150,000	2.88%
Madison Trust Company Custodian FBO Bruce Walter M1705137	\$50,000	0.96%
Madison Trust Company Custodian FBO Harry Shaffer #M1707067	\$100,000	1.92%
Madison Trust Company Custodian FBO Patrick Coppinger M1708149	\$60,000	1.15%
Madison Trust Company Custodian FBO Rajesh Gupta #M1707030	\$265,562	5.11%
Mary Chang Family Trust	\$100,000	1.92%
Mike M. Cocos & Loryn T. Cocos	\$50,000	0.96%
Nancy Fillmore	\$50,000	0.96%
Paul N. Wilmesmeier	\$15,000	0.29%
Paul S. Applefield, DDS, 401K Plan	\$11,000	0.21%
Petra Zoeller	\$199,000	3.83%
PNW Investments, LLC	\$18,000	0.35%

Quest IRA, Inc. FBO Paul S. Applefield Roth IRA	\$7,000	0.13%
Quest IRA, Inc. FBO Robin Applefield Roth IRA	\$7,000	0.13%
Rajitha Dundigalla	\$50,000	0.96%
RAVIN3 LLC	\$400,000	7.69%
Rinku Uberoi	\$250,000	4.81%
Rise Up Real Estate Group, LLC	\$125,000	2.40%
Robert Jennings	\$150,000	2.88%
Samuel Cratis	\$22,650	0.44%
Scott H. Eaton	\$50,000	0.96%
Serva Fidem, LLC	\$25,000	0.48%
Steven & Annamarie Trzaska	\$100,000	1.92%
Steven Bald	\$45,000	0.87%
Sunshine Bliss, LLC	\$25,300	0.49%
Sunwest Trust Inc. FBO John B. Allred IRA #1612618	\$13,200	0.25%
Sunwest Trust, Custodian fbo Joeseeph E. Kennedy IRA #161595	\$50,000	0.96%
The Melbourne Kimsey II Revocable Trust	\$50,000	0.96%
The Shaw Family Trust	\$50,000	0.96%
The Steven G. Mouty Trust	\$150,000	2.88%
Timothy Sharp	\$50,000	0.96%
William H. Akins, Jr., LLC	\$250,000	4.81%
WT Investment Trust	\$17,350	0.33%
Zouhair and Nada Stephan	\$150,000	2.88%

# FPC Summary: 1419581

<b>Status:</b> READY	<b>Type:</b> Online
<b>Requested By:</b> Wendy Peca (wendyl.pec@ctt.com)	
<b>Requested By Organization:</b> Chicago Title	
<b>Created:</b> 05/14/2021	<b>Ready:</b> 05/27/2021
<b>Certified:</b> N/A	<b>Authorization:</b> 05/21/2021
<b>Expires:</b> 07/21/2021	

<b>Premises Information</b>	
<b>Address:</b> 7237-43 S BENNETT AVE	
<b>Transfer Tax Exempt:</b> N/A	<b>Tax Sale:</b> No
<b>Receivership:</b> No	<b>Foreclosure:</b> No
<b>Multiple Pins:</b> No	<b>New Construction:</b> No
<b>Association Billed:</b> No	<b>Corner Building:</b> No
<b>Refinance:</b> No	<b>Vacant Lot:</b> No
<b>Condo Conversion:</b> No	<b>Parking Space/Storage:</b> No
<b>Other:</b> No	<b>Other Description:</b>
<b>Judicial Execution Date:</b> N/A	

<b>Seller</b>
EquityBuild, Inc. 312-641-6105 <b>Seller Retains Accounts:</b> No

<b>Buyer</b>
7237 Bennett LLC 7237-43 S BENNETT AVE Chicago IL 60605 312-641-6105

<b>Contact</b>
Andrew Porter/20GSC280003LP 312-433-0568

<b>Accounts</b>
Balance and fees may be subject to change prior to certification



Account Number	Premises	Owner	Service Class	Utility Charge	Fee	Fee Applied
1175036-564278	7237 43 S BENNETT AVE	EQUITYBUILD. IN.	Residential: Over 12 Flat	\$1,546.28	\$50.00	Yes

**FPC Notes:**

**Supporting Documents:**

Maximum file size is **10 MB** and must be one of the following file types **doc docx pdf jpeg jpg png txt**

File Name	Uploaded
20GSC280003LP.pdf	05/14/2021 15:37

## Chicago Title and Trust Company

10 South LaSalle Street, Suite 2850, Chicago, IL 60603  
 Phone: (312)223-2801 | Fax: 312-223-2920

### MASTER STATEMENT

Settlement Date: June 30, 2021  
 Disbursement Date: June 30, 2021

Escrow Number: 20GSC280003LP  
 Escrow Officer: Mary Mundell  
 Email: Mary.Mundell@ctt.com

Borrower: 7237 Bennett LLC

Seller: EquityBuild, Inc.  
 7237-43 S Bennett Ave  
 Chicago, IL 60605-1576  
 Property: 7237-43 S Bennett Ave  
 Chicago, IL 60605-1576  
 Parcel ID(s): 20-25-120-009-0000  
 Lender: First Eagle Bank

SELLER		BORROWER	
\$	DEBITS	\$	CREDITS
<b>FINANCIAL CONSIDERATION</b>			
	840,000.00	840,000.00	
			84,000.00
			1,025,000.00
20,000.00			20,000.00
<b>PRORATIONS/ADJUSTMENTS</b>			
10,025.84			10,025.84
10,440.61			10,440.61
<b>NEW LOAN CHARGES - First Eagle Bank</b>			
<b>Total Loan Charges: \$612,889.00</b>			
		1,500.00	
		695.00	
		200.00	
		15.00	
		597,666.00	
		12,813.00	
<b>TITLE &amp; ESCROW CHARGES</b>			
		300.00	
		300.00	
150.00			
		3,400.00	
		50.00	



## MASTER STATEMENT - Continued

SELLER		BORROWER	
\$	DEBITS	\$	CREDITS
			<b>TITLE &amp; ESCROW CHARGES</b>
			Escrow to Chicago Title Insurance Company
		25.00	Title - CPL Fee to Buyer to Chicago Title Insurance Company
		25.00	Title - CPL Fee to Lender to Chicago Title Insurance Company
		25.00	Title - CPL Fee to Lender - Construction Escrow to Chicago Title Insurance Company
50.00			Title - CPL Fee to Seller to Chicago Title Insurance Company
		40.00	Title - Email Package Fee to Chicago Title Insurance Company
750.00		750.00	Title - Escrow Fees to Chicago Title and Trust Company
300.00		300.00	Title - GAP Coverage (NYS Closing Fee) to Chicago Title Insurance Company
		50.00	Title - IL APLD Certificate Service Fee to Chicago Title Insurance Company
		525.00	Title - Lender's Title Insurance to Andrew Eliot Porter / Chicago Title Company, LLC
		231.25	Loan Policy Modification-Increase in Coverage to Chicago Title Insurance Company
		606.25	Title - Money Lender Escrow in conjunction with Deed and Money Escrow to Chicago Title Company, LLC
		50.00	Title - Overnight/Express Delivery Service Fee to Chicago Title Insurance Company
		150.00	Title - Policy Update Fee to Chicago Title Insurance Company
		350.00	Title - ProForma Fee to Chicago Title Company, LLC
100.00			Title - Schedule B Documents to Chicago Title Company, LLC
		0.00	SE 338-06 - Pending Disbursement to Chicago Title Company, LLC
3.00		3.00	Title - State of Illinois Policy Registration Fee to Chicago Title Insurance Company
150.00			Title - Tax Payment Service Fee to Chicago Title Insurance Company
75.00			Title - Water Certification Processing Fee to Chicago Title Insurance Company
		80.00	Title - Wire Fee to Buyer to Chicago Title and Trust Company
40.00			Title - Wire Fee to Seller to Chicago Title and Trust Company
3,055.00			Title - Owner's Title Insurance to Andrew Eliot Porter / Chicago Title Company, LLC
400.00			SE 287 - Policy Modification 4 to Chicago Title Insurance Company





MASTER STATEMENT - Continued

I have carefully reviewed the Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the Settlement Statement.

SELLER:

EquityBuild, Inc.

BY: \_\_\_\_\_

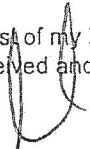
BORROWER:

7237 Bennett LLC

BY:   
Kevin Cahill

BY:   
Justin Elliott

To the best of my knowledge, the Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

  
\_\_\_\_\_  
Chicago Title and Trust Company  
Settlement Agent

I have carefully reviewed the Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the Settlement Statement.

SELLER:

EquityBuild, Inc.

BY: *[Handwritten Signature]*

*Justyna G. Rak, as Attorney-in-fact for  
Kevin B Duff, Federal Equity Receiver  
for Equity Build, Inc.*

BORROWER:

7237 Bennett LLC

BY: \_\_\_\_\_  
Kevin Cahill

BY: \_\_\_\_\_  
Justin Elliott

To the best of my knowledge, the Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

*[Handwritten Signature]*

Chicago Title and Trust Company  
Settlement Agent

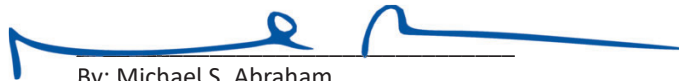
**FINAL WAIVER OF LIEN BY PROPERTY MANAGER**

WHEREAS, Paper Street Realty LLC (the "Property Manager") has been employed by Kevin B. Duff, as Federal Equity Receiver for EquityBuild, Inc., to furnish property management services at the premises commonly known as 7237-43 South Bennett Avenue, Chicago, IL 60649 (the "Property") and as legally described in Chicago Title Insurance Company Commitment No. 20GSC280003LP;

NOW, THEREFORE, the Property Manager, for and in consideration of Eleven Thousand and No/100 (\$11,000.00) Dollars, and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby waive and release any and all lien or claim of right to lien under the Statutes of Illinois whether relating to property managers' liens, mechanic's liens, or otherwise on the Property or improvements thereon.

Dated this 28 day of June, 2021

PAPER STREET REALTY LLC



By: Michael S. Abraham  
Its: Co-Manager

**AFFIDAVIT**

The undersigned affiant, Michael S. Abraham, being first duly sworn, deposes and says that he is a Co-Manager of Paper Street Realty LLC, which was employed by Kevin B. Duff, Federal Equity Receiver for EquityBuild, Inc. (the "Owner"), as property manager for the premises commonly known as 7237-43 South Bennett Avenue, Chicago, IL 60649.

The undersigned affiant further deposes and says that that there are no contracts for outstanding work and that there is nothing due to any person for materials, labor, or other services or work of any kind done or to be done upon or in connection with the premises noted herein. No contracts have been let, either verbal or written, by the undersigned as agent for the Owner.

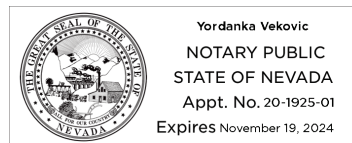
Dated this 28 day of June, 2021



Michael Abraham

SUBSCRIBED and SWORN to before me

this 28th day of June, 2021

  
\_\_\_\_\_  
Notary Public

Notarized online using audio-video communication

