

Project Supplement No. 3
(Dated August 31, 2020)
to the Confidential Private Placement Memorandum
of TEI Diversified Income & Opportunity Fund V, LLC,
dated January 1, 2020

This Project Supplement No. 3 modifies and supplements the Confidential Private Placement Memorandum of TEI Diversified Income & Opportunity Fund V, LLC, dated January 1, 2020 (the “**Memorandum**”), as previously amended by Supplements Nos. 1 & 2, which should be read in conjunction with the Memorandum (including but not limited to the Special Risk Section in the Memorandum). Terms with initial capitals, not otherwise defined in Project Supplement No. 3, have the meanings set forth in the Memorandum.

Supplement

This Project Supplement pertains to the loan participation as a B Piece Lender for a \$23,700,000 first mortgage loan for a 232,588 square foot Class A logistics and distribution facility located in Colton California.



TIME EQUITIES SECURITIES LLC

First Mortgage Loan for the Acquisition of the Property and B Piece Lender Participation Interest

Colton Real Estate Ventures LLC (“CREV”), on September 3, 2020 (“the “Closing Date” or “Closing”) purchased the property located at 1901 W. Center Street, Colton, CA (the “Property”). The purchase price for the Property was \$29,704,000. Thorofare Asset Based Lending REIT Fund V, LLC (“Thorofare”), on the Closing Date, provided a \$23,700,000 first mortgage loan (the “Loan”) to CREV (the “Borrower” or “CREV”) for the purchase of the Property. On the Closing Date, Thorofare conveyed to TEI TF Colton LLC (“TEI Colton”) a subordinate undivided B Piece lender participation interest in the Loan for the purchase price of \$3,000,000. Thorofare retained the A Piece superior lender participation interest in the Loan. The respective ownership interests, as lenders, in the Loan are as follows:

Lender	Portion of the Loan	Amount	% of the Outstanding Balance
Thorofare	A Piece	\$20,700,000	87.34%
TEI Colton	B Piece	\$3,000,000	12.66%

The interest rate on the B Piece portion of the Loan is 13% per annum. The monthly interest only payments under the Loan is \$153,063. TEI Colton’s portion of such month payment, based on the above interest rate, would be \$32,500 or \$390,000 per annum. Thorofare, as the A Piece Lender, retains the balance of such monthly interest payments. Since the Loan’s initial term is for eighteen months, with one six-month extension option, it is anticipated that this will be a short term investment.

The Borrower provided the equity for the balance of the purchase price (approximately \$6,462,250) plus closing costs to acquire the Property. Such portion funded by the Borrower constitutes approximately 21.75% of such purchase price.

TEI Colton is a newly created Delaware limited liability company, whose general managers are Francis Greenburger and Robert Kantor (the “General Managers”). The total invested capital funded by TEI Colton was \$3,050,000.00. Such amount includes \$3,000,000 for the purchase of the B Piece and the remainder for working capital. The Fund made a \$1,400,000.00 capital contribution to TEI Colton in exchange for a 45.9016% membership interest in TEI Colton. The other members of TEI Colton are affiliates of the General Managers.

Thorofare is a Los Angeles based debt fund with over 2.2 billion of originated loans. This is the second deal with Thorofare for the purchase of a B Piece lender participation interest. The investment in the first deal was for \$1,000,000 for a \$10,600,000 loan for the purchase of an existing mortgage loan. In this deal, the Fund contributed 65% of the invested capital for this B Piece lender participation interest. See Project Supplement No. 2.

Description of the Property

The Property consists of 232,588 square feet of Class A logistics and distribution space in Colton California, and was completed in August of 2020. The property features 36’-42’ clear heights, 24

dock high doors, 168 trailer parking spaces, and 219 automobile parking spaces. The Property was developed by Hillwood Development and sits on a 12.51 acre site.

Major Terms of the Lease for the Entire Property to an Affiliate of the Borrower

Upon closing, an affiliate of the Borrower entered into a lease for the entire Property for a period of 10-years, as follows:

- Tenant: The Tenant consists of two affiliates of the Borrower, Avalon Apparel, LLC, who handles the manufacturing portion of business operations and JM Apparel Resources Inc. who is responsible for the distribution portion of business operations
- Lease commencement: September 3rd 2020
- Lease Term: 10 Years
- Rental Rate: \$6.60/SF or \$1,535,080.80 per annum triple net in year 1. Base rent is subject to 3.00% annual escalations. The annual rental income is \$301,669.20 less than the annual debt service payments under the Loan. Such shortfall is reduced in subsequent lease years as the rent increases. The annual rent, during the term of the Loan, in the second lease year is increased to \$1,581,133.22, thereby reducing the deficit to \$255,617
- The Tenant has two, 5-year renewal options, which can be executed with 180 days written notice to Landlord at a rental rate equal to Fair Market Value, which shall not be less than rent paid in the year prior to the renewal.
- The Tenant pays 100% of the operating expenses for the Property (including real estate taxes and insurance)

Terms of the \$23,700,000 First Mortgage Loan to the Borrower

The following are the terms of the Loan to the Borrower:

Amount: **\$23,700,000.00**

Loan Term: 18 months; Initial Maturity Date of March 3, 2022. Upon satisfaction of the extension conditions set forth below, the Borrower is entitled to one 6-month extensions of the term of the Loan at a 0.05% fee (\$118,500.00).

Interest Rate: 7.75% per annum, based on a thirty (30) day month and a 360-day year fixed for the entire term of the Loan.

Origination Fee paid at Closing: \$237,000.00

- Monthly Payment: Monthly payments consist of interest only. The initial monthly payments, based on the 7.75% interest rate, would be \$153,063 or **\$1,836,750** per annum. The monthly interest payment shall commence on October 1, 2020.
- Yield Protection Fee: Borrower shall have the right to prepay in whole, but not in part, the entire outstanding principal balance of this Note, accrued interest and other amounts owing under the Loan Documents; provided that if such pre-payment occurs on or prior to March 3, 2021, Borrower shall pay to Lender an additional amount equal to the amount by which (1) interest that would accrue on the outstanding principal balance of the Loan from the closing date through March 3, 2021 exceeds (2) the interest payments actually made by Borrower under this Note prior to the date of such pre-payment (the “**Yield Protection Fee**”). No such Yield Protection Fee (or any other prepayment premium or yield maintenance or protection fee) shall be payable for any repayment of the Loan that occurs after March 3, 2021.
- Exit Fee: Upon the payoff of the Loan, the Borrower has to pay an Exit Fee equal to **\$237,000**. If a Significant Adverse Event (“SAE”) occurs then the Exist Fee is increased **\$711,000**. A Significant Adverse Effect means any of the following: (i) an event of default caused by Borrower’s failure to pay monthly payments of interest, which is not cured by the Borrower within 10 business days after receipt of written notice that such Significant Adverse Event occurred; or (ii) the failure of the Borrower to repay the Loan on the maturity date, subject to a 10 business day cure period, after receipt of a written notice of the occurrence of such Significant Adverse Effect; or (iii) the occurrence of liability under the non-recourse carveout provisions of the Loan Agreement.
- Extension Options: The Borrower has one extension options to extend the term of the Loan for six (6) months until September 3, 2022, based on the following conditions:
- (a) The Borrower shall pay the Lender an extension fee of \$118,500.00 or .05%
 - (b) Borrower shall have delivered written notice to Lender not less than thirty (30) days prior to the Initial Maturity Date, indicating Borrower’s exercise of the Extension Option. The notice shall be accompanied an extension processing fee in the amount of \$5,000, which shall be refunded to Borrower if the Maturity date is not extended.
 - (c) The loan to value ratio shall be equal or less than 72.50%, based on an appraisal update;

- (d) The Debt Yield for the twelve month period ending January 1, 2022, shall be equal or greater than 6.00%; and
- (e) No event of default under the Loan.

Collateral for the Loan: First mortgage encumbering the Property, as well as by a pledge of the membership interests in Borrower by its members

Late Charges: There is a 7% late charge as to any unpaid interest payment which is overdue for 10 days.

Payment of Servicer Fees: At the closing, the Borrower paid a set-up fee to the Servicer for the Loan (Cohen Financial) in the amount of \$3,000. The Borrower is responsible to pay on the first day of each month, during the Loan term, a monthly servicing fee of \$650 to the Servicer.

Cash Management: The tenant is obligated to pay their rent to a lock box controlled by Thorofare. Funds in the lock box will be disbursed to the Borrower unless and until an Event of Default.

Guaranty: Jason Michael Schutzer, Elliot Allan Schutzer, and Jose C. Mendoza (collectively the “**Guarantors**”) executed a Guaranty Agreement in favor of the Lender whereby the Guarantors jointly and severally, guaranteed to Thorofare the payment and performance of the Guaranteed Obligations consisting of: (i) the obligation of Borrower to repay the principal balance of the Loan, up to an amount not to exceed Four Million Seven Hundred Forty Thousand and 00/100 Dollars (\$4,740,000.00); (ii) the payment of all interest (including, all interest at the Default Rate) due and payable on the outstanding principal balance of the Loan; (iii) the full and prompt payment of all real estate taxes and insurance premiums payable with respect to the Property; (iv) the full and prompt payment of any and all operating expenses with respect to, the Property, including, all expenses necessary to repair and maintain the Property; and (v) the cost of enforcement of the Guaranty.

Information as to the Borrower and the Tenant

Avalon Apparel, a privately held company, was founded in 1990 and is a manufacturer of woman’s and children’s apparel. In addition, the company sells to major nationwide retailers including Walmart and Target. The company services multiple distribution channels in retail partnerships with department stores and chains throughout the country. The clothing they manufacture is distributed under the names Tensixty Sherman, Madison & Berkeley, Ransom, and Spirit of Grace. Avalon Apparel has had an ongoing relationship with Walmart and Target for 20 and 10 years respectively. JM Apparel Resources was founded in 2014 and provides warehouse and logistic services for Avalon Apparel. The company will be vacating its two existing leased locations and will be relocating to the Property, for the use of finishing goods and distribution.

Projected Net Operating Income for the Property

The NOI for the Property in year 1 is estimated to be approximately **\$1,535,081** (based on the rent under the Lease). The NOI is projected to increase 3% annually based on the annual rent escalation in the Lease. The operating expenses are projected to be \$407,397 in the first year. The Tenant, under the Lease, is responsible to pay for all operating expenses for the Property. The monthly and annual debt service payments under the Loan, based on an outstanding balance of \$23,700,000, are currently estimated to be approximately \$153,063 per month and approximately \$1,836,750 annually. The monthly and annual estimated debt service coverage ratio for the Loan, based on the loan amount of \$23,700,000, is approximately 0.84x. Since the monthly NOI is \$127,923 and the monthly debt service payment is \$153,063, there will be a monthly shortfall of \$25,140. This monthly shortfall will have to be funded by the Borrower and is guaranteed by the Guarantors through their Guaranty of the monthly interest payments under the Loan.

Terms of the Participation Agreement between the A Piece and B Piece Lenders

Lenders and Loan

Participants:

Thorofare, is the holder of the A Piece portion of the Loan. Thorofare funded \$20,700,000 of the loan proceeds for an 87.34% undivided superior participation interest in the Loan. Thorofare is also referred to as the “**Lender**”. TEI Colton is the holder of the B Piece portion of the Loan. TEI Colton funded \$3,000,000 of Loan proceeds for a 12.66% undivided subordinate participation interest in the Loan.

Interest Rate for B Piece:

The interest rate for the B Piece portion of the Loan is **13.00%** per annum. The monthly payment, based on this rate, would be \$32,500. Such monthly rate is calculated based on \$3,000,000. The interest rate for the A Piece is determined based on the remainder of the monthly interest payments being paid to the A Piece Lender.

Distributions:

The Participation Agreement contains two waterfall distribution formulas for the allocation of the payment received under the Loan to the Loan participants, consisting of the distribution waterfall where the Loan is not in arrears in payment of monthly interest payments for a period not to exceed one month, there is not currently pending any voluntary or involuntary bankruptcy proceedings by or against the Borrower (“**Bankruptcy Event**”) and/or the Loan has not been accelerated (collectively the “**Non-Event Distribution Waterfall**”). The other distribution waterfall is based on interest payments, in excess of one month, being due and owing, the occurrence of a Bankruptcy Event and/or the Loan being accelerated. Such distribution waterfall is

called the “**Event of Default Distribution Waterfall**”. Under the Non-Event Distribution Waterfall, the monthly payments of interest and the payment of the outstanding balance of the Loan, on the maturity date or upon any early prepayment, are distributed on a prorata basis to the A Piece and B Piece Lenders so that TEI Colton, as the B Piece Lender, is paid interest based on a 13.00% per annum interest rate and based on 12.66% of any paydown of the principal balance of the Loan.

Based on the Event of Default Distribution Waterfall the A Piece Lender is paid first their accrued interest and their portion of the principal balance of the Loan before any payments of principal and interest are paid to the B Piece Lender. Also, if the Event of Default Distribution Waterfall applies, the A Piece Lender gets paid their Yield Protection Fee, Extension Fee and Non-SAE Exit Fee before any payments are made to the B Piece Lender.

Payment of Fees to the Lenders:

Therefore, as the A Piece Lender, is entitled to receive 100% of the following fees to be paid by the Borrower:

- Origination Processing Fee in the amount of \$3,500;
- Any Extension Processing Fee;
- The workout/modification fee, if any.

The Lenders shall share, on the prorata basis, the following fees:

- Origination fee in the amount of \$237,000 paid on the Closing Date;
- The extension fees if the Borrower exercises the extension options to extend the term of the Loan for six months, in the amount of \$118,500 (based on 0.5% of the loan balance) for each extension; and

The Lenders shall share the Exit Fees as follows:

- 93.67% of the Non-SAE Exit Fee to the A Piece Lender, and to B Piece Lender in an amount equal to 6.33% of the Non-SAE Exit Fee
- 93.67% of the SAE Exit Fee to the A Piece Lender, and to B Piece Lender, an amount equal to 6.33% of the SAE Exit Fee

Consent Rights:

The B Piece Lender has certain consent rights with respect to the ownership, administration, servicing and enforcement of the Loan as set forth in the more detailed summary of the Participation Agreement in the attached Exhibit.

B Piece Cure Rights:

The B Piece Lender has the right to cure a non-payment by the Borrower of one or more of the regularly scheduled monthly interest payments, by paying the A Piece Lender its portion of such unpaid amount, at the non-default rate of interest, within ten (10) business days of the B Piece Lender's receipt of a written notice from the Lender or the Servicer.

The B Piece Lender also has cure rights if the Loan is not paid off on the maturity date. In that case, such cure rights consist of the monthly interest payments at the non-default rate of interest that the A Piece Lender would have received as if the Loan maturity date had not occurred. Such payments, after the maturity date, would have to be paid by the B Piece Lender, no later than the 10th day of each month. No single cure event by the B Piece Lender may exceed three consecutive months.

If the B Piece Lender fails to timely make sure cure payments it loses its consent rights and option to purchase the A Piece portion of the Loan, as described below.

Option to Purchase the
A Piece Portion of the Loan:

If an event of Default shall occur as a result of the non-payment by Borrower of one or more regularly scheduled monthly interest payments under the Loan Documents or as a result of Borrower's failure to repay the outstanding principal balance of the Loan on the maturity date of the Loan, B Piece Lender shall have the option (the "**Purchase Option**") within ninety (90) days following B Piece Lender's receipt of written notice from Servicer that such event of default has occurred ("**Purchase Notice**") to purchase the A Piece and the Loan from A Piece Lender (provided that A Piece Lender, without the consent of B Piece Lender, may accept a cure by the Borrower of such Event of Default before the expiration of such ninety (90) day period, in which case the Purchase Option hereunder shall automatically terminate). In order to exercise the Purchase Option, B Piece Lender (a) must have elected to make, and have made, any and all Cure Payments, and (b) B Piece Lender shall deliver written notice of the exercise of the Purchase Option within seventy-five (75) days following receipt of Servicer's Purchase Notice that the applicable Event of Default has occurred.

To the extent that the B Piece Lender has not received the Purchase Notice from the Lender and/or the Servicer by such time as the Borrower is in default in interest payments in an amount equal or greater than three (3) months, then the B Piece Lender, upon written notice to the A Piece Lender and the Servicer, shall be entitled to trigger the Purchase Option for the A Piece and/or the Loan, whereby the B Piece Lender may exercise its Purchase Option pursuant to the above provisions.

The purchase price to be paid for the A Piece shall be the amount equal to the sum of: (a) the outstanding principal balance of the A Piece (including all Protective Advances and Shortfall Contributions made by A Piece Lender), (b) accrued and unpaid non-default interest on the A Piece, (c) the amount of any non-default exit fee allocable to the A Piece and (d) A Piece Lender's pro rata share of the Yield Protection Fee that would be paid on outstanding principal balance of the A Piece if the Yield Protection Fee would otherwise be payable by Borrower in connection with a repayment of the Loan at the time the A Piece Purchase Price is paid by B Piece Lender to A Piece Lender (collectively the "**A Piece Purchase Price**"). In addition to payment of the A Piece Purchase Price, as a condition to B Piece Lender's acquisition of the A Piece, B Piece Lender shall pay to Servicer all accrued and unpaid servicing fees owing to Servicer.

More Detailed Summary of
The Participation Agreement:

See attached Exhibit for more detailed summary of the terms of the Participation Agreement.

Acquisition Fee and Asset Management Fee to be paid to Time Equities, Inc.

At the closing, Time Equities, Inc. ("**TEI**"), an affiliate of the Managers, was paid an acquisition fee in the amount of \$30,000. In addition, TEI will be paid an annual asset management fee in the amount of \$7,500 as well as a \$15,000 exit fee. If the Borrower exercises its extension option to extend the term of the Loan for six months there will be an extension fee equal to \$118,500 (based on 0.5% of the loan balance), of which TEI will receive 12.66% or \$15,002.10

Special Risks of this Offering

This Investment as to the purchase of the B Piece involves certain risks and is suitable only for persons of substantial financial means who have no need for liquidity in such investment and who are able to afford the risk of the investment.

Consent Rights of the B Piece Lender are Limited

The Participation Agreement grants to the B Piece Lender various approval rights, including but not limited to, any modification of the Loan Documents, any release of the Loan Collateral, except as provided in the Loan Agreement, any settlement if any default occurs under the Loan Documents, the acceptance of any prepayment other than in accordance with the Loan Documents and the enforcement of remedies under the Loan Documents. Such approval rights in certain respects are limited in that Thorofare has complete discretion in many other matters pertaining to the administration of the Loan (for example, the decision as to whether or not to have a capital call for itself and the B Piece Lender to fund any Protective Advances the Lender would make to cure an event of default under the Loan). To the extent a Protective Advance is required to cure an event of default under the Loan, the A Piece Lender has to fund 87.34% of such Protective Advance. Because of this required high funding percentage for the A Piece Lender, the A Piece Lender may not initiate a Protective Advance that the B Piece Lender, because of its low funding percentage (12.66%), would otherwise be inclined to fund.

If the B Piece Lender fails to timely fund the Cure Payments for any non-payment of the monthly interest payments and/or after the maturity date, if the Loan is not paid off on the Maturity Date, as to such continuation of such monthly payments of interest to the A Piece Lender, then the B Piece Lender loses all of its consent rights and its purchase option.

If the Lender, through the exercise of its remedies under the Loan, acquires fee title to the Property, then the A and B Piece Lenders would become the members of such limited liability company that would own the Property. The A Piece Lender would be the sole managing member with exclusive authority and control over the management and affairs of such company that would own the Property. If this occurs, then all distribution of net operating income would be funded under the Event of Default Distribution Waterfall, where the A Piece Lender gets paid back their accrued interest, principal amount and fees before any payments are made to the B Piece Lender.

Risk as to Distributions

If there are non-payments of monthly interest in excess of one month, a Bankruptcy Event occurs and/or the Loan is accelerated, then distributions to the A and B Piece Lenders would be made based on the Event of Default Distribution Waterfall. In such case, the A Piece Lender would be paid all sums due and owing to the A Piece Lender (including interest, its principal balance and fees) before any further payments are made to the B Piece Lender. After such payoff of the A Piece Lender there may not be sufficient funds left over to pay the B Piece Lender.

Risk as to Capital Contributions for Protective Advances and the Purchase Option

The total investment capital funded at closing was \$3,050,000. This amount does not include any working capital if Protective Advances and/or legal fees are required to be funded to cure an event of default under the Loan and/or enforce Lender's remedies under the Loan. If this occurred, TEI Colton would have to fund 12.66% of such Protective Advances and/or enforcement costs and this would necessitate a capital call upon the members of TEI Colton. If TEI Colton does not fund its prorata share of any such Protective Advances, then the A Piece Lender can fund such amount the B Piece Lender failed to contribute and the A Piece Lender would be entitled to a priority payment

from distribution, as to such Protective Advances funded on behalf of the B Piece Lender, with interest on such amount at 20% per annum.

TEI Colton has the right to purchase the Loan or the A Piece portion of the Loan if there is an event of default as a result of the non-payment by the Borrower of one or more regularly scheduled monthly interest payments or as a result of the Borrower's failure to pay off the Loan on the maturity date. TEI Colton would have 90 days to close on this purchase option. The purchase price for this purchase option is the A Piece Purchase Price (as defined in the summary for the Participation Agreement), which would include the accrued interest on the A Piece portion of the Loan at the non-default rate of interest, the outstanding principal balance of the A Piece portion of the Loan and certain fees). Such amount would probably be \$20,700,000, plus accrued interest and fees. In order to close on such purchase option, TEI Colton would have to obtain a loan for such acquisition and there is no guaranty of the ability of TEI Colton to obtain such loan. Even if TEI Colton obtained such loan, it would have to fund the borrower's equity portion of such A Piece Purchase Price, which amount would be substantial and would probably be between 25% to 50% of such purchase price. This would also necessitate a capital call amongst of the members of TEI Colton.

Risk as to the Sale of the Loan or the A Piece Portion of the Loan to a Third Party

The A Piece Lender has the right to sell its interest in the Loan to a Qualified Transferee (see such definition in the more detailed summary of the Participation Agreement, attached hereto as an Exhibit) without the approval of the B Piece Lender. The definition for a Qualified Transferee to which the A Piece Lender can sell its interest, without the B Piece Lender's approval, is very broad and includes any institutional accredited investor which has a net worth in excess of \$75,000,000 and liquid asset of not less than \$10,000,000.

Any sale of the Loan or the A Piece interest in the Loan to a third party, including a Qualified Transferee, shall be made subject to the Participation Agreement and such third party's assumption of the A Piece Lender's obligations under the Participation Agreement.

The Participation Agreement requires the A Piece Lender to give the B Piece Lender a right of first offer to purchase the A Piece Lender's interest before it markets it for sale to third parties. The B Piece Lender has a period of 30 days, after receipt of letter from the A Piece Lender as to its plans to sell its A Piece, to close on such right of first offer. The purchase price for any such right of first offer would be the A Piece Purchase Price as described above.

The A Piece Lender was unwilling to grant to the B Piece Lender a right of first refusal as to any purchase offer received by a third party. Under the right of first offer, the B Piece Lender would have to pay full purchase price to the A Piece Lender as to all amounts due and owed to the A Piece Lender (other than default interest and late charges). The B Piece does not have the right to match any third party offer that the A Piece Lender would accept to sell its interest at a discount. Even if the B Piece Lender does not want to pay the full purchase price and exercise its right of first offer, it still can attempt to negotiate a more favorable purchase price if the A Piece Lender decides to sell its A Piece Lender's interest at a discount.

There is the unknown factor as to who such third party purchaser would be to take over the A Piece Lender's interest, if the B Piece Lender is unable to negotiate a deal with the A Piece Lender to purchase their interest. Thorofare is an experienced lender with over 2.2 billion of originated loans. It is uncertain that any such replacement for the A Piece Lender will be as good as Thorofare in administering the Loan and undertaking its obligations as the A Piece Lender under the Participation Agreement. Although the Managers are undertaking this joint venture with Thorofare based on their perceived track record, there is no guaranty as to Thorofare's performance and that there will not be issues that create conflicts of interest between the A and B Piece Lenders. There is always the potential for conflicts where there are participation interests where one party has a superior position, like the A Piece Lender. The biggest potential for a conflict arises when the event of default trigger occurs resulting in all distributions being made pursuant to the Event of Default Distribution Waterfall, where the A Piece Lender gets paid first all amounts owed to them before any payments are made to the B Piece Lender.

In addition, the A Piece Lender has right to collaterally assign the Loan and the Loan Documents to any banking institution ("Thorofare Financing Counterparty") that provides financing to Thorofare or its affiliates, as security for the obligations of Thorofare or its affiliates to Thorofare Financing Counterparty. It shall be a condition to any such collateral assignment by Thorofare to a Thorofare Financing Counterparty that Thorofare shall have delivered to B Piece Lender a written agreement from the Thorofare Financing Counterparty, in form reasonably acceptable to B Piece Lender, pursuant to which (i) the Thorofare Financing Counterparty (on behalf of itself and its successors and assigns) acknowledges and recognizes the existence of this Agreement and B Piece Lender's interest in the Loan pursuant to the terms of this Agreement and (ii) the Thorofare Financing Counterparty agrees that in the event that it shall acquire the Loan pursuant to the exercise of remedies under its agreements with Thorofare that such acquisition shall be made subject to the terms of this Agreement and that Thorofare Financing Counterparty shall be bound by the terms and provisions of this Agreement (including, all rights and benefits of B Piece Lender hereunder), except that its liability under this Agreement shall be limited to matters first arising and accruing after the date it takes legal title to the Loan (but, as between Thorofare and B Piece Lender, the foregoing shall not in any way release Thorofare from any claim relating to any action, omission or circumstance occurring prior to such date).

Risks Relating to Sole Tenant.

Avalon Apparel and JM Apparel Resources, as tenant, on the Closing Date, signed a ten-year triple net lease, which provides for annual rent of \$1,535,080.80 with 3% annual escalations for the entire Property. In addition, the Tenant, also pays 100% of all building operating and maintenance charges, including real estate taxes and insurance. The annual interest payments on the Loan are \$1,836,750, resulting in an annual debt service shortfall of \$301,669 in the first year of operation. Such shortfall is reduced in subsequent years based on 3% increases in the rent every year. Such shortfall is mitigated due to the fact that Guarantors guaranteed the monthly interest payments due under the Loan, which would include such shortfall.

In the event the Tenant defaults on the payment of rent, or any additional rent, or defaults in the performance of the other covenants, the Borrower may not be able to refinance the Loan on the maturity date, based on the reduced net operating income, which would lead to a substantial

reduction in value. As a result of the value of the Property being significantly lower, the Borrower would likely have a large deficit to fund to payoff the Loan on its maturity date, beyond the amount of any new loan the Borrower might obtain for such refinancing. As a result, the Lender might end up with the ownership of the Property either through foreclosure or deed in lieu of foreclosure.

Risk as to the Term of the Loan and the Loan and the Ability to Refinance the Loan and the Loan by their Maturity Dates

The Loan has an initial term of eighteen months until March 3, 2022. Also, the Loan has an extension option for six months until September 3, 2022. In order to be able to extend the Loan, the loan to value ratio cannot exceed 72.5% and there must be a debt yield of at least 6%. There is no guaranty of the ability of the Borrower to extend the Loan.

If the Borrower is unable to extend the term of the Loan, there is no guaranty as to the ability of Borrower to refinance the loan on or before the maturity date.

**TERMS OF
LOAN PARTICIPATION
AGREEMENT
BETWEEN THOROFARE ASSET
BASED LENDING REIT FUND V, LLC
("THOROFARE"),
AS THE HOLDER OF THE A PIECE
PORTION OF THE LOAN AND TEI TF
COLTON LLC ("TEI" OR "TIME
EQUITIES") AS THE HOLDER OF
THE B PIECE PORTION OF THE
LOAN**

DEFINITIONS

“**A Piece**” means the A Piece portion of the Loan in the amount of \$20,700,000 consisting of 87.34% participation interest in the Loan.

“**A Piece Rate**” means a per annum interest rate on the A Piece achieved by dividing (a) the amount by which (i) each non-default interest payment payable under the Note exceeds (ii) the product of (i) the B Piece Rate and (ii) the principal balance of the B Piece by (b) the principal balance of the A Piece (it being the intention of the foregoing that A Piece Lender shall be entitled to all non-default interest on the Loan not payable to B Piece Lender at the B Piece Rate).

“**A Piece Default Rate**” means, if interest under the Loan Documents shall be assessed at the Default Rate, a per annum interest rate on the A Piece achieved by dividing (a) the amount by which (i) each default interest payment (i.e., interest that accrues at the Default Rate in excess of that which accrues at the non-default interest rate) payable under the Note exceeds (ii) the product of (i) the B Piece Default Rate and (ii) the principal balance of the B Piece by (b) the principal balance of the A Piece (it being the intention of the foregoing that A Piece Lender shall be entitled to all default interest on the Loan not payable to B Piece Lender at the B Piece Default Rate).

“**A Piece Lender**” means Thorofare or any successor owner of the A Piece.

“**B Piece**” means the B Piece portion of the Loan held by TEI in the amount of \$3,000,000, consisting of 12.66% participation interest in the Loan.

“**B Piece Default Rate**” means, if interest under the Loan Documents shall be assessed at the Default Rate, a per annum interest rate equal to 20.00% during the period of assessment of the Default Rate.

“**B Piece Lender**” means TEI or Time Equities or any successor owner of the B Piece.

“B Piece Rate” means the per annum rate equal to 13.00%.

“Exit Fee” means the Exit Fee, in the amount of 1% of the outstanding loan balance or \$237,000 to be paid by the Borrower upon payoff of the Loan.

“Extension Fee(s)” shall mean the extension fee in the amount of 0.5% of the outstanding balance of the Loan or \$118,500.00 to be paid to the Lender as to such extension of the Loan.

“Lender Consent” means the prior written consent of each of the Lenders, including the B Piece Lender, as provided below.

“Loan” means that certain loan in the principal amount of Twenty Three Million Seventh Hundred Thousand and 00/100 Dollars (\$23,700,000.00) made by Thorofare, as lender, to Borrower, as borrower, pursuant to the terms of the Loan Agreement.

“Loan Agreement” means that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated August 30, 2020, between Thorofare, as lender, and Borrower, as borrower, with respect to the Loan.

“Borrower” means Colton Real Estate Ventures LLC, or CREV.

“Loan Debtor” and **“Loan Debtors”** mean the Borrower, any guarantors of the Loan and any other person obligated on the Loan.

“Loan Documents” means the Loan Agreement and all documents, agreements and instruments governing, securing or evidencing the Loan, as the foregoing may hereafter be modified, amended, renewed or supplemented after the date hereof, subject to the terms of this Agreement.

“Loan Collateral” means Borrower’s right, title and interest in, to the Property.

“Loan Debtor” and **“Loan Debtors”** mean the Loan Borrower, any guarantors of the Loan and any other person obligated on the Loan.

“Mortgage Property” means the property located at Ohio1901 W. Center Street, Colton, CA, which is encumbered as security for the Loan.

“SAE Exit Fee” shall mean the amount by which (a) the Exit Fee payable by Borrower if a Significant Adverse Event has occurred and has not been cured exceeds (b) the Non-SAE Exit Fee.

“Origination Fee” means the fee of \$237,000 paid by the Borrower to the Lender upon the closing of the Loan.

“Qualified Transferee” means (i) A Piece Lender, B Piece Lender, and any Affiliate of A Piece Lender or B Piece Lender, or (ii) a real estate investment trust, bank, saving and loan association, investment bank, insurance company, trust company, commercial credit corporation,

pension plan, pension fund or pension advisory firm, mutual fund, government entity or plan, investment company, money management firm or "**qualified institutional buyer**" within the meaning of Rule 144A under the Securities Act of 1933, as amended, or an institutional "**accredited investor**" within the meaning of Regulation D under the Securities Act of 1933, as amended, or an institution substantially similar to any of the foregoing entities or any entity controlled by any of the foregoing entities which (i) has a net worth in excess of \$75,000,000, (ii) has liquid assets of not less than \$10,000,000 and (iii) is regularly engaged in the business of making or owning commercial real estate loans or operating commercial mortgage properties. The above net worth and liquidity requirements shall not apply to B Piece Lender's exercise of the Purchase Option.

"Thorofare" means Thorofare Asset Based Lending REIT Fund V, LLC, a Delaware limited liability company. Thorofare is also referred to as the Lender and the holder of the A Piece portion of the Loan.

"Time Equities" or **"TEI"** means TEI TF Colton LLC, a Delaware limited liability company. TEI is also referred to as the holder of the B Piece portion of the Loan.

"Workout/Modification Fees" means the Workout/Modification Fees to be paid under the Loan, if applicable.

"Yield Protection Fee" means the Yield Protection Fee to be paid under the Loan to pay at least 6 months interest under the Loan.

Thorofare conveyed to Time Equities and Time Equities acquired from Thorofare, subject to the terms and conditions of the Participation Agreement, a participation interest comprised of an undivided interest in the Loan and all of the Loan Documents together with all rights, benefits, obligations, payments, fees, proceeds and awards arising from and out of the Loan Documents to the extent expressly designated as applicable to the "**B Piece**" or "**B Piece Lender**" under the Participation Agreement (the "**B Piece**"). The Loan is a single loan notwithstanding the participation interests created herein, and as a result Thorofare holds legal title to the Loan solely in its name. The Loan constitutes a single claim against Borrower within the meaning of the Federal Bankruptcy Code and that the B Piece Lender is not a separate creditor of Borrower or any other Loan Debtor.

Lender Consent Required by each Lender:

Any and all actions and decisions with respect to the ownership, administration, servicing and enforcement of the Loan, the Loan Documents and the Loan Collateral shall require Lender Consent and shall be jointly determined by both the A and P Piece Lenders. Each of the following actions and matters with respect to the Loan shall require Lender Consent (including the consent of the B Piece Lender):

- (a) any modification of the Loan or Loan Documents, including, without limitation, any modification of (i) the maturity of the Loan, (ii) the interest rate on the Loan, (iii) the time or amount of any payment of interest, principal or any prepayment premium with respect to the Loan, or (iv) the principal amount of the Loan (other than increases by reason of Protective Advances [as defined below]);

- (b) any release, substitution or exchange of all or any portion of the Loan Collateral,;
- (c) any waiver, release, compromise or settlement of any default under the Loan Documents, any claim against any Loan Debtor or any release of any obligations or liabilities of any Loan Debtor, including, without limitation, late charges, exit fees or default interest;
- (d) the acceptance of any prepayment of all or any portion of the principal of the Loan other than as is expressly permitted under the terms of the Loan Documents;
- (f) the disbursement of insurance proceeds or condemnation awards received by Lender;
- (g) any cancellation or termination of the Loan Documents, other than in the case of the repayment of the Loan in full;
- (h) the approval of any transfer, pledge or encumbrance of the Loan Collateral (or any portion thereof) or any direct or indirect interests in any Loan Debtor, unless such transfer, pledge or encumbrance is expressly permitted by the Loan Documents;
- (i) the grant of any extension of any time period for performance of any Loan Debtor's obligations under the Loan Documents, including the grant of any forbearance or similar indulgence, except for extensions of the maturity date in accordance with the terms of the Loan Documents;
- (j) and
- (k) the enforcement of remedies under the Loan Documents.

Protective Advances

If an Event of Default under the Loan Documents shall occur and be continuing, each Lender shall make its pro rata share of such advances (as determined in accordance with the following percentages: Thorofare 87.34% and TEI 12.66%) as are necessary and prudent to protect Lenders' interest in the Loan and/or the Loan Collateral as determined by A Piece Lender (as so determined by A Piece Lender, such advances being herein referred to as "**Protective Advances**"). Such Protective Advances shall be funded by the A Piece and B Piece Lenders within thirty (30) days after receipt of a written notice requiring the funding of such Protective Advance. Such time period for funding may be shortened to the extent funds are needed sooner than prior to the expiration date of such thirty (30) day period. To the extent this occurs, the A Piece Lender shall provide written notice to the B Piece Lender as to the reasons for such shorter required funding period. Any such request for Protective Advances shall include the reason for any such Protective Advances and copies any applicable bills relating to any such Protective Advances. All Protective Advances made by a Lender shall accrue interest at a rate equal to the applicable rate of interest on such Lender's investment in the Loan (i.e., the A Piece Rate in the case of the A Piece Lender and the B Piece Rate in the case of the B Piece Lender) (the "**Protective Advance Rate**"). If any Lender fails to make its pro rata share of a Protective Advance ("**Non-Contributing Lender**") within thirty (30) days of receipt of written notice thereof, the other Lender (the "**Contributing Lender**") is authorized to advance the amount the Non-Contributing Lender failed to advance (the "**Shortfall Contribution**"), and will receive repayment in full of such Shortfall Contribution, with interest at twenty percent (20%) per annum (the "**Shortfall Interest Rate**"), before any further payments to Lenders.

PAYMENTS TO LENDERS (THE DISTRIBUTION WATERFALLS)

(a) **No Event of Default (The Non-Event of Default Distribution Waterfall).** *If no Event of Default as to monthly interest payments shall have occurred and be continuing for an amount not to exceed one month's interest, there is not currently pending any voluntary or involuntary bankruptcy proceedings by or against the Borrower and/or the Loan has not been accelerated*, all payments and proceeds received with respect to the Loan (including, all payments under the Loan, all payments by the Loan Debtors under any guaranty or environmental indemnity, all insurance proceeds payable to A Piece Lender and all title insurance proceeds payable to A Piece Lender under any title policy (collectively the "**Shared Payments**"), but excluding (i) the Origination Fee 12.66% of which shall be paid to B Piece Lender in connection with the closing of the Loan and 87.34% of which shall be paid to A Piece Lender in connection with the closing of the Loan, any Extension Processing Fee and any Workout/Modification Fees, which shall be paid and allocated to A Piece Lender upon receipt thereof, (ii) any amounts for reserves or escrows required by the Loan Documents (if any), unless otherwise applied to pay down all or a part of the Loan, and (iii) proceeds, awards or settlements to be applied to the restoration or repair of the Mortgage Property or released to Borrower in accordance with the terms of the REO Loan Documents) (collectively the "**Excluded Payments**") will be applied in the following order of priority:

(i) first, to each of the Lenders in the amount of any Shortfall Contributions made by the Lenders and together with interest accruing thereon at the Shortfall Interest Rate with respect to such Shortfall Contributions, which shall be paid to such Lenders with a priority in accordance to the date such Shortfall Contributions were made, with the first Shortfall Contribution being reimbursed first and, to the extent Shortfall Contributions are made by more than one Lender on the same date, on a pro rata and pari passu basis in accordance with the amount of the Shortfall Contributions made by each Lender;

(ii) second, to each of the Lenders in the amount of any Protective Advances (excluding Shortfall Contributions reimbursed pursuant to clause (i) above) made by the Lenders and together with interest accruing thereon at the Protective Advance Rate with respect to such Protective Advances, which shall be paid to the Lenders with a priority in accordance to the date such Protective Advances were made, with the first Advances being reimbursed first and, to the extent Protective Advances are made by more than one Lender on the same date, on a pro rata and pari passu basis in accordance with the amount of Protective Advances made by each Lender;

(iii) third, to A Piece Lender and B Piece Lender, in an amount equal to accrued and unpaid non-default interest on the principal balances of the A Piece and B Piece, respectively, at the A Piece Rate and the B Piece Rate, respectively;

(iv) fourth, to A Piece Lender and B Piece Lender, *pro rata* (based upon the principal balance of the A Piece and the principal balance of the B Piece, respectively), in an amount equal to any payments of principal received with respect to the Loan, to be applied in reduction of the principal balance of the A Piece and principal balance of the B Piece, respectively;

(v) fifth, to B Piece Lender in an amount equal to any unreimbursed “**Cure Payments**” (defined below);

(vi) sixth, to A Piece Lender and B Piece Lender in an amount equal to the Yield Protection Fee as determined based on the A Piece Rate and the B Piece Rate, respectively;

(vii) seventh, to A Piece Lender in an amount equal to 93.67% of the Non-SAE Exit Fee, and to B Piece Lender in an amount equal to 6.33% of the Non-SAE Exit Fee;

(viii) eighth, to A Piece Lender and B Piece Lender, *pro rata* (based upon the principal balance of the A Piece and the principal balance of the B Piece, respectively), in an amount equal to any Extension Fees;

(ix) ninth, to A Piece Lender and B Piece Lender in an amount equal to accrued and unpaid interest at the Default Rate on the A Piece and B Piece, respectively, at the A Piece Default Rate and the B Piece Default Rate, respectively;

(x) tenth, to A Piece Lender in an amount equal to 93.67% of the SAE Exit Fee, and to B Piece Lender, an amount equal to 6.33% of the SAE Exit Fee; and

(xi) eleventh, any excess (*i.e.*, any amounts not otherwise paid to A Piece Lender and/or B Piece Lender, to A Piece Lender.

To the extent the Borrower is in arrears in the monthly interest payments prior to the maturity date for an amount in excess of one (1) month, there is not any voluntary and/or involuntary bankruptcy proceedings pending as to the Borrower and/or the Loan has not been accelerated and the B Piece Lender has made Cure Payments so the A Piece Lender has received all monthly interest only payments due under the Loan, based on the non-default rate of interest, then notwithstanding the above provisions, distributions shall be made under the Non-Event of Default distribution waterfall . The default by the Borrower in the payment of reserves (including real estate taxes, insurance and cap ex) shall not cause distributions to be made under the Event of Default distribution waterfall.

To the extent the B Piece Lender provides a Cure Payment which is subsequently repaid by the Borrower, then notwithstanding the location in the distribution waterfall the B Piece Lender shall be reimbursed for its Unreimbursed Cure Payments from any such subsequent payments by the Borrower that corresponds with the applicable Cure Payment.

If the Loan is modified and/or a Settlement Agreement is entered into with the Borrower as to any past due and owing payments under the Loan (“**Settlement Agreement**”) and the Borrower subsequently timely makes such payments under such Settlement Agreement, then distributions shall be made under the Non-Event of Default Distribution Waterfall even if the Event of Default is not waived by the Lender in connection with any forbearance by the A Piece Lender of its enforcement of the Loan, while the Borrower continues to timely make the payments under such Settlement Agreement.

(b) **Event of Default (the Event of Default Distribution Waterfall).** If an Event of Default as to the monthly interest payments for an amount in excess of one month shall have occurred and be continuing, or there is currently a voluntary or involuntary bankruptcy proceeding pending by and/or against the Borrower or if the Loan has been accelerated, all Shared Payments and the Excluded Payments to the A Piece Lender will be applied in the following order of priority:

(i) first, to each of the Lenders in the amount of any Shortfall Contributions made by the Lenders and together with interest accruing thereon at the Shortfall Interest Rate with respect to such Shortfall Contributions, which shall be paid to such Lenders with a priority in accordance to the date such Shortfall Contributions were made, with the first Shortfall Contribution being reimbursed first and, to the extent Shortfall Contributions are made by more than one Lender on the same date, on a pro rata and pari passu basis in accordance with the amount of the Shortfall Contributions made by each Lender;

(ii) second, to each of the Lenders in the amount of any Protective Advances (excluding Shortfall Contributions reimbursed pursuant to clause (i) above) made by the Lenders and together with interest accruing thereon at the Protective Advance Rate with respect to such Protective Advances, which shall be paid to the Lenders with a priority in accordance to the date such Protective Advances were made, with the first

Advances being reimbursed first and, to the extent Protective Advances are made by more than one Lender on the same date, on a pro rata and pari passu basis in accordance with the amount of Protective Advances made by each Lender;

(iii) third, to A Piece Lender in an amount equal to accrued and unpaid non-default interest on the principal balance of the A Piece at the A Piece Rate;

(iv) fourth, to A Piece Lender in an amount equal to the Yield Protection Fee allocable to the principal balance of the A Piece, calculated based on the A-Piece Rate;

(v) fifth, to A Piece Lender in an amount equal to any Extension Fees calculated on the principal balance of the A Piece, to the extent actually paid;

(vi) sixth, to A Piece Lender in an amount equal to 93.67% of the Non-SAE Exit Fee;

(vii) seventh, to A Piece Lender until the principal balance of the A Piece is reduced to zero;

(viii) eighth, to the B Piece Lender in an amount equal to any unreimbursed "**Cure Payments**" (defined below);

(ix) ninth, to B Piece Lender in amounts equal to accrued and unpaid non-default interest on the principal balance of the B Piece at the B Piece Rate;

(x) tenth, to B Piece Lender in an amount equal to the Yield Protection Fee allocable to the principal balance of the B Piece (calculated based on the B-Piece Rate);

(xi) eleventh, to B Piece Lender in an amount equal to any extension fees allocable to the B Piece, to the extent actually paid;

(xii) twelfth, to B Piece Lender in an amount equal to 6.33% of the Non-SAE Exit Fee

(xiii) thirteenth; to B Piece Lender until the principal balance of the B Piece is reduced to zero;

(xiv) thirteenth, to B Piece Lender until the principal balance of the B Piece is reduced to zero;

(xv) fourteenth, to A Piece Lender, in an amount equal to the accrued and unpaid default interest on the principal balance of the A Piece, calculated at the A Piece Default Rate;

(xvi) fifteenth, to B Piece Lender, in an amount equal to the accrued and unpaid default interest on the principal balance of the B Piece, calculated at the B Piece Default Rate;

(xvii) sixteenth, to A Piece Lender in an amount equal to 93.67% of the SAE Exit Fee and to B Piece Lender in an amount equal to 6.33% if the SAE Exit Fee; and

(xviii) seventeenth, any excess (i.e., any amounts not otherwise paid to A Piece Lender and/or B Piece Lender pursuant to any other clause of this Section 5.01(b)), to A Piece Lender.

B Piece Lender Cure Rights as to Monetary Events of Default

(a) If an Event of Default under the Loan Documents shall occur as a result of the non-payment by Borrower of one or more regularly scheduled monthly interest payments under the Loan Documents or as a result of Borrower's failure to repay all sums due under the Loan Documents at maturity of the Loan, then B Piece Lender shall have the right to cure such Event of Default; provided, however, that, (i) in the case of an Event of Default under the Loan Documents that has occurred by reason of non-payment of a regularly scheduled interest payment, B Piece Lender must cure such Event of Default within ten (10) business days of B Piece Lender's receipt of written notice from Lender or Servicer that such Event of Default has occurred. In the case of an Event of Default under the Loan Documents that has occurred due to Borrower's failure to repay all sums due under the Loan Documents at maturity of the Loan, B Piece Lender shall not be required to repay all such sums but rather shall be required to pay to A Piece Lender the monthly installment of interest that accrues with respect to the A Piece not later than the tenth (10th) calendar day of each month following the maturity date of the Loan. B Piece Lender shall not be required, in order to effect a cure hereunder, to pay any interest calculated at the default rate under the Loan Documents. The B Piece Lender shall only be required to cure such Event of Default to the extent necessary to cause payment to A Piece Lender of regularly scheduled (or after maturity, monthly) interest payments owing with respect to the A Piece. No single Cure Event may exceed three (3) consecutive months. As used herein, "**Cure Event**" means B Piece Lender's exercise of cure rights, whether for one (1) month or for consecutive months in the aggregate. Each Cure Payment shall include any unpaid servicing fees and expenses payable to Servicer.

In the event B Piece Lender shall elect not to make a Cure Payment or shall fail to make a Cure Payment, B Piece Lender (i) shall not have any future right to make a Cure Payment, (ii) shall not have any approval rights or consent rights and (iii) the B Piece Lender shall no longer have any purchase option as defined below.

(b) So long as a monetary Event of Default exists under the Loan Documents that is being cured by B Piece Lender, A Piece Lender (or Servicer) shall not treat such Event of Default as an Event of Default for purposes of accelerating the Loan or commencing proceedings for foreclosure or the taking of title by deed-in-lieu of foreclosure or similar legal proceedings with respect to any Loan Collateral without the prior written consent of B Piece Lender; provided that such limitations shall not prevent A Piece Lender (or Servicer) from sending notices of default to the Borrower or otherwise preparing for an acceleration of the Loan or the commencement of foreclosure or sale of the Loan Collateral or the taking of title by, assignment in lieu of foreclosure, deed-in lieu of foreclosure or similar proceedings.

B Piece Lender's Purchase Option

If an Event of Default shall occur as a result of the non-payment by Borrower of one or more regularly scheduled monthly interest payments under the Loan Documents or as a result of Borrower's failure to repay the outstanding principal balance of the Loan on the maturity date of the Loan, B Piece Lender shall have the option (the "**Purchase Option**") within ninety (90) days following B Piece Lender's receipt of written notice from Servicer that such Event of Default has occurred ("**Purchase Notice**") to purchase the A Piece and the Loan from A Piece Lender (provided that A Piece Lender, without the consent of B Piece Lender, may accept cure by the Borrower of such Event of Default before the expiration of such ninety (90) day period, in which case the Purchase Option hereunder shall automatically terminate). If such Purchase Option is terminated based on a cure by the Borrower, then such Purchase Option shall be reinstated as to any subsequent non-payment by the Borrower, either before or after the maturity date. The Purchase Notice received by the B Piece Lender, in order for the ninety (90) day option period to commence, must clearly state that the B Piece Lender's receipt of the Purchase Notice or the notice that such Event of Default has occurred triggers the Purchase Option and the commencement of the ninety (90) day option period. In order to exercise the Purchase Option, B Piece Lender (a) must have elected to make, and have made, any and all Cure Payments, and (b) B Piece Lender shall deliver written notice of the exercise of the Purchase Option within seventy-five (75) days following receipt of Servicer's Purchase Notice that the applicable Event of Default has occurred.

To the extent that the B Piece Lender has not received the Purchase Notice from the Lender and/or the Servicer by such time as the Borrower is in default in interest payments in an amount equal or greater than three (3) months, then the B Piece Lender, upon written notice to the A Piece Lender and the Servicer ("**B Piece Initiated Purchase Option Election**"), shall be entitled to trigger the Purchase Option for the A Piece and/or the Loan, whereby the B Piece Lender may exercise its Purchase Option pursuant to the above provisions. In such case, the Purchase Option Period shall run for a period of ninety (90) days from the date of such B Piece Initiated Purchase Option Election (the date same is submitted to the A Piece Lender and the Servicer). If B Piece Lender fails to close the acquisition of the A Piece within the ninety (90) day period specified above (other than by reason of A Piece Lender's default), B Piece Lender shall not have any right in the future to exercise the Purchase Option.

The purchase price to be paid for the A Piece shall be the amount equal to the sum of (a) the outstanding principal balance of the A Piece (including all Protective Advances and Shortfall Contributions made by A Piece Lender), (b) accrued and unpaid non-default interest on the A Piece, (c) the amount of any non-default exit fee allocable to the A Piece and (d) A Piece Lender's pro rata share of the Yield Protection Fee that would be paid on outstanding principal balance of the A Piece if the Yield Protection Fee would otherwise be payable by Borrower in connection with a repayment of the Loan at the time the A Piece Purchase Price is paid by B Piece Lender to A Piece Lender (collectively the "**A Piece Purchase Price**"). In addition to payment of the A Piece Purchase Price, as a condition to B Piece Lender's acquisition of the A Piece portion of the Loan, the B Piece Lender shall pay to Servicer all accrued and unpaid servicing fees owing to Servicer.

As part of the purchase price for the Purchase Option, the B Piece Lender shall only be obligated to pay the accrued and unpaid interest on the A Piece through the closing date. The B Piece Lender shall be entitled to assign such Purchase Option to an Affiliate of the B Piece Lender. To the extent the B Piece Lender purchases the A Piece pursuant to the Purchase Option, then in connection with the closing for such Purchase Option, the B Piece Lender, as the owner of the A Piece, shall be entitled to terminate, as of such closing date, the Servicing Agreement with the Servicer as to the Loan, without payment of any penalty or termination fee. On the closing date the A Piece Lender and/or the Servicer shall transfer any reserves and escrows held by the A Piece Lender and/or the Servicer and/or the funds in the cash management account for the Property and/or the Loan.

Servicing of the Loan

The Loan shall be serviced by Cohen Financial, a Division of SunTrust Bank corporation ("**Servicer**") pursuant to the terms of that certain Servicing Agreement, dated as of November, 2017, between Thorofare and Cohen Financial.

Workout/Modification Fees to be paid to A Piece Lender

One hundred percent (100%) of all loan modification fees, loan modification processing fees and forbearance fees paid by Borrower or any other Loan Debtor in connection with one or more modifications, defaults and/or work-outs of the Loan ("**Workout/Modification Fees**") (excluding, default interest, extension fees shall be paid to A Piece Lender.

SALE OF THE LOAN OR A PARTICIPATION INTEREST TO THIRD PARTIES

In the event any Lender sells or assigns all or part of its interest in the Loan to a third party, including the sale of a participation ownership interest therein, such third parties shall succeed to all of the rights and obligations of such Lender hereunder for the portion of the ownership interest so purchased and the Participation Agreement shall remain in full force and effect. In no event shall any Lender sell or assign its interest in the Loan without approval of the other Lender unless such transfer is to a Qualified Transferee. A Lender shall provide at least ten (10) business days' prior written notice of a contemplated transfer to a Qualified Transferee. Any sale of the Loan or participation interest in the Loan to third parties including, but not limited to a Qualified Transferee, shall be made subject to the Participation Agreement and any such third party purchaser's assumption of its obligations under the Participation Agreement as such may apply to any such third party purchaser.

A Piece Lender shall not enter into any agreement with any third party Qualified Transferee for the sale or assignment of A Piece Lender's interests in the Loan without first offering B Piece Lender the right to purchase such interests at the A Piece Purchase Price. If A Piece Lender so intends to sell or assign such interests to any third party, A Piece Lender shall provide written notice to B Piece of such intention (the "**ROFO Notice**"). B Piece Lender shall have the option (the "**ROFO Option**") to purchase such interests at a purchase price equal to the A Piece Purchase Price, which ROFO Option shall exercise by the B Piece Lender delivering irrevocable written notice to A Piece Lender (an "**Acceptance Notice**"), within fifteen (15) days of B Piece Lender's receipt of the ROFO Notice from A Piece Lender (the "**ROFO Acceptance Period**"). If B Piece Lender shall deliver the Acceptance Notice within the ROFO Acceptance Period, then B Piece Lender shall be obligated to acquire the interests of A Piece Lender in the Loan at the A Piece Purchase Price on or prior to the date that is fifteen (15) days following the expiration of the ROFO Acceptance Period, and if B Piece Lender fails to close such acquisition within such fifteen (15) day period (other than by reason of A Piece Lender's default), B Piece Lender shall not have any right in the future to exercise the ROFO Option as to any future sale or assignment of A Piece Lender's interests in the Loan to a third party Qualified Transferee pursuant to, an in accordance with, this Agreement.

Notwithstanding anything to the contrary contained in this Agreement, Thorofare shall have the right to collaterally assign the Loan and the Loan Documents to any banking institution ("**Thorofare Financing Counterparty**") that provides financing to Thorofare or its affiliates, as security for the obligations of Thorofare or its affiliates to Thorofare Financing Counterparty, and, in connection therewith, may deposit all original Loan Documents with Thorofare Financing Counterparty, provided, however, that in the event Thorofare Financing Counterparty shall take legal title to the Loan through the exercise of remedies by Thorofare Financing Counterparty, the extent of the Thorofare Financing Counterparty's interest in the Loan shall be the interest of the Thorofare and the Thorofare Financing Counterparty shall acquire the Loan subject to, and shall be bound by the terms and provisions of this Agreement (including, all rights and benefits of Participating Lender hereunder), provided, that the liability of the Thorofare Financing Counterparty under this Agreement shall be limited to matters first arising and accruing after the date it takes legal title to the Loan (but, as between Thorofare and Participating Lender, the

foregoing shall not in any way release Thorofare from any claim relating to any action, omission or circumstance occurring prior to such date). B Piece Lender, the foregoing shall not in any way release Thorofare from any claim relating to any action, omission or circumstance occurring prior to such date). Notwithstanding the foregoing, it shall be a condition to any such collateral assignment by Thorofare to a Thorofare Financing Counterparty that Thorofare shall have delivered to B Piece Lender a written agreement from the Thorofare Financing Counterparty, in form reasonably acceptable to B Piece Lender, pursuant to which (i) the Thorofare Financing Counterparty (on behalf of itself and its successors and assigns) acknowledges and recognizes the existence of this Agreement and B Piece Lender's interest in the Loan pursuant to the terms of this Agreement and (ii) the Thorofare Financing Counterparty agrees that in the event that it shall acquire the Loan pursuant to the exercise of remedies under its agreements with Thorofare that such acquisition shall be made subject to the terms of this Agreement and that Thorofare Financing Counterparty shall be bound by the terms and provisions of this Agreement (including, all rights and benefits of B Piece Lender hereunder), except that its liability under this Agreement shall be limited to matters first arising and accruing after the date it takes legal title to the Loan (but, as between Thorofare and B Piece Lender, the foregoing shall not in any way release Thorofare from any claim relating to any action, omission or circumstance occurring prior to such date).