



INVESTOR AGREEMENT

INVESTMENT AGREEMENT

(NOTE: DO NOT LEAVE ANY SPACES BLANK. IF A SPACE IS NOT APPLICABLE, INDICATE EITHER "N/A" OR CROSS A LINE THROUGH THE BLANK SPACE. ALL PAGES SHOULD BE INITIALED.)

1. RECITALS.

1.1 **Parties.** The Parties (the "Parties") to this Agreement (the "Agreement") are True Bread Properties, LLC, a North Carolina limited liability company ("Company"); and the following parties identified in Section 1.3 (individually and collectively, the "Investors").

1.2 **Date.** This Agreement is dated: _____, 200_.

1.3 **Investors and Investment.**

<u>Investor</u>	<u>Amount of Investment</u>
_____	\$ _____ initials _____
_____	\$ _____ initials _____
_____	\$ _____ initials _____
_____	\$ _____ initials _____
_____	\$ _____ initials _____

(Note: Since William Preyer Davis and Angela Houillon Davis are co-owners of True Bread Properties, LLC, they are not listed as investors.).

1.4 **The Property.** The Parties to this Agreement contemplate that Company shall purchase, own, develop, and sell the following-described real property situated in _____ County, State of Oregon (hereinafter "the Property"):

(NOTE: INSERT BOTH THE STREET ADDRESS AND THE LEGAL DESCRIPTION. IF NEITHER IS AVAILABLE, INSERT AT LEAST ONE OF THEM. ATTACH AN ADDITIONAL PAGE IF NECESSARY. IF AN ADDITIONAL PAGE IS ATTACHED, WRITE THE WORDS "SEE ATTACHMENT" OR "CONTINUE ON ATTACHED PAGE" IN THE BLANK SPACES ABOVE. ALL PARTIES SHOULD INITIAL ANY AND ALL ATTACHMENTS.)

1.5 **Estimated Purchase Price:** The estimated Purchase Price of the Property is: \$ _____. (NOTE: THIS AMOUNT DOES NOT INCLUDE CLOSING COSTS THAT OCCUR DURING THE COURSE OF PURCHASING THE PROPERTY, SUCH AS COST OF TITLE INSURANCE, ESCROW FEES, OR OTHER COSTS.)

1.6 **Estimated Closing Costs for Purchase of Property:** The estimated Closing Costs for the Purchase of the Property is \$ _____ .

1.7 **Actual Purchase Price and Actual Closing Costs.** The Parties acknowledge that the actual Purchase Price and the actual Closing Costs relating to the purchase of the Property may vary from the “estimated Purchase Price” and the “estimated Closing Costs for the Purchase of the Property” set forth in Sections 1.5 and 1.6.

NOTE: UNLESS OTHERWISE SET FORTH EXPLICITLY, REFERENCES TO “PURCHASE PRICE” OR “CLOSING COSTS” IN THIS AGREEMENT SHALL REFER TO THE ACTUAL, AND NOT THE ESTIMATED, PURCHASE PRICE AND CLOSING COSTS.

1.8 **Company’s Percentage Contractor Fee.** The Company’s Percentage Contractor Fee shall be _____ %. This percentage is used to calculate the Company’s actual Company’s Contractor Fees. The calculation is set forth in Section 1.9(g).

1.9 Definitions:

- a. Purchase Price: This amount is the actual purchase price of the Property. This amount does not include closing costs that occur during the course of purchasing the Property, such as cost of title insurance, escrow fees, or other costs.
- b. Closing Costs for the Purchase of the Property: This amount is all of the actual closing costs that occur during the course of purchasing the Property, such as cost of title insurance, escrow fees, transactional costs, professional fees (if any), and other costs.
- c. Ownership and Development Costs: This is the amount of all costs incurred during the course of the ownership, maintenance, and development of the Property. It includes, among other things: insurance; property and transfer taxes (if any); property assessments (if any); all construction-related costs, materials, supplies, and contracted labor; professional fees (if any); bank fees; utilities; HOA fees (if any); repairs; subcontractors; permits; licenses; involuntary encumbrances and assessments that are not due to the fault of the Company (if any); voluntary encumbrances and assessments that are imposed in the regular course of contractor and development projects (if any); and all other costs and/or expenses relating to the ownership, maintenance, and development of the Property.
This amount does not include: Expenses that are directly relating the maintenance of Company’s contractor license, such as contractor’s required insurance costs, bonding, licensing fees, and other fees directly related to keeping Company’s contractor license current and in good standing.
This amount also does not include: Company’s “Contractor Fees,” because it is defined separately in Section 1.9(g).
- d. Sale Price: This is the gross sales price of the Property to a third party.
- e. Closing Costs for the Sale of the Property: This is the amount of all actual closing costs that occur during the course of the sale of the Property to a third party, such as cost of title insurance, escrow fees, transactional costs, professional fees (if any), and other costs.

f. Realtor Fees: This amount is all of the realtors' fees and/or commissions in connection with the purchase and/or sale of the Property.

g. Company's Contractor Fees. This is the amount that Company will be paid in its capacity as providing contracting services. It does not include Company's Contractor Costs or the costs of subcontractors and labor for other parties.

Company's Contractor Fees shall be defined as the Company's Percentage Contractor Fee as set forth in Section 1.8, multiplied by the following:

Sale Price; minus

Purchase Price; minus

Closing Costs for the Purchase of the Property; minus

Ownership and Development Costs; minus

Closing Costs for the Sale of the Property; minus

Realtor Fees.

h. Investment Amount: This is the amount of each Investor's investment, as set forth in Section 1.3.

i. Investor's Percentage Investment: This amount is:

(Investment Amount) divided by (Purchase Price + Closing Costs for the Sale of the Property + Ownership and Development Costs)

k. Net Profit: This amount is:

Sale Price; minus

Purchase Price; minus

Closing Costs for the Purchase of the Property; minus

Ownership and Development Costs; minus

Closing Costs for the Sale of the Property; minus

Realtor Fees; minus

Company's Contractor Fees.

l. Investor's Profit: This amount is:

Investor's Percentage Investment multiplied by Net Profit.

m. Investor's Loss: This amount is:

Investor's Percentage Investment multiplied by Net Profit, where Net Profit is an amount of zero or less.

2. INTENTION OF PARTIES.

Company is a licensed contractor, in the business of purchasing, development and selling real property. Company, using some of investor's funds, will purchase and develop the Property, with the intention, in good faith, of increasing the market price of the Property. Upon development, Company intends to sell the Property to a third party for a profit.

3. TIMING OF INVESTOR'S PAYMENT OF INVESTMENT.

Investors shall pay Company the full amount of their Investment set forth in Section 1.3 prior to the time that Company enters into a binding agreement with a third party for the purchase of the Property. Company shall, in turn, use the Investment and its own funds, to purchase the Property.

4. TIMING OF COMPANY'S PAYMENTS OF COSTS

Without waiver of Company's rights of the payments from Investors, Company's reimbursement rights, and Company's indemnification rights (all as set forth elsewhere in this Agreement), Company shall be responsible to pay for all Ownership and Development Costs as those costs become due, as well as payment of any monetary encumbrances on the Property (if any).

Notwithstanding the foregoing, Company, in its sole discretion, reserves the right to make arrangements for payment of such costs through escrow, upon closing of the sale of the Property. Such arrangements may be made so long as those arrangements do not unduly put Investor's investment into jeopardy.

5. SALE OF PROPERTY / PAYMENTS.

Upon closing of the sale of the Property, and through escrow, Investor's Investment Amount plus Investor's Profit, as well as any claims for reimbursement set forth in Section 8, shall be paid to the Investors.

Upon closing of the sale of the Property, and through escrow, Company's Contractor Fees, as well as any claims for reimbursement set forth in Section 8, shall be paid to the Company.

Upon closing of the sale of the Property, and through escrow, any unpaid Ownership and Development Costs (if any), and any unpaid monetary encumbrances (if any) shall be paid to the person or entity entitled to such payment.

In the event that the Net Profit is zero or less, then the Company shall not be paid any of its Company's Contractor Fees.

In the event that the Net Profit is zero or less even when Company's Contractor Fees are reduced to zero, then: (i) the Company shall not be paid any of its Company's Contractor Fees; (ii) The calculation of Net Profit in Section 1.9(k) will be made by using the amount of zero as "Company's Contractor Fees"; and (iii) Each Investor shall bear a loss in accordance with its Net Loss as set forth in Section 1.9(m).

IMPORTANT, PLEASE READ CAREFULLY:

INVESTOR ACKNOWLEDGES THAT THERE EXISTS RISKS TO HIS OR HER INVESTMENT AND THAT INVESTOR MAY LOOSE SOME OR ALL OF HIS OR HER INVESTMENT. SUCH RISKS INCLUDE, BUT ARE NOT LIMITED TO: MARKET CONDITIONS; PHYSICAL CONDITIONS OF THE PREMISES; CONDITIONS OF TITLE AND SURVEYS; UNANTICIPATED REPAIRS;

UNANTICIPATED SOIL CONDITIONS; UNVOLUNTARY ENCUMBRANCES; LATENT DEFECTS TO PROPERTY; DEFECTS OR PROBLEMS WITH TITLE AND BOUNDARY; ENVIRONMENTAL ISSUES; THE MANNER AND TYPE OF WORK PERFORMED BY SUBCONTRACTORS AND OTHER THIRD PARTIES; ACTS OF GOD; UNDISCLOSED OR UNANTICIPATED CLAIMS BY THIRD PARTIES REGARDING PROPERTY; LEGAL, REGULATORY AND/OR TAX ISSUES (INCLUDING CHANGES IN LAWS, REGULATIONS, AND TAX LAWS); ZONING ISSUES; AND OTHER FACTORS, SOME OF WHICH MAY BE BEYOND THE CONTROL OF COMPANY. COMPANY CANNOT MAKE ANY GUARANTEES REGARDING THE AMOUNT OF INVESTOR'S PROFIT UNDER THIS AGREEMENT. ANY FORMAL OR INFORMAL CALCULATION THAT HAS BEEN OR WILL BE MADE SHALL NOT CONSTITUTE A GUARANTEE OF INVESTOR'S PROFIT.

THE RISKS SET FORTH ABOVE DO NOT NECESSARILY DESCRIBE ALL OF THE RISKS OF THIS INVESTMENT. INVESTORS ARE ENCOURAGED TO ENGAGE IN "DUE DILIGENCE" AND PURSUE THEIR OWN INDEPENDENT INVESTIGATION OF THE PARTIES, THE PROPERTY, AND OF THIS INVESTMENT BEFORE SIGNING THIS AGREEMENT.

BY SIGNING THIS AGREEMENT, INVESTOR ACKNOWLEDGES THAT NO REPRESENTATIONS, WARRANTIES, OR PROMISES HAVE BEEN MADE BY THE COMPANY, ITS EMPLOYEES, AGENTS, REPRESENTATIVES, OWNERS, OR ATTORNEYS, EXCEPT FOR THOSE MADE BY THE COMPANY AS EXPLICITLY SET FORTH IN THIS AGREEMENT.

WHILE COMPANY WILL TAKE ALL REASONABLE STEPS TO PURCHASE AND SELL THE PROPERTY IN A REASONABLE TIME AND MANNER, THERE EXISTS FACTORS THAT MAY AFFECT THE TIMING, PRICING, AND OTHER CONDITIONS OF THE SALE OR PURCHASE OF THE PROPERTY. THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: MARKET CONDITIONS; PHYSICAL CONDITIONS OF THE PREMISES; CONDITIONS OF TITLE AND SURVEYS; UNANTICIPATED REPAIRS; UNANTICIPATED SOIL CONDITIONS; UNVOLUNTARY ENCUMBRANCES; LATENT DEFECTS TO PROPERTY; DEFECTS OR PROBLEMS WITH TITLE AND BOUNDARY; ENVIRONMENTAL ISSUES; THE MANNER AND TYPE OF WORK PERFORMED BY SUBCONTRACTORS AND OTHER THIRD PARTIES; ACTS OF GOD; UNDISCLOSED OR UNANTICIPATED CLAIMS BY THIRD PARTIES REGARDING PROPERTY; LEGAL, REGULATORY AND/OR TAX ISSUES; (INCLUDING CHANGES IN LAWS, REGULATIONS, AND TAX LAWS); ZONING ISSUES; AND OTHER FACTORS, SOME OF WHICH MAY BE BEYOND THE CONTROL OF COMPANY.

WHILE COMPANY DOES NOT ANTICIPATE THAT OTHER FUNDING WILL BE NECESSARY, COMPANY RESERVES THE RIGHT TO SEEK OTHER FUNDING, INCLUDING SECURED LOANS, AGAINST THE PROPERTY, SO LONG AS IT DOES SO IN A REASONABLE MANNER AND DOES NOT UNDULY JEOPARDIZE INVESTOR'S INVESTMENT IN LIGHT OF THE FACTORS SET FORTH ABOVE. IF SUCH ADDITIONAL FUNDING BECOMES NECESSARY, COMPANY SHALL BE SOLELY LIABLE TO REPAY SUCH OTHER FUNDING, AND SHALL BARE THE ENTIRE COST RELATED TO SUCH OTHER FUNDING, INCLUDING INTEREST. COMPANY SHALL INFORM ALL PARTIES IN WRITING PRIOR TO OBTAINING SUCH ADDITIONAL FINANCING.

COMPANY RESERVES THE RIGHT TO RENT THE PROPERTY, OCCUPY THE PROPERTY, OR MAKE OTHER USE TO THE PROPERTY DURING PERIODS OF ITS OWNERSHIP THAT IT DEEMS TO BE IN THE BEST INTEREST OF MAINTAINING THE VALUE OF THE PROPERTY. TO THE FULLEST EXTENT PERMITTED UNDER LAW, NEITHER COMPANY, NOR ITS OWNERS, AGENTS, EMPLOYEES, OR REPRESENTATIVES, SHALL ASSUME RISK OF LIABILITY REGARDING THE TIMING, PRICING, OWNERSHIP, OR OTHER CONDITIONS OF SALE OR PURCHASE OF THE PROPERTY, SO LONG AS SUCH PARTIES ACT WITH REASONABLY AND IN GOOD FAITH.

COMPANY RESERVES FULL RIGHTS OF OWNERSHIP TO THE PROPERTY, INCLUDING RIGHTS OF POSSESSION AND OCCUPANCY.

5. INSURANCE

Company agrees to procure, maintain, and pay for replacement value fire and other hazard insurance on the Property. Additionally, Company agrees to procure, maintain, and pay reasonable liability insurance in force at all times. If insurance proceeds are paid on account of any damage or destruction to the Property, those proceeds will be used to restore the Property unless Company and Investors (where such Investors represent 50% or more of the total Investment Amount) do not desire its restoration.

6. CONTRACTOR SERVICES.

The parties acknowledge that Company is a licensed contractor. Investors shall not provide any contracting services whatsoever, nor shall they arrange for nor assist in contracting services, nor shall they represent or hold themselves out to any third party or to the general public that they are engaged in such acts.

7. RENTAL INCOME.

Company has no present intention of using the Property for rental income. However, in the event that Company deems it necessary to rent the Property, then Company shall collect any and all rental income, and the amount of rental income shall not be considered in the calculation of the Investor's Profit.

8. ADDITIONAL RIGHTS OF REIMBURSEMENT.

To the extent that any Party (voluntarily or involuntarily) advances expenses, or bears cost or financial obligation in excess of that Party's obligations under this Agreement, then that Party shall be entitled to reimbursement through the proceeds of the sale of the Property, through escrow. By receiving such reimbursement through escrow, that Party reserves all rights and remedies set forth under applicable law or elsewhere in this Agreement.

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9. ACCOUNTING.

Investors shall be entitled to an accounting, and shall be provided with information regarding the status of the Property, at reasonable intervals and upon reasonable notice. Upon the distribution of funds as set forth in Section 5, Investors shall receive a written accounting. Such written accounting shall be deemed final as to an Investor, unless such Investor objects in writing within 30 days of receipt.

10. RECORD KEEPING / MANAGEMENT OF FUNDS.

Company shall maintain all records and documentation relating to the purchase, ownership, maintenance, development, and sale of the Property. Investors shall have reasonable access to such records and documentations. Funds relating to the investment, purchase, ownership, maintenance, development, and sale of the Property shall not be commingled with funds relating to any other property that Company owns or may own, and shall not be commingled with Angela Houillon Davis' and/or William Preyer Davis' personal or other business affairs.

11. CONTINGENCIES.

This Agreement is contingent upon Company purchasing from and owning the Property from a third party, free and clear of all encumbrances and claims, except for such encumbrances that are customarily permitted to be placed against the Property following closing. This Agreement is additionally contingent upon payment of monies by all Investors prior to the time that Company enters into a binding agreement with a third party for the purchase of the Property, in the full amount, in cash, as provided Section 1.3. If these contingencies are not met, Company shall reimburse all monies paid by Investors.

12. CONSTRUCTION LIENS.

Company will not permit any construction lien to be placed on the Property, without the written consent of the Investors. In the event that such liens are placed on the Property, Company shall be responsible for payment.

13. NATURE OF PROPERTY INTEREST.

This Agreement does not create, for the benefit of the Investors or any one of them, a secured, legal, and/or equitable interest in either the Property or in the Company.

14. PARTITION/ CONDEMNATION.

In the event that the Property is subject to a partition or condemnation action, the Property shall be sold, and proceeds and expenses shall be divided in accordance with this Agreement.

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15. INDEMNIFICATION.

Each Party (the "First Party") shall indemnify, defend, and hold the other Parties (individually and collectively the "Second Party") harmless against any and all claims arising out of the First Party's breach of this Agreement and/or arising from negligence primarily caused by the First Party, and shall pay the Second Party's for their reasonable attorney fees in defense of those claims. Such claims do not need to be fully litigated or reach a final judgment in order for the provisions of this Section 15 to apply. Notwithstanding the provisions of this paragraph, the Second Party reserves all rights of indemnification existing under law and in equity.

16. ATTORNEY FEES.

If any Party is required to employ an attorney to enforce the terms of this Agreement, to make a claim for damages arising out of this Agreement, or to obtain a declaration of rights arising out of this Agreement, the prevailing party will be entitled to recover its reasonable attorney fees, expenses, and court costs, including but not limited to the attorney fees, court costs, and expenses required on trial or appeal.

17. RULES OF CONSTRUCTION.

The Parties each acknowledge that they have reviewed this Agreement, and have been given an opportunity to consult with their own attorney before signing this Agreement. The rule of construction that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendment or exhibit to it.

18. FURTHER ASSURANCES.

The Parties will make, execute, and deliver any documents and undertake any other and further acts as may be reasonably necessary to carry out the intent of the Parties.

19. GOVERNING LAW.

This Agreement will be governed by and construed in accordance with the laws of the State of Oregon.

20. ENTIRE AGREEMENT.

This Agreement embodies the entire agreement between the Parties regarding the management of the Property and there are no oral or parol agreements, representations, or warranties existing between the Parties that are not expressly set forth in this Agreement.

21. MODIFICATION.

This Agreement cannot be modified, except in writing, signed by all the Parties.

22. TIME OF THE ESSENCE.

Time is of the essence in every provision of this Agreement.

23. TAXES

All Parties shall be responsible for payment of their respective income and/or capital gains taxes, if any. All Parties have been given an opportunity to consult with their own tax professional to understand and evaluate the tax obligations and consequences of this transaction, before signing this Agreement.

COMPANY

True Bread Properties, LLC
By: William Preyer Davis, Sole Manager

INVESTORS:

_____[signature]
By: _____ [print name]

_____[signature]
By: _____ [print name]

_____[signature]
By: _____ [print name]

_____[signature]
By: _____ [print name]

_____[signature]
By: _____ [print name]

INVESTMENT AGREEMENT

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1. RECITALS.

1.1 **Parties.** The Parties (the "Parties") to this Agreement (the "Agreement") are True Bread Properties, Inc., an Oregon S-corporation ("Company"); and the following parties identified in Section 1.3 (individually and collectively, the "Investors").

1.2 **Date.** This Agreement is dated: _____, 20__.

1.3 **Investors and Investment.**

<u>Investor</u>	<u>Amount of Investment</u>
_____	\$ _____ initials _____

This agreement will record an initial dollar amount invested. Additional investment contributions by this same investor will not require an additional investor agreement but will be recorded on quarterly Account Summary Statement.

1.4 **The Property.** The Parties to this Agreement contemplate that Company shall purchase, own, develop, and sell real property situated in the State of Oregon (hereinafter "the Property"). This agreement shall allow aforementioned investment dollars to be designated to one or more investment projects ("the Property"). The addresses of the Property will not be mentioned in this agreement because this agreement will also allow for continued re-investment of investment dollars into future investment projects upon the completion of initial projects. Re-investment will remain the option of the investor. The investor will also retain the option of removing the portion of his investment dollars that have been designated toward a specific project upon the completion of that project as described in Section 5.

ALL INVESTMENT PROJECTS WILL BE CARRIED OUT USING THE FOLLOWING TERMS AND PROCEDURES.

1.5 **Estimated Project Numbers:** The Company will deliver to investors via email a statement of estimated project Purchase Price, Closing Costs, Ownership and Development Costs, Sale Price, and Fees to Sell.

1.6 **Actual Project Numbers:** The Parties acknowledge that the actual Purchase Price, Closing Costs, Ownership and Development Costs, Sale Price, and Fees to Sell may vary from the "estimated Purchase Price, Closing Costs, Ownership and Development Costs, Sale Price, and Fees to Sell" set forth in Sections 1.5.

NOTE: UNLESS OTHERWISE SET FORTH EXPLICITLY, REFERENCES TO "PURCHASE PRICE," "CLOSING COSTS," "OWNERSHIP AND DEVELOPMENT COSTS," "SALE PRICE," AND "FEES TO SELL" IN THIS AGREEMENT SHALL REFER TO THE ACTUAL, AND NOT THE ESTIMATED, PURCHASE PRICE AND CLOSING COSTS.

1.7 **Company's Percentage Contractor Fee.** The Company's Percentage Contractor Fee shall be 25 %. This percentage is used to calculate the Company's actual Company's Contractor Fees. The calculation is set forth in Section 1.8(g).

1.8 **Definitions:**

- a. **Purchase Price:** This amount is the actual purchase price of the Property. This amount does not include closing costs that occur during the course of purchasing the Property, such as cost of title insurance, escrow fees, or other costs.
- b. **Closing Costs for the Purchase of the Property:** This amount is all of the actual closing costs that occur during the course of purchasing the Property, such as cost of title insurance, escrow fees, transactional costs, professional fees (if any), and other costs.
- c. **Ownership and Development Costs:** This is the amount of all costs incurred during the course of the ownership, maintenance, and development of the Property. It includes, among other things: insurance; property and transfer taxes (if any); property assessments (if any); all construction-related costs, materials, supplies, and contracted labor; professional fees (if any); bank fees; utilities; HOA fees (if any); repairs; subcontractors; permits; licenses; involuntary encumbrances and assessments that are not due to the fault of the Company (if any); voluntary encumbrances and assessments that are imposed in the regular course of contractor and development projects (if any); and all other costs and/or expenses relating to the ownership, maintenance, and development of the Property.

This amount does not include: Expenses that are directly relating the maintenance of Company's contractor license, such as contractor's required insurance costs, bonding, licensing fees, and other fees directly related to keeping Company's contractor license current and in good standing.

This amount also does not include: Company's "Contractor Fees," because it is defined separately in Section 1.8(g).

- d. Sale Price: This is the gross sales price of the Property to a third party.
- e. Closing Costs for the Sale of the Property: This is the amount of all actual closing costs that occur during the course of the sale of the Property to a third party, such as cost of title insurance, escrow fees, transactional costs, professional fees (if any), and other costs.
- f. Realtor Fees: This amount is all of the Realtors' fees and/or commissions in connection with the purchase and/or sale of the Property.
- g. Company's Contractor Fees. This is the amount that Company will be paid in its capacity as providing contracting services. It does not include Company's Contractor Costs or the costs of subcontractors and labor for other parties.

Company's Contractor Fees shall be defined as the Company's Percentage Contractor Fee as set forth in Section 1.7, multiplied by the following:

Sale Price; minus
Purchase Price; minus
Closing Costs for the Purchase of the Property; minus
Ownership and Development Costs; minus
Closing Costs for the Sale of the Property; minus
Realtor Fees.

- h. Investment Amount: This is the amount of each Investor's investment designated to the investment project, as set forth in Section 1.3 and 1.4.
- i. Investor's Percentage Investment: This amount is:
 $(\text{Investment Amount}) \div (\text{Purchase Price} + \text{Closing Costs for the Sale of the Property} + \text{Ownership and Development Costs})$
- k. Net Profit: This amount is:
Sale Price; minus
Purchase Price; minus
Closing Costs for the Purchase of the Property; minus
Ownership and Development Costs; minus
Closing Costs for the Sale of the Property; minus
Realtor Fees; minus
Company's Contractor Fees.
- l. Investor's Profit: This amount is:
Investor's Percentage Investment multiplied by Net Profit.
- m. Investor's Loss: This amount is:
Investor's Percentage Investment multiplied by Net Profit, where Net Profit is an amount of zero or less.

2. INTENTION OF PARTIES.

Company is a licensed contractor, in the business of purchasing, development, and selling real property. Company, using some of investor's funds, will purchase and develop the Property with the intention, in good faith, of increasing the market price of the Property. Upon development, Company intends to sell the Property to a third party for a profit.

3. TIMING OF INVESTOR'S PAYMENT OF INVESTMENT.

Investors shall pay Company the full amount of their Investment set forth in Section 1.3 prior to the time that Company enters into a binding agreement with a third party for the purchase of the Property. Company shall, in turn, use the Investment and its own funds, to purchase the Property.

4. TIMING OF COMPANY'S PAYMENTS OF COSTS

Without waiver of Company's rights of the payments from Investors, Company's reimbursement rights, and Company's indemnification rights (all as set forth elsewhere in this Agreement), Company shall be responsible to pay for all Ownership and Development Costs as those costs become due, as well as payment of any monetary encumbrances on the Property (if any).

Notwithstanding the foregoing, Company, in its sole discretion, reserves the right to make arrangements for payment of such costs through escrow, upon closing of the sale of the Property. Such arrangements may be made so long as those arrangements do not unduly put Investor's investment into jeopardy.

5. SALE OF PROPERTY / PAYMENTS.

Upon final calculations of Ownership and Development Costs after closing of the sale of the Property, Investor's Investment Amount plus Investor's Profit, as well as any claims for reimbursement set forth in Section 9, will be available to be paid to the Investors. Or the Investors may choose to keep their investment with True Bread Properties Inc. for additional investment project(s).

Upon final calculations of Ownership and Development Costs after closing of the sale of the Property, Company's Contractor Fees, as well as any claims for reimbursement set forth in Section 9, shall be paid to the Company.

Upon closing of the sale of the Property, and through escrow when possible, any unpaid Ownership and Development Costs (if any), and any unpaid monetary encumbrances (if any) shall be paid to the person or entity entitled to such payment.

In the event that the Net Profit is zero or less, then the Company shall not be paid any of its Company's Contractor Fees.

In the event that the Net Profit is zero or less even when Company's Contractor Fees are reduced to zero, then: (i) the Company shall not be paid any of its Company's Contractor Fees; (ii) The calculation of Net Profit in Section 1.8(k) will be made by using the amount of zero as "Company's Contractor Fees"; and (iii) Each Investor shall bear a loss in accordance with its Net Loss as set forth in Section 1.8(m).

IMPORTANT, PLEASE READ CAREFULLY:

INVESTOR ACKNOWLEDGES THAT THERE EXISTS RISKS TO HIS OR HER INVESTMENT AND THAT INVESTOR MAY LOSE SOME OR ALL OF HIS OR HER INVESTMENT. SUCH RISKS INCLUDE, BUT ARE NOT LIMITED TO: MARKET CONDITIONS; PHYSICAL CONDITIONS OF THE PREMISES; CONDITIONS OF TITLE AND SURVEYS; UNANTICIPATED REPAIRS; UNANTICIPATED SOIL CONDITIONS; UNVOLUNTARY ENCUMBRANCES; LATENT DEFECTS TO PROPERTY; DEFECTS OR PROBLEMS WITH TITLE AND BOUNDARY; ENVIRONMENTAL ISSUES; THE MANNER AND TYPE OF WORK PERFORMED BY SUBCONTRACTORS AND OTHER THIRD PARTIES; ACTS OF GOD; UNDISCLOSED OR UNANTICIPATED CLAIMS BY THIRD PARTIES REGARDING PROPERTY; LEGAL, REGULATORY AND/OR TAX ISSUES (INCLUDING CHANGES IN LAWS, REGULATIONS, AND TAX LAWS); ZONING ISSUES; AND OTHER FACTORS, SOME OF WHICH MAY BE BEYOND THE CONTROL OF COMPANY. COMPANY CANNOT MAKE ANY GUARANTEES REGARDING THE AMOUNT OF INVESTOR'S PROFIT UNDER THIS AGREEMENT. ANY FORMAL OR INFORMAL CALCULATION THAT HAS BEEN OR WILL BE MADE SHALL NOT CONSTITUTE A GUARANTEE OF INVESTOR'S PROFIT.

THE RISKS SET FORTH ABOVE DO NOT NECESSARILY DESCRIBE ALL OF THE RISKS OF THIS INVESTMENT. INVESTORS ARE ENCOURAGED TO ENGAGE IN "DUE DILIGENCE" AND PURSUE THEIR OWN INDEPENDENT INVESTIGATION OF THE PARTIES, THE PROPERTY, AND OF THIS INVESTMENT BEFORE SIGNING THIS AGREEMENT.

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WHILE COMPANY WILL TAKE ALL REASONABLE STEPS TO PURCHASE AND SELL THE PROPERTY IN A REASONABLE TIME AND MANNER, THERE EXISTS FACTORS THAT MAY AFFECT THE TIMING, PRICING, AND OTHER CONDITIONS OF THE SALE OR PURCHASE OF THE PROPERTY. THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: MARKET CONDITIONS; PHYSICAL CONDITIONS OF THE PREMISES; CONDITIONS OF TITLE AND SURVEYS; UNANTICIPATED REPAIRS; UNANTICIPATED SOIL CONDITIONS; UNVOLUNTARY ENCUMBRANCES; LATENT DEFECTS TO PROPERTY; DEFECTS OR PROBLEMS WITH TITLE AND BOUNDARY; ENVIRONMENTAL ISSUES; THE MANNER AND TYPE OF WORK PERFORMED BY SUBCONTRACTORS AND OTHER THIRD PARTIES; ACTS OF GOD; UNDISCLOSED OR UNANTICIPATED CLAIMS BY THIRD PARTIES REGARDING PROPERTY; LEGAL, REGULATORY AND/OR TAX ISSUES; (INCLUDING CHANGES IN LAWS, REGULATIONS, AND TAX LAWS); ZONING ISSUES; AND OTHER FACTORS, SOME OF WHICH MAY BE BEYOND THE CONTROL OF COMPANY.

WHILE COMPANY DOES NOT ANTICIPATE THAT OTHER FUNDING WILL BE NECESSARY, COMPANY RESERVES THE RIGHT TO SEEK OTHER FUNDING, INCLUDING SECURED LOANS, AGAINST THE PROPERTY, SO LONG AS IT DOES SO IN A REASONABLE MANNER AND DOES NOT UNDULY JEOPARDIZE INVESTOR'S INVESTMENT IN LIGHT OF THE

FACTORS SET FORTH ABOVE. IF SUCH ADDITIONAL FUNDING BECOMES NECESSARY, COMPANY SHALL BE SOLELY LIABLE TO REPAY SUCH OTHER FUNDING, AND SHALL BARE THE ENTIRE COST RELATED TO SUCH OTHER FUNDING, INCLUDING INTEREST. COMPANY SHALL INFORM ALL PARTIES IN WRITING PRIOR TO OBTAINING SUCH ADDITIONAL FINANCING.

COMPANY RESERVES THE RIGHT TO RENT THE PROPERTY, OCCUPY THE PROPERTY, OR MAKE OTHER USE TO THE PROPERTY DURING PERIODS OF ITS OWNERSHIP THAT IT DEEMS TO BE IN THE BEST INTEREST OF MAINTAINING THE VALUE OF THE PROPERTY. TO THE FULLEST EXTENT PERMITTED UNDER LAW, NEITHER COMPANY, NOR ITS OWNERS, AGENTS, EMPLOYEES, OR REPRESENTATIVES, SHALL ASSUME RISK OF LIABILITY REGARDING THE TIMING, PRICING, OWNERSHIP, OR OTHER CONDITIONS OF SALE OR PURCHASE OF THE PROPERTY, SO LONG AS SUCH PARTIES ACT WITH REASONABLY AND IN GOOD FAITH.

COMPANY RESERVES FULL RIGHTS OF OWNERSHIP TO THE PROPERTY, INCLUDING RIGHTS OF POSSESSION AND OCCUPANCY.

6. INSURANCE

Company agrees to procure, maintain, and pay for replacement value fire and other hazard insurance on the Property. Additionally, Company agrees to procure, maintain, and pay reasonable liability insurance in force at all times. If insurance proceeds are paid on account of any damage or destruction to the Property, those proceeds will be used to restore the Property unless Company and Investors (where such Investors represent 50% or more of the total Investment Amount) do not desire its restoration.

7. CONTRACTOR SERVICES.

The parties acknowledge that Company is a licensed contractor. Investors shall not provide any contracting services whatsoever, nor shall they arrange for nor assist in contracting services, nor shall they represent or hold themselves out to any third party or to the general public that they are engaged in such acts.

8. RENTAL INCOME.

Company has no present intention of using the Property for rental income. However, in the event that Company deems it necessary to rent the Property, then Company shall collect any and all rental income, and the amount of rental income and rental expenses (and income taxes relating thereto) shall be included in calculating Investor's Profit.

9. ADDITIONAL RIGHTS OF REIMBURSEMENT.

To the extent that any Party (voluntarily or involuntarily) advances expenses, or bears cost or financial obligation in excess of that Party's obligations under this Agreement, then that Party shall be entitled to reimbursement through the proceeds of the sale of the Property, through escrow. By receiving such reimbursement through escrow, that Party reserves all rights and remedies set forth under applicable law or elsewhere in this Agreement.

10. ACCOUNTING.

Investors shall be entitled to an accounting, and shall be provided with information regarding the status of the Property, at reasonable intervals and upon reasonable notice. Upon the distribution of funds as set forth in Section 5, Investors shall receive a written accounting. Such written accounting shall be deemed final as to an Investor, unless such Investor objects in writing within 30 days of receipt.

11. RECORD KEEPING / MANAGEMENT OF FUNDS.

Company shall maintain all records and documentation relating to the purchase, ownership, maintenance, development, and sale of the Property. Investors shall have reasonable access to such records and documentations. Funds relating to the investment, purchase, ownership, maintenance, development, and sale of the Property shall not be commingled with funds relating to any other property that Company owns or may own, and shall not be commingled with Angela Houillon Davis' and/or William Preyer Davis' personal or other business affairs.

12. CONTINGENCIES.

This Agreement is contingent upon Company purchasing from and owning the Property from a third party, free and clear of all encumbrances and claims, except for such encumbrances that are customarily permitted to be placed against the

Property following closing. This Agreement is additionally contingent upon payment of monies by all Investors prior to the time that Company enters into a binding agreement with a third party for the purchase of the Property, in the full amount, in cash, as provided Section 1.3. If these contingencies are not met, Company shall reimburse all monies paid by Investors.

13. CONSTRUCTION LIENS.

Company will not permit any construction lien to be placed on the Property, without the written consent of the Investors. In the event that such liens are placed on the Property, Company shall be responsible for payment.

14. NATURE OF PROPERTY INTEREST.

This Agreement does not create, for the benefit of the Investors or any one of them, a secured, legal, and/or equitable interest in either the Property or in the Company.

15. PARTITION/ CONDEMNATION.

In the event that the Property is subject to a partition or condemnation action, the Property shall be sold, and proceeds and expenses shall be divided in accordance with this Agreement.

16. INDEMNIFICATION.

Each Party (the "First Party") shall indemnify, defend, and hold the other Parties (individually and collectively the "Second Party") harmless against any and all claims arising out of the First Party's breach of this Agreement and/or arising from negligence primarily caused by the First Party, and shall pay the Second Party's for their reasonable attorney fees in defense of those claims. Such claims do not need to be fully litigated or reach a final judgment in order for the provisions of this Section 15 to apply. Notwithstanding the provisions of this paragraph, the Second Party reserves all rights of indemnification existing under law and in equity.

17. ATTORNEY FEES.

If any Party is required to employ an attorney to enforce the terms of this Agreement, to make a claim for damages arising out of this Agreement, or to obtain a declaration of rights arising out of this Agreement, the prevailing party will be entitled to recover its reasonable attorney fees, expenses, and court costs, including but not limited to the attorney fees, court costs, and expenses required on trial or appeal.

18. RULES OF CONSTRUCTION.

The Parties each acknowledge that they have reviewed this Agreement, and have been given an opportunity to consult with their own attorney before signing this Agreement. The rule of construction that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendment or exhibit to it.

19. FURTHER ASSURANCES.

The Parties will make, execute, and deliver any documents and undertake any other and further acts as may be reasonably necessary to carry out the intent of the Parties.

20. GOVERNING LAW.

This Agreement will be governed by and construed in accordance with the laws of the State of Oregon.

21. ENTIRE AGREEMENT.

This Agreement embodies the entire agreement between the Parties regarding the management of the Property and there are no oral or parol agreements, representations, or warranties existing between the Parties that are not expressly set forth in this Agreement.

22. MODIFICATION.

This Agreement cannot be modified, except in writing, signed by all the Parties.

23. TIME OF THE ESSENCE.

Time is of the essence in every provision of this Agreement.

24. TAXES

All Parties shall be responsible for payment of their respective income and/or capital gains taxes, if any. All Parties have been given an opportunity to consult with their own tax professional to understand and evaluate the tax obligations and consequences of this transaction, before signing this Agreement. The Company will provide at year-end an "Investor HUD Statement" for each investment project in which the Investor had investment dollars designated. This form will show the Investor's dollar amount contributed when Property was purchased, Investor's dollar amount received when Property was sold, and Investor's dollar amount withdrawn from their total investment with the Company (if any).

COMPANY

True Bread Properties, Inc.
By: William Preyer Davis, President

INVESTOR(S):

_____ [signature]
By: _____ [print name]

_____ [signature]
By: _____ [print name]