



December 5, 2019

The Law Offices of Raoul Severo  
Attn: Raoul Severo  
500 North Brand Blvd #2350  
Glendale, CA, 91203

RE: Lot Acquisition for SFR Ground-Up Construction for property located at 1420 Bella Drive Beverly Hills, CA 90210  
(the "Property")

Dear Mr. Severo:

This Letter of Intent ("Agreement") is made and entered into as of December 5, 2019 ("Effective Date") and by and between Carlyle Capital, LLC and/or assign ("Carlyle Capital" or "Lender") and The Law Offices of Raoul Severo and/or assign ("Borrower"), collectively referred to as (the "Parties"). This Agreement outlines the terms and conditions for the potential financing of the Property. Upon execution and return of this Agreement with the Due Diligence Deposit by December 9, 2019 (the "Expiration Date") and providing of full due diligence items for the Property, Carlyle Capital will underwrite the financing for the Property; upon underwriting review, Lender will provide a Loan Commitment ("Commitment") for execution by the Borrower so that funds for the purpose of the transaction can be allocated.

This Agreement is based upon the information Borrower has provided to Lender; Lender has relied upon all the information as being true and correct in all respects. Lender, in its absolute and sole discretion reserves the right to decline or reject in offering financing to Borrower for the Property.

The following terms and conditions govern this Agreement. Acceptance of this Agreement is effective when Carlyle Capital receives a returned copy signed by the Borrower.

#### TERMS AND CONDITIONS

<b>Expiration Date:</b>	This Agreement shall expire on December 9, 2019.
<b>Borrower:</b>	The Law Offices of Raoul Severo and/or assign
<b>Guarantor(s):</b>	Any entities or individuals having greater than a 10% interest in the borrower. At least 51% of members/shareholders must personally guarantee loan.
<b>Loan Purpose/ Use Of Proceeds:</b>	Residential Ground-Up Construction.
<b>Requested Total Loan Amount:</b>	Up to \$6,000,000. With \$1,950,000 toward purchase and \$4,050,000 toward construction.
<b>Estimated Values:</b>	Purchase Price/As Is Value \$3,000,000. Construction Budget \$5,000,000 Completion Value \$21,000,000.
<b>Maximum LTC/LTV Ratio:</b>	Up to 65% of the lesser of the purchase price or as-is value and up to 81% of the approved construction costs. Total loan amount not to exceed 75% of purchase price + construction costs.  Limited by up to 55% of the subject property completion value.
<b>Loan Term:</b>	Twelve (12) month term, with monthly interest only payments.

<b>Loan Origination Fee:</b>	Three percent (3%) paid at time of closing.
<b>Interest Rate:</b>	The interest rate for the term of the Loan shall be equal to the greater of (a) 10.99% or (b) the sum of (i) 30 day LIBOR rounded up to the nearest of one eighth of one percent plus (ii) 920 Basis Points.
<b>Extension Option:</b>	One six (6) month extension, upon payment of One Percent (1%) of the loan amount with approval from Lender and provided the loan is not in default.
<b>Collateral:</b>	<p>A first mortgage against property located at 1420 Bella Drive Beverly Hills, CA 90210 more particularly described on Schedule "A" attached hereto.</p> <p>The Loan shall be evidenced by a full set of loan documents including a Loan Agreement, Note and First Mortgage against the property. The mortgage shall grant Lender a first priority security interest in the Property and related furniture, fixtures and equipment and all escrow and reserve accounts and a first priority assignment of leases, rents, profits, accounts receivable, other revenues, permits, licenses and contracts with respect to the Property, and assignment of the ownership interests in the borrowing entity.</p>
<b>Anticipated Closing:</b>	On or before January 22, 2020 subject to timely receipt of all requested due diligence items, but not sooner than 20 business days after receiving such items.
<b>Yield Maintenance:</b>	The Loan may be prepaid at any time, provided that any prepayment shall be accompanied by interest through the end of the 6 <sup>th</sup> month of the initial loan term.
<b>Due Diligence Deposit:</b>	<p>Upon execution of this Agreement, a Due Diligence Deposit of \$5,000 will be due and payable and shall be deemed earned by Lender. The Due Diligence Deposit will be held in escrow by Lender and applied toward due diligence costs. Lender may refund Due Diligence Deposit minus any and all incurred costs and expenses. Lender has relied on representations made by Borrower, and any material misrepresentations made will result in forfeiture of the Due Diligence Deposit.</p> <p>All third-party costs, including but not limited to, fees, commissions, reports, valuation, legal, title and escrow, consultants, and all closing costs due related to this transaction shall be paid by the Borrower at the time the document (s) or report (s) is ordered by the Lender. If Lender determines at any time prior to loan closing that the Due Diligence Deposit will be insufficient to pay the expenses in full, Lender may require an increased deposit to an amount that Lender estimates will be sufficient to pay expenses and Borrower shall pay such amount to Lender upon demand. Lender is to be at no cost in evaluation of this transaction.</p>
<b>Exclusivity:</b>	Following execution of this Agreement, Borrower agrees to work exclusively with the Lender for 60 days ("Exclusivity Period") and to provide all requested due diligence materials to finalize and execute the financing for the Loan. Borrower or any third-party associated with Borrower shall not be permitted to discuss, negotiate, or transact the financing of the Property with any other potential lender, finance company, broker, or party. Lender shall have the sole position of and rights to the debt financing of the Property for the Exclusivity Period. As it would be difficult or impossible to ascertain damages, Borrower acknowledges that breaching this covenant will be subject to the Break-Up Fee provision.
<b>Confidentiality:</b>	No terms of this Agreement may be disclosed to any third party without the prior written consent of the Lender, excluding attorneys, accountants, consultants and advisors, and other persons with a need-to-know-basis in order to close the Loan.
<b>Loan Commitment:</b>	Execution of this Agreement allows Lender to fully underwrite the Collateral. Upon completion of underwriting, Lender will present Borrower with a Loan Commitment confirming the amount of the Loan Lender is willing to make based on the Collateral and the terms herein.

Upon acceptance of the Loan Commitment, 1% of the committed amount would be due and payable; such amount to be fully credited toward the Origination Fee at closing, or in the event Borrower elects not to close, would be credited toward the Break-up fee hereunder.

**Break-up Fee:** Borrower agrees to pay Lender a Break-up Fee of 1% of the Loan Amount in the event Borrower fails to close the Loan with Lender or, in violation of any of the covenants within this Agreement.

**Entirety of Contract:** This Agreement and any documents incorporated by reference constitute the entire Agreement of the Parties and may not be modified or amended in any respect whatsoever without written consent by the Lender. Borrower may not assign this Agreement without prior written consent of Lender at its sole discretion.

**Governing Law and Venue:**

This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California, without regard to conflict of laws rules or principles which might refer the governance or construction of this Agreement to the laws of another jurisdiction. Any action or arbitration in regard to this Agreement or arising out of its terms and conditions shall be instituted and litigated only in Orange County, California.

**Mediation:** If any dispute, claim, or controversy in law or equity between the Parties arising out of this Agreement or the breach thereof, the Parties agree, that prior to commencing any proceeding to submit any such dispute to mediation administered by the ADR Services, Inc. If the dispute between the Parties is not resolved during mediation, the parties agree to binding arbitration,

**Arbitration:** Any dispute, claim or controversy in law or equity and between the Parties arising out of this Agreement or the breach thereof, shall be exclusively resolved by binding arbitration in Orange County, California. The arbitration shall be administered by ADR Services, Inc. ("ADR Services") and held before a sole arbitrator. The arbitration shall be binding with no right of appeal.

The arbitration shall be conducted pursuant to the ADR Services, Inc. Arbitration rules. The costs of the arbitration, other than attorney fees, and including the arbitrator's fees shall be borne equally by the Parties, unless otherwise ordered by the arbitrator or agreed upon by the Parties.

**Severability:** If any provision of this Agreement is held to be invalid, illegal or unenforceable, such provision shall be modified to the minimum extent necessary to make it legal, valid and enforceable, and the remaining provisions shall not in any way be affected or impaired thereby. Failure to enforce any portion of this Agreement shall not be deemed to be a waiver to enforce such rights.

**Termination:** Lender may terminate its obligation under this Agreement if the terms of the transaction are changed in any material aspect, if any material information is submitted to Lender proves to have been inaccurate or incomplete in any material respect, or if any material adverse changes occurs, or any additional information is disclosed to or discovered by Lender, whether prior to Guarantor's acceptance until execution of this Agreement.

**Indemnification:** Borrower assumes full responsibility for the acts, omissions, and conduct of its representatives, agents, and agrees to indemnify, hold harmless, and defend Lender, its officers, directors, employees, and agents from and against any and all claims, losses, damages, governmental fines or penalties, and costs or expenses (including court costs, interest, and attorney fees) of any kind whatsoever arising from such acts, omissions, and conduct except to the extent that such claims, losses, and damages are the direct result of Lender's gross negligence or intentional wrongdoing. In any event, Lender's liability to Borrower under this Agreement shall be limited to the amount of the Due Diligence deposit paid by Borrower.

**Miscellaneous:** Borrower acknowledges and represents that this is a commercial transaction not subject to any state’s consumer protection laws. Borrower understands that Lender would not be proceeding with Borrower without this representation.

**Lenders Right to Assign:** In addition, the Borrower acknowledges and agrees that the Lender may sell, assign, hypothecate, pledge or otherwise transfer any portion or all of the Loan to a third party prior to, at or after the Loan closing.

This Agreement is based upon information provided by Borrower, and Lender has relied on all the information as being true and correct in all and is subject to Lender’s complete due diligence, underwriting requirements, and internal approvals customary for a transaction of this nature in Lender’s absolute and sole discretion. All due diligence and reports, including without limitation, valuation, engineering, environmental, construction, zoning, permitting, and title must be acceptable to Lender and its counsel in all respects. Any loan against the Property will be subject to terms outlined in the Loan Commitment and formal loan documents.

No verbal statements to sponsor, Borrower, or any other party concerning the Loan by any employee or agent of Lender shall have any binding effect and Lender shall have no obligation to the sponsor or any of its affiliates to consummate the Loan.

Should you have any questions, feel free to reach out to us to discuss further.

Sincerely,

Carlyle Capital

I certify that I am a duly authorized representative with the authority to bind Borrower in this Agreement, and that I have read the Terms and Conditions, and consent to using electronic signatures and communications in this transaction.

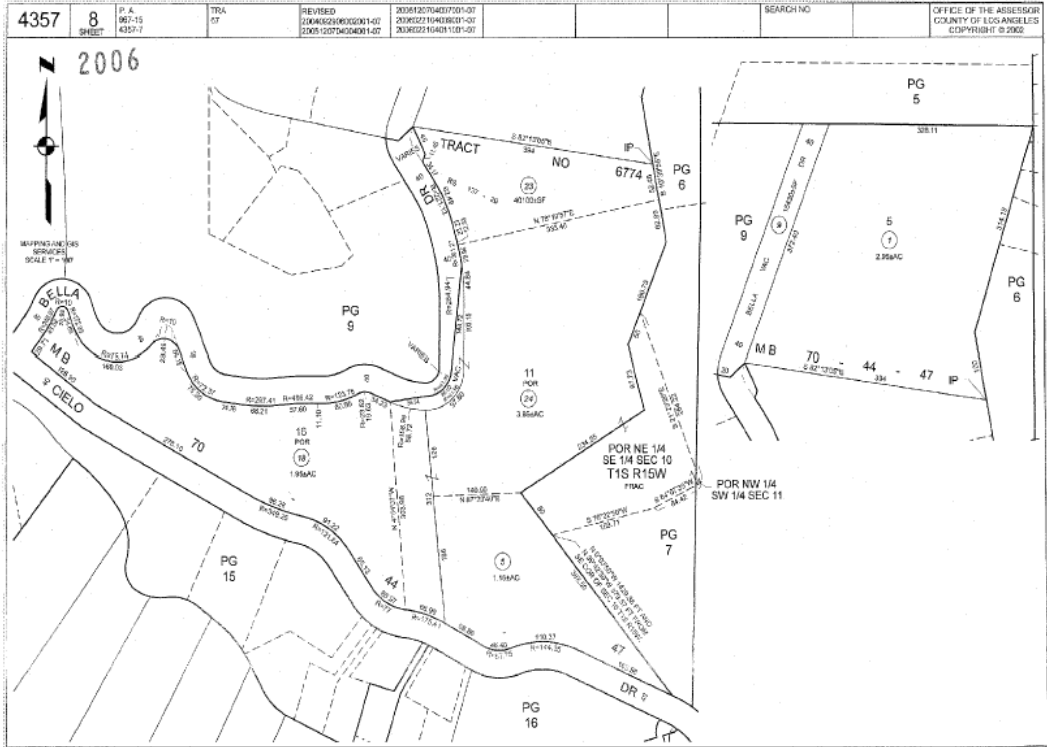
BY (signature): \_\_\_\_\_  
Raoul Severo  
The Law Offices of Raoul Severo  
Title: \_\_\_\_\_

\_\_\_\_\_  
Date

**SCHEDULE "A"**  
**SUBJECT PROPERTY INFORMATION**

Address:  
1420 Bella Drive Beverly Hills, CA 90210

Assessor's ID No:  
4357008018



	<b>Total</b>	<b>Leverage</b>	<b>Loan Amount</b>	<b>Equity Required</b>
<b>Land Acquisition</b>	\$3,000,000	65%	\$1,950,000	\$1,050,000
<b>Construction</b>	\$5,000,000	81%	\$4,050,000	\$950,000
<b>Total</b>	<b>\$8,000,000</b>	<b>75%</b>	<b>\$6,000,000</b>	<b>\$2,000,000</b>

**SCHEDULE "B"**  
**PRELIMINARY DUE DILLIGENCE CHECKLIST**

- Borrower
  - Loan Application and Supplemental Forms
  - Personal Financial Statement (with 2 months of supporting bank statements)
    - Guarantor must have sufficient financial strength to support equity contribution and loan size
  - Schedule of Real Estate
  - Credit Report with 700+ Score
  - Driver's License Copy
- Documentation of Experience
  - Real Estate Track Record as Sponsor (spreadsheet to include property type, property address, name on title, purchase price and date, rehab amount spent, sale price and date (or monthly rental income))
    - Must document 3+ projects in prior 24 months and provide purchase/sale HUDs with supporting documentation (ie: operating agreement for entity involved and representation of sponsor's direct ownership interest in entity)
- Borrowing Entity
  - Entity Documents (Articles, Operating Agreement/By-Laws, IRS EIN Letter, and Certificate of Good Standing)
- Property
  - Executed Purchase Agreement valid through agreed upon funding date
  - 12 Month Builder Risk Policy Quote
- Construction
  - Approval of General Contractor by Lender (subject to due diligence)
  - General Contractor Contract
  - General Contractor Construction Budget (feasibility study required)
  - General Contractor Draw Schedule
  - Approved Construction Plans and Permits
- Preliminary Title Report and Title Contact Information
- Escrow Contact Information
- Lender Ordered As-Is and As-Complete Appraisal
- Any other items reasonably requested by underwriting team.