

CAPITAL INVESTMENT AGREEMENT

Agreement Establishing a Capital Investment Membership between the undersigned Member

AND

CLEVELAND STREET BEACH LOFTS LLC, a California Limited Liability Company, Investing in the Cleveland Street Beach Lofts, Oceanside, California.

This Capital Investment Agreement (this “Agreement”) is entered into as of the date set forth below (the “Effective Date”) by and between Cleveland Street Beach Lofts LLC (the “Company”), and the undersigned member (the “Member”). The parties hereby agree as follows:

SECTION A OBJECTIVES OF THE MEMBERSHIP

1. The Company seeks Members with funds for investment in land and an associated real estate development enterprise in order to develop real estate. The Company will acquire the land parcel in Oceanside, California described as 314 N. Cleveland Street, Oceanside, California 92054, using the venture capital of the undersigned participating Member for, but not limited to:

- a) research and development work ups, costs and expenses for the evaluation of the potential property acquisition;
- b) acquisition of real property, including payment of realty commissions, acquisition investment fees, expenses and taxes; as related to 314 N. Cleveland Street, Oceanside, California 92054;
- c) profitable development and the preparation of real estate, marketing of property, packaging land uses or plans for the development, re-sale and/or sub-division of real estate holdings; and
- d) maximizing the potentially profitable uses of already acquired property by marketing those parcels pending future development or re-sale.

2. The Company, was incorporated in the State of California June 25, 2014, and operates as a limited liability real estate holding enterprise for profit. It intends to continue acquiring, developing and marketing multiple real properties and assets for subsequent sale, sub-division, improvement and/or development, and providing the necessary insider information, special skills, contacts, local know-how and obtaining legal permits for development of profitable opportunities for asset ownership by the

Members and Principals of the Company.

SECTION B MEMBER'S CAPITAL INVESTMENT

1. Member's Capital Investment of \$_____ Dollars (the "Capital Investment") is accepted for the exclusive use of promoting the innovative land projects described under Section A, and based upon the information provided by the Company, the undersigned Member makes a capital investment in the amount above stated, providing the Company will receive the capital required to accomplish its goals. The Company further agrees it will consult the undersigned Member regarding the management of the capital investment, with respect to proposals for improvements or changes.
2. The above Capital Investment invested by Member may also be used for the financing the purchase, marketing or improvement and management of the land project described in Section A. In the event that the Company should dissolve, the Member shall receive a proportionate share of the remaining net cash or assets relative to the Member's proportional percentage of the total capital investment supplied by the undersigned Member to the whole of the Company, its other Members, principals and investors.
3. As consideration of the Capital Investment, the Member shall receive a prorated share of fifty percent (50%) of the profits.
4. The Member acknowledges that the Capital Investment is for a minimum time period of the next 24 months. Capital Investment and net profits derived from it may not be withdrawn until 24 months after deposit, except under extraordinary circumstances as outlined below. Capital Investment withdrawals must be approved by the Manager and shall be paid out within 45 days after the expiration of the initial 24-month investment period or 45 days after the end of any subsequent 12-month renewal period, upon written request.
5. This Agreement shall expire in the event that the capital account is closed, withdrawn or is not drawn down by the Company, at least in part, at the latest, 24 months from the date of deposit. No interest shall be paid at any time upon the capital invested with the Company with this Membership. The Member understands that the venture capital funds invested by Member are NOT a loan to the Company, and requires neither interest nor dividends, acknowledging and agreeing to take the risk.
6. The Company shall establish an earmarked capital account for the fixed amount of the Member's Capital Investment and keep track of the annual income and expense in direct proportion to the amount of Member's capital invested with the Company, allocating them in direct proportion to the Member's share of the whole the Company Membership, by the same in percentages.
7. The Member agrees that the Company's Principal Founding Investors (Principals)

who initiated, created, organized, and first funded the Company may opt to have their original capital accounts paid first before any subsequent co-financiers and Members of the Company are paid with available funds, without withdrawing from nor terminating this Membership nor the Company itself, but without decreasing Member's net profit share credited to the undersigned Member's capital account.

8. The Member agrees that in the best interest of the Company the Manager will have complete discretion as to the issuance of profit percentages offered to other investors, which maybe required as incentive to ensure the completion of the project.

SECTION C LIFETIME OF THE MEMBERSHIP

1. The Member's Capital Investment in the Membership shall commence as soon as both parties have signed this Agreement and the above stated capital funds in Section B are transferred or deposited to the Company's designated bank account.

2. The Membership shall not terminate except by its own terms or mutual consent and waiver and will continue to operate unless the parties mutually agree to dissolve it in writing at any time.

3. Member's net capital plus any outstanding net profit remaining unpaid shall be due for payment to Member upon termination of the Membership, in proportion to the whole net capital available based upon the proportion of the Member's total venture capital account as a percentage in proportion to the whole amount invested in the Company.

4. In the event that the net capital funds invested by the Member are fully or partially paid out or withdrawn by the Member, at any time hereafter, the capital investment made by Member shall be deemed voluntarily reduced or fully terminated at the same time and to the same extent.

SECTION D THE COMPANY AND MEMBERSHIP MANAGEMENT

1. The Company Membership is governed by James Simcoe, as Manager, elected by the Company Operating Agreement.

2. Member agrees that the Company's Manager shall retain the operational control and management of the Company Membership as stipulated in this Agreement, with the advice and consent of The Company's Members, with voting weighted by the value of their original capital investment amount.

3. The Company Membership shall obtain the majority approval of the Members and Principals with respect to:

a) any amendment to the Articles of Organization, in particular any major

modification of the goals and objectives of the Company, new finance terms, agreement changes or alternative investment opportunities which may depart from the original purposes of this Agreement;

- b) the conclusion, amendment and termination of contracts governing the sale, re-sale or acquisition of options on realty insofar as they differ from the purpose and projects promoted within the parameters of the Company as stipulated in this Agreement;
- c) the closing, sale, amendment and termination of any future real estate land transactions;
- d) the request to dissolve or declare any form of voluntary insolvency, or buy out a Member.

4. Approval in accordance with the measure requested shall be obtained directly from the Member, with majority approval needed to pass. If the Member fails to give written notice of refusal or disapproval within a period of 10 days after receipt of the notification advising it of any measure requiring same, then approval shall be deemed as automatically granted by the Member.

SECTION E REPORTING AND CONTROLS

1. The Company shall report quarterly as to the status of its various projects, unless the Member waives such reports. In addition, the Company shall provide Members with status reports for informational purposes as often as necessary and warranted.

2. Because the Manager exercises control of the Company also on behalf of the Member, the Company shall notify Member immediately of any and all measures exceeding the scope of expected or ordinary operations or normal business transactions.

3. Furthermore, any Member is entitled to exercise his/her rights of control in accordance with California law. This shall apply after termination of the Membership to the extent required for the verification of the funds to be distributed. Member is further entitled the review all the documentation of the Company pertaining to the purposes or projects initiated or closed by the Company during this first 24 month Membership term or any subsequent one year renewal of it.

4. The Company agrees to disclose to Member directly all confidential information required for financial evaluation of the Company. However, in the event of the public release and/or publication of data concerning the Company by any Member, directly or indirectly it shall be ensured that the Company incurs no damage or harm, or if so, the Member agrees to indemnify the Company for damages caused by such disclosures.

5. Upon request, the Company shall furnish Member with documentation deemed

necessary by the Internal Revenue Service for the purpose of tax audits.

6. Member agrees not to compete with nor circumvent the Company in any manner, directly or indirectly and agrees not to disclose any of the Company's confidential trade secrets, plans or proprietary information to outside parties, its competitors or their agents. Member re-affirms any previously signed non-compete or non-disclosure agreement with the Company and Member acknowledges that she/he may not take any action on behalf of the Company or the Membership without the Company's prior written approval.

SECTION F FISCAL YEAR AND ANNUAL ACCOUNTING

1. The fiscal year of the Company shall begin January 1 and end on December 31 of each year.

2. The Company shall prepare its annual financial statements (balance sheet, profit and loss, capital accounts, notes) in accordance with the customary and accepted standards of commercial law and accounting procedures.

3. Within three months after the end of the fiscal year the Company shall submit one signed original accounting document together with the confirmation of a certified public accountant or an independent auditor, upon the written request of any Member or Principal.

SECTION G PROFIT SHARING

1. Members shall receive his/her profits upon final completion of the project. Final completion to be understood as the sale of all units. There are no guaranteed returns based upon the investment of venture working capital in the Company. Each Member acknowledges that there is risk in this investment and that it is neither a loan nor a stock. Member receives a credit or debit amount from any net profit or losses to his/her capital account in direct proportion to the percentage of their net capital investment in the company as a whole, beginning from the date of the first deposit into their capital account in the Company, from any net profits or losses subsequently realized. Credited capital account amounts for the Member, which remain in the Company, may be re-invested or withdrawn by the Member according to the terms of this Agreement or any subsequent renewal thereof.

2. The Member's proportionate share in the net profits is payable upon final completion of the project. The calculation dates and deductions based upon Section B for annual net profits to prepare annual financial statements for the Members and The Company, ARE AS FOLLOWS:

a) The following shall be deducted from the annual gross profits:

Taxes paid by the Company insofar as they reduced annual profits; any

interest for new loans, notes or mortgages of the Company not taken into account in arriving at the annual net profits of the Membership; Regular expenditures insofar as they are incurred from business transacted by the Company on behalf of the Company and/or the Membership; Losses caused by the sale, loss or destruction of property, land and equipment EXCEPT insofar as had already existed at the time of the beginning of this Membership; Compensation for services provided to the Company without having already reduced the taxable profits of the Membership; Extraordinary revenues realized, if any, insofar as they relate to business transacted prior to the beginning of this contractual Membership; Ordinary revenues from the sale of property, land and equipment only if realized before the beginning of this Membership,

- b) When the Member's capital account deposit is first made to the Company, the annual proportionate net amount for the calculation of the net profit or loss sharing shall be deemed to have begun on that date, which also marks the beginning of this Membership with Member, for the fiscal year in which the deposit is first made.

SECTION H TAXES

1. The Company shall be responsible for the payment of legally prescribed corporate taxes, plus any business or corporate levy, respecting the remuneration of the capital provided, and shall withhold from the respective payments to Member the capital gains taxes and any other Membership levy and shall remit this directly to the appropriate tax offices unless mutually agreed otherwise in writing by the Company and the Member.
2. Individual Members shall remain responsible for their own personal taxes at all times.

SECTION I DISSOLUTION OF THE MEMBERSHIP

1. The Company Investment Membership shall be dissolved in the event that the Company is liquidated, files bankruptcy or becomes insolvent or terminates it by any other means. The Operating Agreement of the Company will apply.
2. Sections C, D and H, shall be applicable also in this event.

SECTION J OFFICIAL NOTICES

1. Any official notices required by this Agreement must be provided by US Mail Certified with Delivery Confirmation prepaid and acquired before becoming timely and of record.
2. Furthermore, the Membership may be dissolved for death or other justified important reasons with immediate effect by the Member (or his/her Estate or

Administrator) with written notice. In the event that the capital has not yet been repaid either fully or in part at that time, Member shall be released from the 24-month commitment made, upon waiver by the Manager.

SECTION K MEMBERS DEPOSIT PAYMENT DUE

All payments and investments of capital are due and payable upon the execution of this Agreement. Failure to deposit the full consideration stated in Section B above at that time negates this Agreement and makes it null and void and without any effect.

SECTION L GENERAL PROVISIONS

1. Any amendments or modifications to this Agreement must be in writing. Any supplementary verbal agreements relating to this Agreement are invalid, unless reduced to writing and signed by both of the parties. Otherwise, this constitutes the entire and total Capital Investment Agreement.
2. This Agreement and all of its terms are confidential, and said confidentiality is of the essence of this Agreement. Accordingly, the parties hereto and their agents, attorneys, advisors and assigns shall keep confidential and not disclose, publicize, or knowingly permit, authorize, or instigate disclosure or publication of this Agreement or its terms or contents to any person, firm, organization, or entity of any type, whether public or private, for any reason, except to attorneys, accountants and other advisors or as required by law.
3. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.
4. This Agreement shall be governed in all respects by the internal laws of the State of California, without reference to its principles of choice of law. Any disputes arising from this agreement to be handled by a mutually agreed upon mediator. If mediation is not successful, parties agree to arbitration.
5. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one (1) instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Capital Investment Agreement as of the date first set forth below.

THE COMPANY

Cleveland Street Beach Lofts LLC

By: _____

Name: _____

Title: Manager _____

Address: _____

Date: _____

THE MEMBER

By: _____

Name: _____

Title: _____

Address: _____

Date: _____