





US CAPITAL / NOBLE CAPITAL TEXAS REAL ESTATE INCOME FUND LP

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PRIVATE PLACEMENT OFFERING OF LIMITED PARTNERSHIP INTERESTS

AGGREGATE OFFERING PROCEEDS: UP TO \$250,000,000

Limited Partnership Interests

Minimum Investment: \$50,000 for Accredited Investors and \$5,000,000 for Qualified Purchasers

September 1, 2018



This Confidential Private Offering Memorandum ("Memorandum") has been prepared solely for the benefit of prospective interested investors in the proposed private placement of limited partnership interests (the "Interests" or "Partnership Interests") in US CAPITAL / NOBLE CAPITAL TEXAS REAL ESTATE INCOME FUND LP, a Delaware limited partnership (the "Fund" or the "Partnership"). The Partnership will be managed by US Capital Global Investment Management, LLC, a Delaware limited liability company ("US Capital Global Investment Management").

This Memorandum is being furnished to prospective investors on a confidential basis so that they may consider an investment in the Fund (described herein). By accepting this Memorandum, the recipient acknowledges and agrees that it (a) will maintain the information and data contained herein in the strictest of confidence and will not, in any circumstance whatsoever, reproduce this Memorandum or disclose any of the contents hereof to any other person and (b) will return this Memorandum to the General Partner if so requested by the Fund or if the recipient does not wish to pursue an investment in the securities offered hereby and will return to the Fund any other material that the recipient may have received from the Fund in the course of reviewing such investment.

	Price to Investors ¹	Estimated Selling Commissions ²	Estimated Fund Proceeds ³
Amount to be Raised Per Interest	\$1,000	\$0	\$1,000
Minimum Investment Amount ⁴	\$50,000	\$0	\$50,000
Maximum Offering Amount ⁵	\$250,000,000	\$0	\$250,000,000

CERTAIN TERMS OF THE OFFERING

1. The offering price to Investors was arbitrarily determined by the General Partner.

2. The Fund may engage selling agents to offer and sell interests in the Fund. US Capital Global Securities, LLC ("Agent"), an affiliate of the General Partner and a wholly owned subsidiary of US Capital Partners Inc., will act as placement agent for the Fund. Selling agents must be registered broker-dealers in every State in which they solicit. Such selling agents may be paid a commission which will be borne out of the General Partner's income or other related party to Noble Capital Group, LLC.

3. Net proceeds to the Fund are calculated before deducting organization and offering expenses. The expenses relating to this Offering include without limitation, organizational, printing, binding and miscellaneous expenses. The remaining Offering proceeds will be available for investment in assets pursuant to the business plan of the Fund. The General Partner will receive its compensation from a variety of sources, including, without limitation, a portion of the profits of the Fund. The Manager may,

in its sole and absolute discretion, elect to be responsible for some or all of the foregoing expenses related to the Offering, whether through direct payment of such expenses or reimbursement to the Fund of such expenses incurred.

4. Assumes the sale of the Minimum Investment Amount. Notwithstanding the foregoing, the Fund and General Partner reserve the right, in its sole and absolute discretion, to at any time, and for any reason or no reason, accept subscriptions in a lesser amount or to require a higher amount or to reject any subscription(s). The Fund may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Minimum Investment Amount in accordance with the provisions of the Partnership Agreement.

5. Assumes sale or ownership of the Maximum Offering Amount. It is possible that the Fund will sell less than the Maximum Offering Amount. The Fund may, at its sole and absolute discretion, at any time during the period of the Offering, increase or decrease the Maximum Offering Amount.

CERTAIN TERMS OF THE OFFERING

THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), NOR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE COMMISSIONER OF ANY SUCH AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THIS OFFERING IS MADE IN RELIANCE ON AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION PROVIDED BY SECTION 4(2) OF THE ACT, AND RULE 506(C) OF REGULATION D PROMULGATED THEREUNDER.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR IN ANY OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED. EACH PURCHASER OF THE INTERESTS OFFERED HEREBY MUST MEET CERTAIN QUALIFICATIONS SET FORTH BY THE GENERAL PARTNER AND MUST BE AN ACCREDITED INVESTOR (WITHIN THE MEANING OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT) OR A QUALIFIED CLIENT (WITHIN THE MEANING OF THE INVESTMENT ADVISERS ACT OF 1940).

THIS INVESTMENT INVOLVES A DEGREE OF RISK THAT MAY NOT BE SUITABLE FOR ALL PERSONS. AN INVESTMENT IN THE INTERESTS WILL INVOLVE SIGNIFICANT RISKS DUE TO, AMONG OTHER THINGS, THE NATURE OF THE FUND'S INVESTMENTS, WHICH WILL BE CHARACTERIZED BY A HIGH DEGREE OF RISK, VOLATILITY AND ILLIQUIDITY. INVESTORS SHOULD HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY THAT ARE CHARACTERISTIC OF THE INVESTMENT DESCRIBED HEREIN (SEE "RISK FACTORS"). INVESTORS MUST BE ABLE TO WITHSTAND A TOTAL LOSS OF THEIR INVESTMENT. THERE WILL BE NO PUBLIC MARKET FOR THE INTERESTS, AND THE INTERESTS, SUBJECT TO CERTAIN LIMITED EXCEPTIONS, WILL NOT BE TRANSFERABLE AND ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS UPON WITHDRAWAL.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THAT INFORMATION AND THOSE REPRESENTATIONS SPECIFICALLY CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM; ANY OTHER INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON. ANY PROSPECTIVE PURCHASER OF THE INTERESTS WHO RECEIVES ANY OTHER INFORMATION OR REPRESENTATIONS SHOULD CONTACT THE FUND IMMEDIATELY TO DETERMINE THE ACCURACY OF SUCH INFORMATION AND REPRESENTATIONS. NEITHER THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM NOR ANY SALES HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FUND OR IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS PRIVATE PLACEMENT MEMORANDUM SET FORTH ABOVE.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANTS AND OTHER ADVISORS AS TO LEGAL, TAX, BUSINESS, FINANCIAL, INVESTMENT, ERISA AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE INTERESTS.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN FROM OR THE TAX OR LEGAL CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP. NO ASSURANCE CAN BE GIVEN THAT EXISTING LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY, OR THAT INTERESTS CONSTITUTE A LEGAL INVESTMENT FOR ANY INVESTOR. EXCEPT FOR THE GENERAL PARTNER AND CERTAIN OTHER IDENTIFIED REPRESENTATIVES OF THE FUND, NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION RELATING TO THE FUND OR THE SECURITIES OFFERED HEREBY. EACH PROSPECTIVE INVESTOR WILL BE AFFORDED THE REASONABLE OPPORTUNITY TO (A) OBTAIN ALL ADDITIONAL INFORMATION WHICH IT MAY REASONABLY REQUEST RELATING TO THE FUND OR THIS OFFERING AND (B) ASK QUESTIONS OF THE GENERAL PARTNER CONCERNING THE TERMS AND CONDITIONS OF THE SECURITIES OFFERED HEREBY, ANY INFORMATION SET FORTH IN THIS MEMORANDUM, AND ANY SUPPLEMENTAL INFORMATION THAT MAY BE PROVIDED TO PROSPECTIVE INVESTORS BY THE GENERAL PARTNER.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, AND EXCEPT AS PERMITTED PURSUANT TO THE TERMS OF THE FUND'S PARTNERSHIP AGREEMENT. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE NOR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN INVESTIGATING THE FUND. EACH INVESTOR MUST CONDUCT AND RELY ON ITS OWN INVESTIGATION AND EVALUATION OF THE FUND AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE INTERESTS. SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE PURCHASE OF THE INTERESTS.

THE FUND CURRENTLY DOES NOT INTEND TO BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE COMPANY ACT OF 1940 AND THE GENERAL PARTNER AND THE MANAGEMENT COMPANY FOR THE FUND ARE NOT AND DO NOT INTEND TO BE REGISTERED AS INVESTMENT ADVISERS UNDER THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, OR UNDER THE LAWS OF ANY STATE OR FOREIGN JURISDICTION. CONSEQUENTLY, INVESTORS WILL NOT BE AFFORDED THE PROTECTIONS OF SUCH ACTS.

EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FUND AFTER THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS MEMORANDUM HAS BEEN COMPILED FROM SOURCES BELIEVED RELIABLE. ALL PERFORMANCE FIGURES ARE HISTORICAL AND PAST PERFORMANCE OF THE GP MANAGING MEMBERS, THE GENERAL PARTNER OR ITS AFFILIATES IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS OF THE FUND.

THIS MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FUND'S PARTNERSHIP AGREEMENT. IN ORDER TO EFFECTUATE THE PURCHASE OF THE INTERESTS, A PROSPECTIVE INVESTOR WILL BE REQUIRED TO EXECUTE A PARTNERSHIP AGREEMENT AND OTHER SUBSCRIPTION DOCUMENTS. IN THE EVENT THAT ANY OF THE TERMS, CONDITIONS OR OTHER PROVISIONS OF SUCH AGREEMENTS ARE INCONSISTENT OR CONTRARY TO THE DESCRIPTIONS AND TERMS IN THIS MEMORANDUM, SUCH AGREEMENTS SHALL CONTROL.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE GENERAL PARTNER, THE GENERAL PARTNER'S MANAGING MEMBERS, THE FUND OR ANY OF THEIR RESPECTIVE AFFILIATES, OR ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING AS LEGAL, TAX, OR INVESTMENT ADVICE. PRIOR TO ACQUIRING AN INTEREST, EACH INVESTOR SHOULD CONSULT WITH AND RELY ON ITS OWN LEGAL, INVESTMENT, TAX, ACCOUNTING OR OTHER ADVISORS AS TO LEGAL, TAX, AND ECONOMIC IMPLICATIONS OF THE INVESTMENT DESCRIBED HEREIN AND ITS SUITABILITY FOR SUCH INVESTOR.

CERTAIN INFORMATION IN THIS MEMORANDUM (INCLUDING FINANCIAL INFORMATION AND INFORMATION CONCERNING PORTFOLIO COMPANIES) HAS BEEN OBTAINED FROM PUBLISHED AND NON-PUBLISHED SOURCES. WHILE SUCH INFORMATION IS BELIEVED TO BE ACCURATE, IT HAS NOT BEEN INDEPENDENTLY VERIFIED BY THE GENERAL PARTNER. NEITHER THE GENERAL PARTNER NOR ANY OF ITS AFFILIATES MAKE ANY REPRESENTATIONS OR WARRANTIES, AND NOTHING CONTAINED HEREIN IS, OR SHALL BE RELIED ON AS, A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE FUND.

THE FUND INTENDS TO COMPLY WITH APPLICABLE ANTI-MONEY LAUNDERING REGULATIONS. IN ADDITION, MANY JURISDICTIONS ARE IN THE PROCESS OF CHANGING OR CREATING ANTI-MONEY LAUNDERING, EMBARGO AND TRADE SANCTIONS, OR SIMILAR LAWS, REGULATIONS, REQUIREMENTS (WHETHER OR NOT WITH FORCE OF LAW) OR REGULATORY POLICIES AND MANY FINANCIAL INTERMEDIARIES ARE IN THE PROCESS OF CHANGING OR CREATING RESPONSIVE DISCLOSURE AND COMPLIANCE POLICIES (COLLECTIVELY "REQUIREMENTS") AND THE FUND COULD BE REQUESTED OR REQUIRED TO OBTAIN CERTAIN ASSURANCES FROM APPLICANTS SUBSCRIBING FOR INTERESTS, DISCLOSE INFORMATION PERTAINING TO THEM TO GOVERNMENTAL, REGULATORY OR OTHER AUTHORITIES OR TO FINANCIAL INTERMEDIARIES OR ENGAGE IN DUE DILIGENCE OR TAKE OTHER RELATED ACTIONS IN THE FUTURE. IT IS THE FUND'S POLICY TO COMPLY WITH REQUIREMENTS TO WHICH IT IS OR MAY BECOME SUBJECT TO AND TO INTERPRET THEM BROADLY IN FAVOUR OF DISCLOSURE. EACH APPLICANT WILL BE REQUIRED TO AGREE IN THE SUBSCRIPTION AGREEMENT, AND WILL BE DEEMED TO HAVE AGREED BY REASON OF OWNING ANY LIMITED PARTNERSHIP INTERESTS, THAT IT WILL PROVIDE ADDITIONAL INFORMATION OR TAKE SUCH OTHER ACTIONS AS MAY BE NECESSARY OR ADVISABLE FOR THE FUND (IN THE SOLE JUDGMENT OF THE GENERAL PARTNER) TO COMPLY WITH ANY REQUIREMENTS, RELATED LEGAL PROCESS OR APPROPRIATE REQUESTS (WHETHER FORMAL OR INFORMAL) OR OTHERWISE. EACH APPLICANT BY EXECUTING THE SUBSCRIPTION AGREEMENT AND BY OWNING INTERESTS IS DEEMED TO HAVE CONSENTED, TO DISCLOSURE BY THE FUND AND ITS AGENTS TO RELEVANT THIRD PARTIES OF INFORMATION PERTAINING TO IT IN RESPECT OF REQUIREMENTS OR INFORMATION REQUESTS RELATED THERETO. FAILURE TO HONOR ANY SUCH REQUEST MAY RESULT IN REDEMPTION BY THE FUND OR A FORCED SALE TO ANOTHER INVESTOR OF SUCH APPLICANT'S LIMITED PARTNERSHIP INTERESTS. ANY INFORMATION CONTAINED ON ANY WEBSITE FOR THE FUND, THE GENERAL PARTNER OR ANY OF THEIR RESPECTIVE AFFILIATES IS NOT PART OF THE INFORMATION SET FORTH IN THIS MEMORANDUM.

CAUTIONARY NOTE ABOUT FORWARD LOOKING STATEMENTS

THIS MEMORANDUM INCLUDES "FORWARD-LOOKING STATEMENTS" AS THAT TERM IS USED IN SECURITIES LAWS. SOME OF THE MATTERS DISCUSSED IN THIS MEMORANDUM, INCLUDING, BUT NOT LIMITED TO, UNDER THE CAPTIONS "EXECUTIVE SUMMARY," "FUND OBJECTIVE", "BACKGROUND AND RATIONALE OF THE FUND", "MARKET OPPORTUNITY", "INVESTMENT STRATEGY AND PROCESS", "SUMMARY OF FUND TERMS," "INVESTMENT OBJECTIVES AND POLICIES," AND "SUMMARY OF PRINCIPAL TERMS" CONTAIN FORWARD-LOOKING STATEMENTS. THESE STATEMENTS RELATE TO, AMONG OTHER ITEMS, RETURN OF THE FUND, MARKET OPPORTUNITY, GOALS FOR THE FUND, EXPECTATIONS OF WORKING ENVIRONMENT, KEY DIFFERENTIATORS OF THE FUND AND STRATEGY FOR THE FUND. IN SOME CASES, YOU CAN IDENTIFY FORWARD-LOOKING STATEMENTS BY TERMINOLOGY SUCH AS "ANTICIPATES," "BELIEVES," "AIMS", "MAY," "ESTIMATES," "SEEKS," "EXPECTS," "PLANS," "WILL," "INTENDS", "SHOULD", AND SIMILAR EXPRESSIONS. ALTHOUGH THE GENERAL PARTNER BELIEVES THAT THE EXPECTATIONS REFLECTED IN THOSE FORWARD-LOOKING STATEMENTS ARE REASONABLE, AND HAS BASED THOSE STATEMENTS ON THE BELIEFS OF, AND ASSUMPTIONS MADE BY, THE GENERAL PARTNER, SUCH EXPECTATIONS MAY PROVE TO BE INCORRECT. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM SUCH EXPECTATIONS INCLUDE, WITHOUT LIMITATION, FAILURE BY ONE OR MORE PORTFOLIO COMPANIES TO BE SUCCESSFUL, FAILURE OF THE GENERAL PARTNER TO RAISE SUFFICIENT CAPITAL FOR THE FUND AND GENERAL ECONOMIC AND MARKET CONDITIONS. FOR INFORMATION ABOUT FACTORS THAT COULD CAUSE THE FUND'S ACTUAL RESULTS TO DIFFER FROM THE EXPECTATIONS STATED IN THE FORWARD-LOOKING STATEMENTS, SEE THE SECTION ENTITLED "RISK FACTORS." THE GENERAL PARTNER URGES YOU TO CONSIDER THOSE FACTORS CAREFULLY IN EVALUATING THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS MEMORANDUM. ALL SUBSEQUENT WRITTEN OR ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE GENERAL PARTNER OR ANY PERSONS ACTING ON BEHALF OF THE GENERAL PARTNER ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THESE CAUTIONARY STATEMENTS. THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS MEMORANDUM ARE MADE ONLY AS OF THE DATE OF THIS MEMORANDUM. THE GENERAL PARTNER AND ITS MANAGEMENT DO NOT INTEND, AND UNDERTAKE NO OBLIGATION, TO UPDATE THESE FORWARD-LOOKING STATEMENTS EXCEPT AS REQUIRED BY LAW. FURTHERMORE, EXCEPT AS OTHERWISE INDICATED, THE INFORMATION CONTAINED IN THIS MEMORANDUM HAS BEEN COMPLIED AS OF THE DATE OF THIS MEMORANDUM AND THERE IS NO OBLIGATION TO UPDATE THIS MEMORANDUM. UNDER NO CIRCUMSTANCES SHOULD THE DELIVERY OF THIS MEMORANDUM. CREATE ANY IMPLICATION THAT THERE HAS BEEN CHANGE IN THE AFFAIRS OF THE FUND OR THE GENERAL PARTNER SINCE THE DATE HEREOF.

THE SUITABILITY STANDARDS REPRESENT MINIMUM STANDARDS FOR PROSPECTIVE INVESTORS. THE SATISFACTION OF SUCH STANDARDS BY A PROSPECTIVE INVESTOR DOES NOT NECESSARILY MEAN THAT INVESTMENT IN THE FUND IS A SUITABLE INVESTMENT FOR THAT INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD DETERMINE INDEPENDENTLY WHETHER AN INVESTMENT IN THE FUND IS SUITABLE TO THAT INVESTOR IN LIGHT OF THE INVESTOR'S OWN PERSONAL CIRCUMSTANCES.

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CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

of

US CAPITAL / NOBLE CAPITAL TEXAS REAL ESTATE INCOME FUND LP

LIMITED PARTNERSHIP INTERESTS

I. EXECUTIVE SUMMARY

The Fund Objective

The Fund's objective is to preserve principal, provide current income, and achieve returns primarily through senior secured first-lien mortgages on residential real estate. (See "Investment Strategy and Process" below.) Notwithstanding the foregoing, the Fund reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loans it originates, acquires, and/or otherwise invests in. The Fund intends to make loans to businesses engaged in development, construction, and renovation activities, primarily in the state of Texas. The Fund will focus on making debt investments, directly and indirectly, by originating, acquiring, making, funding, purchasing, and/ or otherwise selling business purpose loans. Borrowers will include single-family residential (SFR) real estate developers who obtain a loan to acquire, renovate, and sell or refinance one or more homes. Each loan will be secured by a lien against the subject property at minimum and may also encumber additional real estate as determined by the Manager and Investment Committee. Notwithstanding the foregoing, the Fund reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loans it originates, acquires, and/or otherwise invests in.

The Fund will target single and multi-family residential properties located primarily in the state of Texas and will use a range of transaction structures which will vary with respect to size and return. The origination and execution team, as part of Noble Capital Group, LLC, a Texas limited liability company (the "Manager" or "Noble Capital"), has historically demonstrated sufficient proprietary flow of investment opportunities to meet the needs of the Fund, through its subsidiary, Streamline Funding Group. The Manager will support the Fund's investment activities and help identify potentially attractive investment opportunities.

Background and Rationale of the Fund

The General Partner: US Capital Global Investment. Management, LLC

US Capital Global Investment Management, LLC, a Delaware limited liability company ("US Capital Global Investment Management," or the "General Partner") is a private investment management firm based in San Francisco, California. US Capital Global Investment Management was founded by Jeffrey Sweeney as an alternative asset manager that leverages a verified track-record of successful fund management and of debt and equity investments in small and mediumsized businesses (SMBs). US Capital Global Investment Management offers both independent investors and institutional investors an opportunity to invest in a variety of carefully managed funds designed to be appropriate for the different risk tolerances and investment objectives of accredited investors.

The Investment Committee: Noble Capital and the General Partner

The General Partner and Noble Capital (the "Manager") have formed the Investment Committee to assist the General Partner in making its investment decisions. Noble Capital is a vertically integrated series of real estate service companies operating in Texas. The Manager is set up to handle all aspects of the small-balance real estate lending business including originations, servicing, account management, and workouts. The Manager commenced operations in Austin in 2002 and has since grown to become a leading private money lender in the Texas single-family real estate market. Noble Capital will leverage its track record in the Texas market to originate transactions that match the Fund's investment criteria and provide ongoing portfolio management, originations, structuring, and servicing capabilities through its subsidiaries.

The Founder and Managing Partner: Jeffrey Sweeney

A seasoned industry veteran with deep experience in structured debt finance, Jeffrey Sweeney is Chairman and CEO at US Capital Global, a full-service private financial group headquartered in San Francisco, CA. Since 1998, the US Capital Global team has been providing well-structured, custom financing solutions to private and public companies with \$5 million to \$100 million in sales. The group makes direct debt investments between \$500,000 and \$50 million, participates in debt facilities, and originates and carries out due diligence on debt and equity private placements. The group also offers financial advisory services for capital formation through private placements, including early-stage or later-stage financings requiring equity or debt and buy-side and sell-side M&A through its registered broker dealer entity, US Capital Global Securities, LLC.

Until September 2014, Mr. Sweeney served as a Managing Partner at Breakwater Investment Management, LLC ("Breakwater"), a Los Angeles-based private investment firm that is the General Partner of Breakwater Structured Growth Opportunities Fund LP (the "Prior Fund").¹ The investment objective of the Prior Fund was to generate both current income and capital appreciation through direct debt investments accompanied with equity participation rights, primarily in growth-oriented companies in the United States. In 2009, as a Managing Partner, Mr. Sweeney established the Prior Fund and was primarily responsible for architecting its structure, strategy, and portfolio management techniques. A lead member of the Prior Fund's Investment Committee, Mr. Sweeney played a key role in approving the Prior Fund's investments and also brought in a majority of its investors. The Prior Fund developed an impressive five-year track record from its inception in early 2009, despite the slow and drawn-out economic recovery and ongoing turbulence in the global markets. In 2014, Mr. Sweeney sold his

interest and formally separated from the management of the Prior Fund, freeing him to create US Capital Global Investment Management, LLC and establish a family of US Capital funds focusing on attractive market niches and alternative asset management strategies.

In 2015, Mr. Sweeney launched US Capital Business Credit Income Fund, a \$250 million fund that aims to both preserve principal and achieve consistent attractive returns by making primarily senior debt investments in small and lower middle market private and public companies located primarily in the United States. Mr. Sweeney is now launching US Capital / Noble Capital Texas Real Estate Income Fund LP.

Rationale of US Capital / Noble Capital Texas Real Estate Income Fund LP

The General Partner's goal in setting up the Fund is to provide attractive risk-adjusted returns for its Limited Partners, with such returns paid quarterly and in cash at a Limited Partner's option, as current interest income. These returns are calculated based on the average capital called by the General Partner from the Custodial Account.

Market Opportunity

Residential housing remains a strong economy in the United States.² Housing prices have continued to rise year-over-year for 24 consecutive month, as demand continues to outstrip supply in most regions of the US.³ Currently, there are 1-2 million fewer units in the US than there should be based on population growth.⁴

The Texas market is an ideal geography for a short-term real estate credit strategy. With five large and fastgrowing major metros, all under the same lender-friendly legal structure, Texas provides a variety of markets among which to spread risk that are diverse in both population demographics and geographic distance.

^{1.} On November 12, 2014, Breakwater Structured Growth Opportunities Fund LP changed its name to Breakwater Credit Opportunities Fund LP.

^{2.} Ellen Paris, "Real Estate Market For Spring 2018 Is A Good News/Bad News Story," Forbes [website], April 23, 2018.

^{3.} Ibid. As of April 23, 2018.

^{4.} Ibid. As of April 23, 2018.

Investment Strategy

The Fund will primarily make senior secured loans to residential real estate development, renovation, and construction companies, located primarily in the Texas region of the United States. The Fund will use a variety of transaction structures, but will primarily offer loans through senior secured, first-lien real estate mortgages.

The Fund will focus on making debt investments by originating, acquiring, making, funding, purchasing, and/or otherwise selling of business purpose loans. Borrowers will include single-family residential (SFR) real estate developers who obtain a loan to acquire, renovate, and sell or refinance one or more homes. Each loan will be secured by a lien against the subject property at minimum and may also encumber additional real estate as determined by the Manager and Investment Committee.

Investment Team

The General Partner and Noble Capital is led by asset management industry veterans with significant fund management, investment banking, financial advisory, operational, and direct investing experience. The General Partner believes that it has the skills, experience, and track-record to professionally manage an investment fund of this nature. The Manager will originate transactions and structure debt financing in an effective manner while seeking strong, consistent returns for the Fund and diligently protecting against downside principal risk through prudent diligence, collateral management, and expert workout, if necessary.

II. FORWARD LOOKING STATEMENTS

Investors should not rely on forward-looking statements because they are inherently uncertain. Investors should not rely on forward-looking statements in this Memorandum. This Memorandum contains forwardlooking statements that involve risks and uncertainties. We use words such as "anticipated," "projected," "forecasted," "estimated," "prospective," "believes," "expects," "plans," "future," "intends," "should," "can," "could," "might," "potential," "continue," "may," "will," and similar expressions to identify these forward-looking statements. Investors should not place undue reliance on these forward-looking statements, which may apply only as of the date of this Memorandum.

III. TERMS OF THE OFFERING

The following information is presented as a summary of certain of the Fund's terms and is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum. This Memorandum, together with the Second Amended and Restated Limited Partnership Agreement of the Fund (the "Partnership Agreement"), which will be provided to all prospective investors in the Fund, should be carefully read in its entirety before any investment decision is made. If there is a conflict between the terms contained in this Memorandum and the Partnership Agreement, the Partnership Agreement shall prevail and control.

The Fund

US Capital / Noble Capital Texas Real Estate Income Fund LP, a Delaware limited partnership (the "Fund" or "Partnership").

The General Partner

US Capital Global Investment Management, LLC, a Delaware limited liability company, is the General Partner of the Fund. The contact information for the Fund and General Partner are as follows:

Address: 555 Montgomery Street, Suite 1501, San Francisco, CA 94111; Telephone: (415) 889-1010 Email: info@uscapglobal.com

Investment Objective and Strategy

The Fund's investment objective is to preserve principal, provide current income, and achieve consistent returns primarily through senior secured first-lien mortgages on residential real estate. The Fund intends to achieve this by primarily making senior secured debt investments in residential real estate development, renovation and construction companies located primarily in the state of Texas. The Fund will use a range of transaction structures which will vary with respect to size and return. (See "Investment Strategy and Process" below.)

To identify potentially attractive investment opportunities, the Fund will be supported by Noble Capital (the Manager). The Fund will use both the General Partner's and Noble Capital's extensive network of contacts, relationships with private lenders and real estate brokers, and robust direct marketing program to thousands of real estate-related businesses across the United States. The selection and screening process will rely on (i) selecting opportunities from a very large pool of engaged investment opportunities, (ii) rigorous evaluation of the borrower' financial history and its management team, and (iii) the investigation and evaluation of the real estate and other assets that will be subject to the loan.

General Partner

The General Partner has the general supervisory responsibility and authority for all aspects of the Fund's business and operations. The General Partner will also serve as the investment manager and adviser to the Fund. As such, the General Partner is also responsible for the day-to-day portfolio management of the Fund's investments. The General Partner may be considered an investment adviser under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), but it intends to rely on an exemption from registration as an investment adviser. The General Partner intends to satisfy all federal and state filing and other requirements applicable to an exempt reporting adviser.

Jeffrey Sweeney is Founder and Co-Managing Partner of the General Partner, and Charles Towle is the other Co-Managing Partner at the firm.

Fiscal Year

The fiscal year of the Fund ends on December 31.

Investment Period

The Fund is an open-ended fund. There is a two-year lock-up period for each Limited Partner (whereas the

Limited Partner's investment will be held in the Custodial Account). Both before and after lock-up period, Limited Partners may elect to receive cash distributions from their Custodial Accounts, subject to certain limitations. Limited Partners who make redemption requests and choose to withdraw from the Fund will receive returns from investments, including payments of interest and repayments of principal, on a quarterly basis as such investments amortize out.

Committed Capital; Offering

The Fund is seeking limited partner commitments aggregating up to \$250,000,000, including the General Partner's commitment (each, a "Capital Commitment" and, collectively, the "Capital Commitments"). The aggregate Capital Commitments may include such Commitments received by one or more Parallel Funds (as defined below) that invest substantially all of their assets in the Fund. See "Parallel Investment Entities" below.

Limited Partners will be required to fund the entire amount of their Capital Commitments upon closing of their investment in the Fund, unless otherwise agreed in writing by the General Partner. Limited Partner Capital Commitments will be placed into a custodial capital call account (the "Custodial Account"). The Custodial Account will be drawn upon by the General Partner, as needed and without prior notice to the Limited Partners, to fund transactions approved for the Fund portfolio. Limited Partners will earn 100% of the interest accrued at a money market interest rate on capital placed in the Custodial Account attributable to the respective Limited Partners, which interest will remain in the Custodial Account and be available to be drawn by the General Partner for Fund transactions. The balances attributable to each Limited Partner in the Custodial Account, at the previous month end, will be drawn down on a proportional basis for allocation to the Fund's investments. Limited Partner Capital Commitments placed into the Custodial Account will be locked up in the Custodial Account for a period of twenty-four (24) months beginning from the date of any such Capital Commitment (the "Lock-Up Period"). Any drawdowns by

the Fund from the Custodial Account and any payments by the Fund into the Custodial Account will not reset the Lock-Up Period. The General Partner may, in its sole discretion, also waive the Lock-Up Period.

Minimum Investment

The minimum Capital Commitment of a Limited Partner in the Fund (collectively, the "Limited Partners") will be \$50,000 for accredited investors and \$5,000,000 for Qualified Purchasers. Notwithstanding the foregoing, the General Partner, in its sole and absolute discretion, may adjust the minimum Capital Commitment at any time and for any reason (or no reason) and thereby require either a higher or lesser amount. The General Partner and the Limited Partners shall be collectively as the "Partners".

General Partner Management Fee

The Fund will pay the General Partner or its designated affiliate, at the end of each fiscal quarter, a management fee ("Management Fee") equal to 0.5% per fiscal quarter (2% per annum) of total Assets Under Management (determined before the deduction of expenses and allocation of the Incentive Allocation). "Assets Under Management" means the total Partnership assets including, cash, the cost of the non-publicly traded securities and investments, Portfolio Securities, Money Market Investments, real estate owned (at the lower of cost or fair market value), accounts receivables, unamortized organizational expenses, the market value of any publicly traded securities, loan assets and other equity investments, and any other Partnership assets (valued at fair market value), as of the close of business on the last business day of the guarter. In addition, if the Fund employs leverage, prospective investors should understand that the General Partner will be paid the Management Fee based on the total investments of the Fund. The terms "Portfolio Securities" and "Money Market Investments" shall have the meaning ascribed to them in Section 14 of the Partnership Agreement.

The General Partner may, at its sole discretion, credit up to one-half percent (0.50%) of its Management Fee to the Capital Accounts of Limited Partners who have been introduced to the Partnership by a registered investment advisor.

Preferred Returns

The Limited Partners will generally be entitled to receive an amount equal to a 2.0625% net realized return for that fiscal quarter on their capital from the Custodial Account (the "Preferred Return"). The Preferred Return shall be payable prior to any net profit to the Partners, including Incentive Allocation to the General Partner. However, all fees and costs, including the Management Fee, other than the net profit (including Incentive Allocation to the General Partner), will be paid prior to the Preferred Return.

The Preferred Return shall be calculated and tracked separately for each Limited Partner. If the General Partner makes a capital contribution to the Fund, the General Partner shall be treated as a Limited Partner for the purpose of allocating realized gains and income to the extent of such capital contribution. If the Preferred Return is not met in any fiscal quarter, it will not carry over to subsequent fiscal quarters. The Partners' share of profits in respect of the last fiscal quarter of the fiscal year may be subject to adjustment at fiscal year-end following the annual audit.

All returns from Investments, including payments of interest and repayments of principal by borrowers, will be paid into the Custodial Account after covering any expenses, liabilities and obligations of the Fund. Returns are calculated based on the average capital called by the General Partner from the Custodial Account.

Net Profit or Loss

Any net Profit in excess of the Preferred Return for each fiscal quarter shall be distributable to the Partners on a quarterly basis, as follows: fifty percent (50%) to the Limited Partners in proportion to their Partnership Percentages and fifty percent (50%) to the General Partner (such fifty percent (50%) referred to as the "Incentive Allocation"). If the Fund should incur a net loss in any fiscal quarter, such loss generally will be allocated among the Partners in accordance with the Partners' respective percentage ownership interests in the Fund. As used herein, the term "Profit" shall have the meaning ascribed to it in Section 14 of the Partnership Agreement.

Net Profit in excess of the Preferred Return shall only be distributed to the extent cash is available and provided that the quarterly distribution will not impact the continuing operation of the Fund.

Election of Realized Gains Income Distribution

Both during and after the expiration of the Lock-Up Period, Limited Partners may elect to receive cash distributions from their Custodial Account of 100% of their realized gains income each fiscal quarter, calculated net of the Fund's expenses. Any such election by a Limited Partner will not be treated as a request by that Limited Partner to withdraw fully from the Fund (a "Redemption Request"). If a Limited Partner elects not to receive cash distributions of realized gains income, such income shall be used proportionately from their Custodial Account to fund any Investments, as needed, and cannot subsequently be withdrawn by a Limited Partner without triggering a Redemption Request.

Auditors

The Fund's auditors are Cropper Accountancy Corporation, which is an independent certified public accountant that is registered with, and subject to regular examination by, the Public Company Accounting Oversight Board. The General Partner may change the Fund's auditors at its discretion.

Fund Administrator

Perennial Fund Services, LLC (the "Fund Administrator") is responsible for the administrative functions of the Fund. The Fund Administrator performs certain administrative, accounting, registrar and transfer agency services for the Fund subject to the overall supervision of the General Partner. The Fund will pay the Fund Administrator a fee for its services. The General Partner may change the Fund Administrator at its discretion.

Investor Qualifications

The Fund will offer and sell interests only to a limited number of investors who shall be required to represent and verify that they are both "accredited investors," as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and "qualified clients" as defined under the Investment Advisers Act. The Fund intends to rely on Section 3(c)(5) of the Investment Company Act of 1940, as amended (the "1940 Act"). The General Partner may, in its discretion, elect to sell interests solely to "qualified purchasers" (as defined under the 1940 Act), in which case the Fund will rely on Section 3(c)(7) of the 1940 Act.

Placement Agent

The Fund may engage selling agents to offer and sell interests in the Fund. US Capital Global Securities, LLC ("Agent"), an affiliate of the General Partner and, will act as placement agent for the Fund.

Selling agents must be registered broker-dealers in every State in which they solicit. Such selling agents may be paid a commission which will be borne out of the General Partner's income and/or equity ownership in the General Partner.

Closing

There is no closing date for the Fund. The Fund is an open-ended fund.

Additional Contributions, Closings

Limited Partners may increase their respective Capital Commitments in \$50,000 increments, subject to the discretion and timing required by the General Partner.

Term

The term of the Fund will terminate on the earliest of: (i) the bankruptcy, dissolution or withdrawal of the General Partner and (ii) the election, in the sole discretion of the General Partner, to dissolve the Fund.

Withdrawals

During the Lock-Up Period, a Limited Partner cannot withdraw any funds from the Custodial Account other than by electing to receive cash distributions of realized gains income by providing a written notice to the General Partner at least twenty (20) business days prior to the beginning of the fiscal quarter in which such election is intended to be effective to receive cash distributions of realized income and gain. Notwithstanding the foregoing, the General Partner and Fund are not under any circumstances obligated to liquidate any assets in any efforts to accommodate or facilitate any request for withdrawal or redemption from the Fund. All withdrawal of funds shall be subject to, among other thing, the Fund's then cash flow, financial condition, and prospective transactions in assets.

After the expiration of the Lock-Up Period, a Limited Partner can at any time choose to withdraw from the Fund in full by making a written request to the General Partner in a form provided by the General Partner (the "Redemption Request"). In such event, all funds in the Custodial Account attributable to that Limited Partner will be paid out to that Limited Partner on the last business day of the fiscal guarter which is at least twenty (20) Business Days prior to the end of the fiscal quarter in which the Redemption Request was received, except to the extent necessary to: (i) fund investments with respect to which the Fund has entered into a term sheet engagement or binding written commitment on or prior to the Redemption Request; (ii) effect followon investments in existing Investments with respect to which the Fund has entered into a term sheet engagement or binding written commitment on or prior to the Redemption Request; (iii) repay any advances made by a creditor of the Fund to fund existing Investments and secured by the Capital Commitments in the Custodial Account; and (iv) cover expenses, liabilities and obligations of the Fund. Thereafter, all returns attributable to that Limited Partner from investments, including payments of interest and repayments of principal by Portfolio Companies⁵, will be

paid out guarterly to such Limited Partner as they are received in the Custodial Account, or at such earlier time as may be determined by the General Partner in its sole and absolute discretion. In other words, such Limited Partner will be paid out as investments by the Fund amortize out. The General Partner anticipates that the maturity period of investments is generally between ten to twelve (10-12) months. If there is liquidity in the Fund, a Limited Partner making a Redemption Request may be paid out earlier, at the discretion of the General Partner. A Redemption Request, once received by the General Partner, cannot be withdrawn by the Limited Partner. The General Partner may, in its sole and absolute discretion, suspend any withdrawal rights of Limited Partners, in whole or in part, when there exists, in the opinion of the General Partner, in its sole and absolute discretion, a state of affairs where disposal of the Fund's assets, or the determination of the balances of such Limited Partner's capital account, would not be reasonably practicable or would be seriously prejudicial to the Fund or the remaining Limited Partners. All redemptions and distributions will be calculated and paid out on a trailing quarterly basis.

The General Partner may require a Limited Partner to withdraw, in whole or in part, from the Fund for any or no reason at any time on not less than 30 days' prior written notice to such Limited Partner. Such mandatory withdrawal will be treated in the same manner as a voluntary withdrawal from the Fund. The General Partner may, in its sole discretion, also permit withdrawals other than on the last day of a fiscal quarter.

Withdrawal proceeds shall also be subject to reduction for legal, accounting or administrative costs and expenses associated with each withdrawal.

Loss Reserve

The General Partner expects to establish a reserve that collects up to ten percent (10%) of the earnings of every quarter of the fiscal year to meet contingencies (even if such a reserve is not otherwise required by GAAP).

^{5.} On November 12, 2014, Breakwater Structured Growth Opportunities Fund LP changed its name to Breakwater Credit Opportunities Fund LP.

Investment Guidelines and Restrictions

As an investment guideline, the Fund will generally not invest in any investment that exceeds more than fifteen percent (15%) of the Fund's aggregate Capital Commitments at the time of the investment; provided, however, that the General Partner may waive this guideline with respect to any investment at its discretion. For purposes of the Fund's guidelines and restrictions, each investment in a portfolio of investments not originated by the Fund shall be treated as a separate Investment. For the avoidance of doubt, these investment guidelines shall not apply to subsidiary or affiliate entities created by the General Partner to make Investments. This may include subsidiary or affiliate entities in which Parallel Investment Entities are investors.

Origination of Investments

The General Partner and/or Noble Capital and its affiliates, including but not limited to Stream Line Funding, LLC, will originate the Fund's investments.

Incentive Allocation

Subject always to the Preferred Return in favor of Limited Partners, the Fund shall provide to the General Partner (or to such affiliate entity as the General Partner may designate) an Incentive Allocation, payable quarterly and calculated after payment of the Fund's expenses and the Preferred Return, equal to 50% of the net sum of (i) any cash dividends, interest, or other cash income realized during each quarter on any investment and (ii) any gains realized during each quarter upon the sale or disposition of any investments.

Transaction Fees

All origination fees, , acquisition, disposition, financing, break-up and similar transaction fees that are directly related to the investment activities or operations of the Fund or any special purpose vehicle through which the Fund invests, apart from servicing fees and collateral or portfolio monitoring fees, are to be paid 100% to Noble Capital or affiliates by the borrower obtaining financing from the Fund. Origination and servicing fees will vary between 2.0% to 3.0% depending on the size of the transaction. The General Partner will expense servicing fees to the Fund prior to any calculation of Fund earnings and distributions to Limited Partners and will pay servicing fees to a Servicer chosen at the General Partner's discretion. The loan servicer, whether Noble Servicing, the General Partner or an Affiliate, or a third party shall be referred to as the "Servicer". All fees received by Noble Capital (or is affiliates) that are not directly related to interest earned on the investment activities or operations of the Fund or such special purpose vehicle shall be for the account of Noble Capital (or its affiliates). The Limited Partners will not share or benefit from any such fees.

Leverage

The Fund is authorized to borrow funds to fund its investments, process withdrawal requests or for such other purposes as determined by the General Partner in its sole discretion. Loans generally may be obtained through margin credit, credit facilities, swaps, options or other derivative arrangements entered into with securities brokers, financial institutions or other third parties. Such loans may be secured by securities, assets or other capital of the Fund pledged to such brokers, financial institutions or other third parties. The use and terms of leverage employed by the Fund will be determined by the General Partner in its sole discretion.

Fund Set-Up Costs

The Limited Partners will pay for all of the Fund's initial organization and set up costs, including legal fees.

Fund Operational Expenses

The Fund will pay all costs and expenses associated with the operation of the Fund, including legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; insurance; other expenses associated with the acquisition, holding, impairment and disposition of its Investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. The Fund will reimburse the General Partner for all costs, fees and expenses incurred by the General Partner in the operation of the Fund.

General Partner Expenses

The General Partner will bear the costs of its own overhead expenses, including employees' salaries, rent and utilities.

Co-investment Policy

The General Partner may, but will be under no obligation to, provide co-investment opportunities to one or more Limited Partners. Affiliates of the General Partner may make co-investments with the Fund. In addition, the General Partner may advise other entities, including Parallel Funds, which may co-invest with the Fund.

Alternative Investment Vehicles

For legal, tax, regulatory, or other reasons, the Fund may form one or more alternative investment entities to make investments outside of the Fund. Generally, in such event, each Limited Partner would participate in such an alternative investment vehicle on substantially the same terms and conditions as it participates in the Fund.

Parallel Investment Entities

The General Partner or its affiliates may, at its discretion, create one or more parallel investment entities to accommodate the investment requirements of certain non-U.S. and other investors ("Parallel Funds"), the structure of which may differ from that of the Fund. Parallel Funds will either (i) invest substantially all of their assets directly in the Fund, (ii) invest proportionately in all transactions on substantially the same terms and conditions as the Fund, except as necessary to address tax, regulatory or other investor considerations or (iii) invest in an entity owned by the Fund and the Parallel Fund, in proportion to their commitments to such entity, to make investments. To the extent a Parallel Fund invests directly in the Fund, the Fund may be responsible for the fees and expenses of such entity as set forth in the Partnership Agreement.

It is possible that, due to the timing of an investment or the initial closing date of the Parallel Fund, both the Parallel Fund and Fund may not be able to participate in such investment or there will be a delay in when both the Fund and Parallel Fund can participate in such investment. While it is intended that each of the Parallel Fund and the Fund will participate on the same terms and in the same proportion to their aggregate capital commitments, it is possible that a Parallel Fund will invest under scenario (ii) or (iii) above at a later time than the Fund or not at all. To the extent a Parallel Fund invests after the Fund in a particular investment, the Fund's ownership of such investment will be decreased by the amount of the Parallel Fund's investment and the Fund's opportunity for returns will be reduced accordingly. Investors should also understand that, because of regulatory, tax or other reasons, the portfolio of the Fund and a Parallel Fund may differ.

Reports to Limited Partners

The Fund will furnish to the Limited Partners (i) audited annual financial statements within 120 days after the end of the Fund's fiscal year, (ii) annual tax information necessary for each Partner's U.S. tax returns, and (iii) quarterly unaudited reports and capital account statements.

Transferability of Interests

Limited Partners may not, directly or indirectly, sell, transfer, assign, pledge or otherwise dispose of their interests in the Fund, in whole or in part, except with the prior written consent of the General Partner, which consent may be granted or withheld in the sole and absolute discretion of the General Partner.

Indemnification and Limitation of Liability

Except as provided by law or to the extent necessary to fund the Fund's indemnification or other obligations, Limited Partners will have no liability in their capacity as Limited Partners for the debts and obligations of the Fund although their interests in the Fund (including their Capital Commitment) will be subject to such debts and obligations. Noble Capital and/or the Fund will indemnify and hold harmless the General Partner (including its affiliates and its and their respective principals, officers, directors, shareholder, partners, member, managers and employees) from and against, and pay or reimburse the General Partner and such other indemnified persons for, and all actions, claims demands, proceedings, investigation, inquiries, liabilities, obligations fines, deficiencies, costs, expenses, royalties, losses and damages (whether or not resulting from third party claims) related to or arising out of the performance by the Fund, the General Partner and/or Noble Capital (or any of its affiliates) related to the services provided to the Fund or the Fund's business activities, including but not limited to, any misrepresentation made by borrowers to Noble Capital, and/or the Fund while (1) originating or structuring loans on behalf of the Fund; (2) conducting due diligence on prospective borrowers and investment opportunities; and (3) managing the Fund's portfolio holdings. The Fund and/or Noble Capital further agree to indemnify and hold harmless the General Partner for any liability and related expenses due to a borrower's misrepresentation to the Affiliate that the Affiliate relied on to originate and structure the loans to lend to the borrower, provided, however, that the Fund and/or Noble Capital shall not be responsible for any claims, liabilities, losses, damages or expenses to the extent that they are finally judicially determined (without right of further appeal) to result from actions taken by General Partner (or by any other indemnified person) or due to the General Partner's (or by any other indemnified person's) gross negligence, willful misconduct, bad faith, fraud, or knowing violation of applicable law.

To the fullest extent permitted by applicable law, no Indemnified Person will be liable to the Fund or any Limited Partner for honest mistakes of judgment, or for any action taken or omitted to be taken by them in good faith, or for losses due to such mistakes, action or inaction. ownership of Interests by Benefit Plan Investors (which is defined in Section 3(42) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")) so that no assets of the Fund will be deemed to be "plan assets" subject to ERISA and/or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), as such term is defined in the "Plan Asset Regulation" issued by the U.S. Department of Labor. The General Partner may effect a mandatory withdrawal of a Limited Partner's interests in the Fund, in whole or in part, if the ownership of such interests by such Limited Partner would cause the assets of the Fund to be deemed to be "plan assets" subject to ERISA and/or Section 4975 of the Code.

IV. FUND OBJECTIVE

The Fund's investment objective is to preserve principal, provide current income, and achieve consistent returns primarily through senior secured first-lien mortgages on residential real estate. Notwithstanding the foregoing, the Fund reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loans it originates, acquires, and/ or otherwise invests in. The General Partner intends primarily to make senior secured loans to residential real estate development, renovation, and construction companies located for the most part in the Texas region of the United States.

The Fund aims to make loans to real estate development, renovation, and construction companies that will generate a steady stream of interest and principal cash flow. The General Partner expects such cash flow of interest and principal to repay the Fund's investments in the loan or loans.

The Fund generally intends to make medium to longterm direct senior secured debt investments, with the average lifetime of investments expected to be between 9 and 12 months. Loans executed by the Fund will generally carry variable interest.

Certain ERISA Considerations

The Fund intends to restrict the direct or indirect

There can be no assurances that the Fund will achieve its objectives. See "Risk Factors."

V. BACKGROUND AND RATIONALE OF THE FUND

US Capital Global Investment Management is a private investment management firm based in San Francisco, California. The firm was founded by Jeffrey Sweeney as an alternative asset manager that offers both independent investors and institutional investors an opportunity to invest in credit funds and other investment vehicles that aim to deliver consistent, riskadjusted returns. In its investment activities, US Capital Global Investment Management focuses primarily on serving the capital needs of well-established small and medium-sized businesses (SMBs) and small and medium-sized investment strategies in the United States, across a broad range of industries.

A seasoned industry veteran with deep experience in structured debt finance, Jeffrey Sweeney is Chairman and CEO at US Capital Global, a leading private financial group headquartered in San Francisco. Mr. Sweeney founded the General Partner and established a family of private investment funds, including US Capital / Noble Capital Texas Real Estate Income Fund LP.

Rationale of the Fund

The Fund will target highly promising, established residential real estate development and construction companies. The General Partner believes that this segment continues to be underserved by traditional capital sources.

Housing Continues to Be a Bright Spot for the U.S. Economy

According to Forbes, residential housing remains a strong economy in the United States.⁶ Housing prices have continued to rise year-over-year for the 24th

consecutive month, as demand continues to outstrip supply in most regions of the US.⁷ Currently, there are 1-2 million fewer units in the US than there should be based on population growth.⁸ Currently, residential housing is a seller's market, rather than a buyer's market, and is expected to stay that way for some time.9 Residential investment continued to be a key driver of domestic growth in 2016, with outlays rising at a 14.8% annual rate.¹⁰ With the gain, residential investment provided a 0.5% contribution to real GDP growth in the first quarter, marking its eighth consecutive quarterly contribution to real GDP growth. Total housing starts through the first three months of the year rose 14.5% from their level a year earlier, while single-family starts were up an even larger 22.2%. Moreover, resales of existing homes during the first quarter were 5.6% higher than they were a year earlier.¹¹

Home Ownership is Becoming More Challenging

Today, the ability to own a home has largely become a function of an individual's credit profile. According to the Urban Institute, almost 20 million renters are individuals who have had a mortgage in the past 16 years but are currently renting possibly due to foreclosure or some negative credit event.¹² Home ownership has become an even greater stretch for many of these households, as nearly one-third have a credit score below 650, which means they would have difficulty qualifying for a traditional mortgage.

Some Key Differentiators of the Fund

Current Income

The General Partner intends US Capital / Noble Capital Texas Real Estate Income Fund LP to be a reliable, consistent private fund that prioritizes income and safety with the goal of consistently delivering strong returns for its Limited Partners. The General Partner aims to implement senior, first-lien mortgages to achieve

12. Ibid. As of April 23, 2018.

^{6.} On November 12, 2014, Breakwater Structured Growth Opportunities Fund LP changed its name to Breakwater Credit Opportunities Fund LP.

^{7.} Ellen Paris, "Real Estate Market For Spring 2018 Is A Good News/Bad News Story," Forbes [website], April 23, 2018.

^{8.} Ibid. As of April 23, 2018.

^{9.} Ibid. As of April 23, 2018.

^{10.} As used herein "Portfolio Companies" means any person that is an issuer of securities held by the Fund, whether public of private.

^{11.} Ellen Paris, "Real Estate Market For Spring 2018 Is A Good News/Bad News Story," Forbes [website], April 23, 2018.

attractive risk-adjusted returns for the Fund's Limited Partners. Limited Partners may elect to receive 100% cash income disbursements of the Fund's realized gains at the end of each quarter. If a Limited Partner elects not to receive cash distributions of realized gains income, such income shall be used proportionately from their Custodial Account to fund any Investments, as needed, and cannot subsequently be withdrawn by a Limited Partner without triggering a Redemption Request.

Protective Structures

The Fund will primarily invest directly in real estate loans and intends to tailor the types of loans and the exposure towards the secure side, while availing itself of the General Partner's quality collateral management and risk management experience. The Fund aims to carefully protect its investments through deeds of trust or mortgages against real estate properties located in the United States. Importantly, the Fund will generally focus on senior debt only (senior secured, first-lien mortgages).

The Fund plans to utilize an extensive and thorough due diligence process prior to making any investment. When structuring an investment, assets used as collateral are generally valued by independent third-party appraisers to determine not only their fair market value but also their liquidation value. In addition, the General Partner makes sure to actively monitor the performance of the portfolio company against carefully designed covenants and manage its investment carefully over its lifetime.

Capital Commitments by a Limited Partner will be placed into an interest-bearing, capital call account (the "Custodial Account"). The Custodial Account will be drawn by the General Partner as needed to fund transactions approved for the Fund portfolio. Any preferred interest payments and repayments of principal by Portfolio Companies and Ioan borrowers will be returned to the Custodial Account. Any capital in the Custodial Account has no portfolio investment risk attached to it, and Limited Partners will earn 100% of any interest accrued at a money market interest rate on such capital. In addition, as all repayments of principal by Portfolio Companies will be paid into the Custodial Account, there will be no dilution to the Fund by such repayments. The General Partner believes that this creates true transparency on earnings from the Fund's deployment of capital, while allowing Limited Partners to enjoy a market rate of interest on their Custodial Account, similar to their own options for holding cash.

Distributions to the Limited Partners and General Partner

The General Partner will receive its performance carry for a calendar quarter (the "Incentive Allocation") only after the Limited Partners have first received a minimum of at least 2.0625% in net realized returns on their capital from the Custodial Account for such quarter (the "Preferred Return"). As such, the General Partner will not receive any share of profits or any returns based on profits prior to the Limited Partners receiving their Preferred Return. Returns payable to Limited Partners are calculated based on the Limited Partner's capital called by the General Partner from the Custodial Account.

Preferred Returns payable to Limited Partners are calculated based on the Limited Partner's capital called by the General Partner from the Custodial Account. Capital called by the General Partner is the amount of a Limited Partner's total Capital Commitments that have been deployed from the Custodial Account by the General Partner pursuant to Section 4.2 of the Partnership Agreement to make investments on behalf of the Fund, pay expenses and obligations of the Partnership or otherwise facilitate the Fund's purposes as set forth in the Partnership Agreement and determined by the General Partner in its sole and absolute discretion.

Apart from servicing fees and collateral or portfolio monitoring fees, no sales charges or placement fees, origination fees, or other transaction fees shall be charged to the Limited Partners.

The General Partner will cover its own ongoing operating costs and expenses, from the Management Fee charges.

In addition, the General Partner will not levy any sales charge on Limited Partners when accepting contributions into the Fund. The General Partner or its affiliates may enter into agreements with placement agents; but any fees paid to placement agents will be paid by the General Partner, its affiliates, or partners such as Noble Capital out of their own assets. No deduction will be made from a Limited Partner's subscription amount with respect to such fees. If a subscriber is introduced to the Fund through a placement agent, the arrangement, if any, with such placement agent will be disclosed to, and acknowledged by, the subscriber.

Registered Placement Agent

The Fund will offer and sell interests only to a limited number of eligible investors.¹³ To protect the Fund and its Partners, the Fund will undertake all fundraising activities through US Capital Global Securities, LLC, an affiliated registered placement agent. All investors will be vetted by this placement agent, to ensure they meet the requirements to be able to purchase interests in the Fund. US Capital Global Securities, LLC is a brokerdealer that serves as distributor for the Fund and other investment vehicles structured by the General Partners.

VI. MARKET OPPORTUNITY

The Preeminence of the United States Market

Since the global financial crisis of 2008, the United States has outpaced major developed and emerging market countries and regions across economic, financial, and human capital dimensions.¹⁴ The United States has emerged economically and financially stronger, and the gap between it and the rest of the world has actually widened. While emerging market countries grew at a much faster rate than the United States at the turn of the 21st century, this differential peaked at 6.5% in 2007 and has been declining ever since. This differential was expected to narrow to a mere 1.2% by the close of 2015.¹⁵

In a key investment outlook report, Goldman Sachs noted: "What is striking about current U.S. GDP growth is that it is broad-based, with all major sectors of the economy contributing to growth relative to prior years. This breadth of recovery across residential and non-residential investments, consumption and exports, along with an end to the fiscal drag from the government sector, is not being replicated in other developed economies."¹⁶

While there are some cyclical components to this widening gap, the General Partner believes that the gap is primarily structural. The structural advantages of the United States include a strong human capital edge with respect to demographics including immigration, the quality of higher education, and the brain gain from the rest of the world. The United States continues to be the center of technological innovation in the world. Accordingly, there is good reason to believe that the U.S. economy is transitioning from a substandard recovery to an above-trend expansion.

Given this preeminence of the United States, the Fund has selected the United States as its primary geographical region. More specifically, the Fund will target residential real estate development, construction, renovation and operating companies in the U.S. that focus on the state of Texas.

Residential Real Estate in the United States

A Stronger Real Estate Market

According to Forbes, residential housing remains a strong economy in the United States.¹⁷ Housing prices have

15. lbid., p. 9.

16. Ibid.

^{13.} The Fund will offer and sell interests only to a limited number of "accredited investors," as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and "qualified clients" as defined under the Investment Advisers Act. The General Partner may, in its discretion, elect to sell interests solely to "qualified purchasers," as defined under the Investment Company Act of 1940.

^{14.} Sharmin Mossavar-Rahmani, Brett Nelson, et al., Outlook 2015: US Preeminence, Goldman Sachs (Investment Management Division), January 2015, p. 1. U.S. preeminence does not mean that U.S. assets will always outperform. In fact, there are many periods in which U.S. equities have underperformed the Eurozone, Japan and emerging market equities by significant amounts and over long periods of time for varying reasons.

^{17.} Ellen Paris, "Real Estate Market For Spring 2018 Is A Good News/Bad News Story," Forbes [website], April 23, 2018.

continued to rise year-over-year for the 24th consecutive month, as demand continues to outstrip supply in most regions of the US. Currently, there are 1-2 million fewer units in the US than there should be based on population growth.

The inventory of finished new homes for sale in 2015 was 5.4 months, in line with historical averages, and price increases are beginning to reflect scarcity on the supply side. This condition sets the stage for further gains in 2016, since there is a shortage of ready-to-build housing lots. Banks' skittishness about land and development loans—a major source of losses during the financial crisis—has meant that builders have not been able to get the pipeline for production anywhere near historical capacity.

On a market survey from PricewaterhouseCoopers, a CEO of a private equity firm focused on land development selects housing as a "best bet" over the next three years: "Residential, residential, residential. Single-family, multifamily, and single-family to be rented. It's a safe bet that you will outstrip inflation by a couple of percent by doing that. You will get above-normal historical returns by doing residential, all three legs of the stool."

Notwithstanding the foregoing, the Fund does not guarantee the same results and returns are not guaranteed.

Opportunities in Texas

The General Partner believes that the Texas market is an ideal geography for a short-term real estate credit strategy. With five large and fast-growing major metros, all under the same lender-friendly legal structure, Texas provides a variety of markets among which to spread risk that are diverse in both population demographics and geographic distance.

VII. INVESTMENT STRATEGY AND PROCESS

Investment Strategy

The Fund's investment objective is to preserve principal, provide current income, and achieve consistent returns primarily through senior secured first-lien mortgages on residential real estate. Notwithstanding the foregoing, the Fund reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loans it originates, acquires, and/or otherwise invests in.

The Fund will focus on making debt investments, directly and indirectly, by originating, acquiring, making, funding, purchasing, and/or otherwise selling business purpose loans. Borrowers will include single-family (SFR) and multi-family residential real estate developers who use the loan proceeds to acquire, renovate, and sell or refinance one or more homes. Each loan is secured by a lien against the subject property at minimum and may also encumber additional real estate as determined by the Manager and Investment Committee. Please refer to Exhibit A for the Fund's lending standards and guidelines.

In order to carry out this strategy, the Fund will utilize a network of wholly owned subsidiaries that have been built by the Investment Committee to handle each aspect of the private real estate lending business. Almost everything is carried out in-house from sourcing capable borrowers and structuring the loan, to underwriting both the project and the borrower, closing, and servicing each loan. Should a loan default, the Investment Committee has the expertise to work out a defaulted loan.

The Fund will focus on making short-term senior secured loans against Texas real estate. Debt investments made by the Fund will usually carry a fixed

21. Ibid.

^{17.} Ellen Paris, "Real Estate Market For Spring 2018 Is A Good News/Bad News Story," Forbes [website], April 23, 2018.

^{18.} Ibid. As of April 23, 2018.

^{19.} Ibid. As of April 23, 2018.

^{20.} PwC and Urban Land Institute, Emerging Trends in Real Estate: United States and Canada 2016, 2015.

rate of interest and the borrowers will make interest only payments at monthly intervals. Upon the sale or refinance of the subject property, a balloon payment accounting for the entire principal amount plus any accrued interest, is collected.

Investments made by the Fund will share many of the following characteristics:

- All collateral property generally located in Texas
- Up to 70% loan to value (LTV) [based on the afterrepair value (ARV)]
- Up to 90% loan to cost (LTC)
- Full-recourse guarantees from the qualified developer
- Loan terms average 9-12 months
- Loan types include:
 - acquisition
 - acquisition and renovation
 - new construction
 - refinance
 - cash-out.
- Minimum loan amount is \$50,000
- Prepayment penalty of 2 months' interest
- Contingency of 5% on new construction or 10% on renovation loans
- Value is determined via appraisal or BPO with adjustments approved by credit committee
- Construction draws are released only after a draw inspection is completed and reviewed by a construction control team set up by the Investment Committee
- Property protected by title policy and builder's risk insurance

Notwithstanding the foregoing, the General Partner reserves the right to modify any of the above-mentioned characteristics for any loan or loans if it's in the best interests of the Fund to do so, at its sole and absolute discretion.

Investment Process

Asset-Based Lending Strategy

The Fund intends to execute an asset-based lending strategy whereby the primary source of security and ultimate repayment of principal and interest is the property securing the loan. Deficiencies such as a low credit score and even the lack of a track record can be mitigated by structuring the deal with lower LTV and/or LTC to give the Fund added security in the event of default.

In order to execute this strategy over an extend period, the Investment Committee has developed the in-house expertise to evaluate a property based on its preconstruction, or as-is value, and on the value of the home after repairs have been made. Because the size of debt investments is determined by the after-repairvalue ("ARV"), the Fund has outlined multiple scenarios to complete a given project and achieve its ARV even if the borrower is unable to complete the project.

A substantial amount of SFR development expertise is required to accurately project ARV and ensure that all the necessary items are accounted for by the borrower client. The Investment Committee and its affiliates have a combined 80+ years of real estate experience. This expertise is invaluable as it allows for underwriting of complicated construction projects. This includes a review of the accuracy and feasibility of the budget, scope of work, project timeline, and exit strategy.

Underwriting Process and Loan Structuring

Loan originations, deal structuring, and underwriting are provided by members of the Investment Committee.

Loans are underwritten using an "asset first" approach, as discussed previously. After it is determined that the project generally fits within the parameters of the loan program, the borrower is underwritten primarily for credit-worthiness, track record, ability to make debt service, and ability to complete the development project. Creditworthiness, as measured by the standard credit bureaus, is taken into account during the underwriting process. These results impact the structure of the transaction. If a borrower has a credit score that is considered weak, the Investment Committee would reduce the maximum LTV to give the Fund additional security in the underlying asset to compensate for the added risk of non-payment and protect against loss in the event of default. Should the borrower default on terms, the Fund may choose to foreclose at a potential discount to the overall value and complete the project through the affiliated companies of its Manager.

Leveraging the Fund / Borrowing / Not Hypothecation

The Fund may borrow funds for the purpose of making and purchasing loans and may assign all or a portion of its loans as security for such loans. The Fund anticipates engaging in this type of transaction when the interest rate at which the Fund can borrow funds is less than the rate that can be earned by the Fund when using those funds to make or acquire loans, giving the Fund the opportunity to earn a profit as a "spread." For purposes of illustration, these transactions will typically be loans secured by one or a series of loans and/or assets belonging to the Fund. Such a transaction involves certain elements of risk and also entails possible adverse tax consequences. (See herein "Risk Factors", "Certain Tax and ERISA Matters" below.)

Leverage usually involves a third-party loan in which the Fund's entire asset portfolio is provided as security to the lender for such loan(s). Leveraging involves additional risks that are detailed later in this Memorandum. (See "Risk Factors – General Business Risks" below.)

Ongoing Portfolio Monitoring and Management

After the closing of an investment, the loan will be managed by Noble Capital Servicing, LLC, a Texas limited liability company, ("Noble Servicing"), an affiliate of the Manager, will serve as Servicer of the Fund loans and engage in the following functions:

Preparation, distribution, and maintenance of borrower statement of accounts

- Interest collections
- Recording of all security documents
- Document storage and security
- Construction draws
 - Inspections
 - Review and approval of draw photos, receipts, lien release waivers, etc.
 - Disbursement of construction funds
- Default workout structuring
- Coordination of legal for foreclosures

Noble Servicing is managed by industry veterans who bring experience from all types of market conditions. Notwithstanding the foregoing, the General Partner reserves the right to appoint an Affiliate or a different third party Servicer for any reason (or no reason), at its sole and absolute discretion.

Once the Fund has title, the company will order a new valuation and undertake a comprehensive assessment of the current state of the property. A recommendation is then made on the best course of action. In some instances, one of the Manager's affiliates may purchase the property from the Fund in order to remove the nonincome generating asset from the portfolio to prevent any yield drag associated with holding a non-performing asset. This is one option that can be undertaken at the discretion of the General Partner and Investment Committee, and although the Manager has historically been successful in full recoveries, neither the Manager, the General Partner, nor the Investment Committee make any representation, express or implied, that they shall be obligated to execute on any given workout opportunity presented.

Should the Fund or Manager not be able to complete the property, then the Fund will sell the asset as-is, or alternatively may lease a completed property to ensure the return of principal for the Fund.

Origination Management Process

The objective of the origination team is to source real estate developer clients who have a need to borrow money to complete the acquisition and renovation or new construction of infill residential real estate. The borrower is underwritten first for credit-worthiness, track record, and ability to successfully complete the development project, and secondly for credit as measured by the standard credit bureaus.

Prospective borrowers and their principals are screened based on the following criteria:

- Background criminal history background report is ordered and must be free from outstanding tax liens or judgments, as well as felony and white collar crime convictions
- No bankruptcy in the last two years
- Must borrow in the name of an entity; no personal loans

The origination team looks for experienced developers who can demonstrate a track record of success completing similar projects in similar markets. This can be demonstrated by HUD-1 settlement statements from sold projects and extends to the entire team involved in the development.

The borrower's credit history as determined by the traditional credit bureaus is important information that is used in the underwriting process, but it is secondary to the value of the underlying real estate and to the ability of the borrower to complete the project under the terms of the loan and make debt service.

VIII. INVESTMENT TEAM

US Capital Global Investment Management and Noble Capital are led by industry veterans with deep investment banking, financial advisory, operational, and direct lending experience. Importantly, this includes a strong specialization in due diligence and collateral management. The team is supported by analysts, bankers, and financing specialists with significant expertise in SMB and real estate lending. **Jeffrey Sweeney**, Founder and Co-Managing Partner – US Capital Global Investment Management

Jeffrey Sweeney is Founder and Co-Managing Partner of US Capital Global Investment Management, LLC, and Chairman of its Investment Committee. A seasoned industry veteran with deep experience in structured debt finance, Mr. Sweeney is Chairman and CEO at US Capital Global, a leading private financial group headquartered in San Francisco. Since 1998, the US Capital Global team has been providing well-structured, custom finance solutions to private and public companies with up to \$250 million in top-line sales revenue or project size. US Capital Global makes direct debt and equity investments between \$500,000 and \$100 million, participates in debt facilities, and has very wide distribution for debt and equity private placements.

Mr. Sweeney has a strong entrepreneurial approach, which he has applied in the investment banking and equipment leasing arena for over 15 years. He has extensive operational knowledge and experience in manufacturing, asset management, corporate finance, fund governance, and equipment leasing-all gained as both a consumer of machine tools and later as a principal of US Capital Corporation. In 1998, Mr. Sweeney purchased the assets of US Capital Corporation, a small equipment leasing company. Changing the focus of the company to structured asset-based lending and investment banking, Mr. Sweeney grew the business to over \$4 billion in potential funding opportunities each year.²² US Capital Global both syndicates and provides asset-backed loans for business acquisitions, working capital, equipment leases, recapitalizations, and commercial real estate transactions.

Until September 2014, Mr. Sweeney served as a Managing Partner at Breakwater Investment Management, LLC and as a member of the firm's Investment Committee. Breakwater Investment Management is a Los Angelesbased private investment firm that specializes in direct

22. US Capital Partners Inc., "2014 Deal Pipeline Report Summary and Sources" (Salesforce origination study at US Capital Partners Inc.), completed on 7/2/2015.

growth-capital investments into promising lower middle market companies, especially businesses with expanding global operations. Mr. Sweeney was seminal in architecting the firm's inaugural \$250 million credit fund, Breakwater Structured Growth Opportunities Fund LP. As a member of Breakwater's Investment Committee, Mr. Sweeney played a key role in structuring the firm's debt investments and also brought in a majority of its investors.

Prior to setting up US Capital Global, Mr. Sweeney served as a principal and CEO of Machine Works Corporation, a lower middle-market aerospace manufacturing company, from 1979 until its sale in the mid-1990s. An avid sailor, world traveler, and certified yoga instructor, Mr. Sweeney is a regular contributor to several non-profit organizations, including Food for Life, an international humanitarian non-profit association in India. Mr. Sweeney also works with the San Francisco Food Bank and with Educational Opportunities of Los Angeles, which provides educational services for youth.

Mr. Sweeney graduated from the University of California, Santa Barbara with a bachelor's degree in Business Economics. He is active in the southern California and San Francisco chapters of ACG, TMA, CFA, and other financial organizations.

Jadon Newman, Founder and Chief Executive Officer – Noble Capital Group, LLC

Jadon Newman is the Founder and Chief Executive Officer of Noble Capital Group, LLC and its subsidiary entities. A seasoned finance professional with expertise in real estate investment, retirement planning and asset management, Mr. Newman founded Streamline Funding Group, LLC in 2002, Emerge Real Estate Group, LLC in 2007, and Acute Financial Group, LLC in 2010. Since 2002 Mr. Newman and the Noble family of companies have successfully placed over \$400 million in various investment and financial services in Texas. In 2002, Mr. Newman established a private real estate lending company called Streamline Funding which led to the formation of Noble Capital, a real estate investment and management firm based out of Austin, Texas. The company has grown to over 40 employees and currently manages a real estate loan portfolio of more than \$125 million.

Mr. Newman founded Acute Financial Group, LLC in 2010, a financial planning and family wealth management firm dedicated to educating and providing retirement and legacy planning solutions to the ever-increasing retirement population, with an emphasis on income planning utilizing strategies that incorporate real estate investing as an alternative to traditional investment vehicles.

A steadfast supporter of multiple charities, Mr. Newman is active in several regional organizations. Since childhood Mr. Newman has volunteered his time and resources to several missions organized through the Vineyard Church in Austin, a local Christian ministry founded by his family. Mr. Newman also works with the North Texas Wounded Warriors Golf Association, a non-profit organization which provides rehabilitative golfing experiences to service men and women with a service related disability as well as Help Hand Home, an organization that has transformed thousands of lives by providing a nurturing and therapeutic experience for children who have suffered serious abuse and neglect.

A dependable entrepreneur and businessman, Mr. Newman is committed to empowering those around him to achieve their personal and professional dreams by staying true to the company's core values of growth, expertise, stewardship and candor. Mr. Newman has been in Austin for over 25 years, where he raises his family. He attributes his success to a solid upbringing and the encouragement he received from a family of entrepreneurs who have never stopped believing in him.

Christopher Ragland, Chief Operating Officer – Noble Capital Group, LLC

Chris Ragland is the Chief Operating Officer of Noble Capital Group LLC, where he has been since 2010. Noble is the parent company for Noble Capital Servicing, Streamline Funding Group, Acute Financial Group, and Emerge Real Estate Group, together forming what has evolved into one of the largest single family residential investment lender in the state of Texas.

Over the past twenty years Mr. Ragland has served as a principal in over a dozen companies providing various levels of leadership and support. His specializations include strategic engagement, change management, and process excellence. He continues to demonstrate his ability to successfully grow businesses through the creation of loyal teams, strong culture, and personal growth in those around him.

In the 2000s Mr. Ragland worked with an innovate group of entrepreneurs to launch and grow several businesses including Field Asset Services, one of the nation's largest property preservation and management companies; Consumer Select Insurance of America, a pioneer of the insurance producer business model; Realtor Access Network, one of the first bank/broker platforms for REOs; and Collateral Recovery Center, a nationwide asset recovery business. In addition to senior roles within these organizations, Mr. Ragland also served as a principal in various technology and real estate related businesses including Ragland Realty and Management, which specialized in working with investors during the Great Recession of the late 2000s. At Ragland Realty, Mr. Ragland personally handled the workout of nearly one-hundred distressed properties, ultimately creating value and significant upside for his investors and clients.

After completing his MBA in 2010, Mr. Ragland met with Jadon Newman, the CEO of Noble Capital and discussed plans to use his unique skills and background to roll out a new business strategy for Noble, focusing exclusively on the single-family residential investment vertical. Mr.

Ragland joined the firm as an equity partner as well as the operating manager for day-to-day activities.

Mr. Ragland used his expertise to blend a retail real estate brokerage with property management and property recovery products to manage a workout and opportunistic investment affiliate of Noble.

In order to keep pace with the rising demand for loan products, and after recognizing the fundraising synergies with Acute Financial, Mr. Ragland and Mr. Newman made the decision for Noble to acquire Mr. Newman's retirement planning company. The addition of this brand to the Noble family increased the reach of Noble's product, allowing more private lenders to participate in the Private Lender Network than ever before. Mr. Ragland led the acquisition of Acute Financial, blending its operations team with Noble and ultimately the expansion into the Dallas market.

In addition to business consulting and leadership activities, Mr. Ragland has worked with numerous non-profits and organizations at local, national, and international levels. Presently he serves on the Board of Directors for Soccer Assist, an Austin-based nonprofit that raises scholarships for socio-economically disadvantaged children, as well as the Board of Directors of the St. Edward's Rugby Football Club Alumni, and finally, on the Advisory Board for the Bill Munday School of Business at St. Edward's University.

Mr. Ragland holds a B.B.A. in Entrepreneurship and an M.B.A. in Global Entrepreneurship from St. Edward's University and is a licensed Realtor in the State of Texas. He is presently working towards the completion of his Ph.D. through Universitat Jaume I, located in Castello, Spain.

Charles V. Towle, Co-Managing Partner – US Capital Global Investment Management

Charles Towle is Co-Managing Partner at US Capital Global Investment Management, LLC and a member of its Investment Committee. He also serves as the Division Head and licensed principal of US Capital Global Securities, LLC, a broker-dealer that serves as distributor for the Fund and other investment vehicles structured by US Capital Global Investment Management, LLC. In addition, Mr. Towle is Managing Partner at US Capital Global. Since joining in 2006, Mr. Towle has helped grow the firm into a leading private investment bank for small and medium-sized businesses in the United States. As Managing Partner, Mr. Towle oversees US Capital Global's banking professionals, in addition to the firm's established affiliates and institutional investors.

A structured funding and corporate finance specialist, Mr. Towle has over 10 years of business development, asset management, corporate finance, capital markets, and general business management experience. Prior to joining US Capital Global, Mr. Towle gained extensive entrepreneurial and investment experience, serving as a limited partner, financial officer, or board member of various investment and endowment funds and small and medium-sized businesses, both in the United States and abroad.

Mr. Towle has served as a board member for Turnaround Management Association (TMA). Currently, he sits on the National Board of the Commercial Finance Association (CFA), and remains a member of TMA and Association for Corporate Growth (ACG). Mr. Towle chairs the finance committees of two educational trusts, and serves as a board member of Bhakti Projects, Inc., an international nonprofit. He actively supports several local and international nonprofits, including The Puente Project in California and Food for Life in India. In addition, he collaborates with Cranmore Foundation, a thought leader in organizational wisdom.

Mr. Towle received a B.S. in Business Administration (emphasis in Corporate Finance and International Business) and an M.B.A. (emphasis in Sustainable Business) from San Francisco State University. He holds Series 24 and 79 designations from FINRA.

Grady Collins, Chief Financial Officer – Noble Capital Group, LLC

Grady Collins is the Chief Financial Officer at Noble Capital. Mr. Collins oversees all of the financial operations of the company, including reporting, cash management and budgeting. He also develops acquisition due diligence standards. Mr. Collins has over 25 years of experience in the mortgage and real estate industry. Prior to joining Noble Capital, Mr. Collins was a portfolio manager with United Companies Financial Corporation and was an instrumental part of the restructure of the company and ultimately the sale of the assets of the company for just under \$1 billion. Thereafter, he served as an analyst at an investment firm, where he was responsible for the due diligence and on-boarding of large loan portfolios and assessing the performance of those portfolios. He then managed a private real estate hedge fund that focused on distressed debt and underperforming real estate assets.

Mr. Collins holds a Bachelor's Degree in International Trade and Finance from Louisiana State University and an M.B.A. from Temple University. Mr. Collins is also a licensed Texas Real Estate Broker and a member of the Turnaround Management Association (TMA). He serves on the board of directors of a local non-profit organization.

Indemnification to the General Partner

Noble Capital and/or the Fund will indemnify and hold harmless the General Partner (including its affiliates and its and their respective principals, officers, directors, shareholder, partners, member, managers and employees) from and against, and pay or reimburse the General Partner and such other indemnified persons for, and all actions, claims demands, proceedings, investigation, inquiries, liabilities, obligations fines, deficiencies, costs, expenses, royalties, losses and damages (whether or not resulting from third party claims) related to or arising out of the performance by the Fund, the General Partner and/or Noble Capital (or any of its affiliates) related to the services provided to the Fund or the Fund's business activities, including but not limited to, any misrepresentation made by borrowers to Noble Capital, and/or the Fund while (1) originating or structuring loans on behalf of the Fund; (2) conducting due diligence on prospective borrowers and investment opportunities; and (3) managing the Fund's portfolio holdings. The Fund and/or Noble Capital further agree to indemnify and hold harmless the General Partner for any liability and related expenses due to a borrower's misrepresentation to the Affiliate that the Affiliate relied on to originate and structure the loans to lend to the borrower, provided, however, that the Fund and/or Noble Capital shall not be responsible for any claims, liabilities, losses, damages or expenses to the extent that they are finally judicially determined (without right of further appeal) to result from actions taken by General Partner (or by any other indemnified person) or due to General Partner's (or by any other indemnified person's) gross negligence, willful misconduct, bad faith, fraud, or knowing violation of applicable law.

IX. ORIGINATION TEAM

Maintaining a consistent pipeline of attractive investment opportunities is a key to success for the Fund. The origination team is comprised of both inside, outside, and hybrid loan officers of the Investment Committee who are responsible for maintaining relationships with a network of borrower clients and other deal sources across all of the major Texas markets.

The Fund will benefit from the reputation that Noble Capital has built over 14 years in the private lending space in Texas. The Fund utilizes Noble Capital's substantial marketing spend to maintain a strong pipeline of quality loan opportunities and maximize brand awareness. Additionally, the firm makes client retention a priority, which is evidenced by the fact that over half of its borrowers come back for further loans. Also, Noble Capital receives origination fees, paid for by the borrowers, for sourcing the investment opportunities for the Fund. In addition to working directly with borrowers, loan officers also get a substantial amount of deal flow from referral sources such as real estate brokers, wholesalers, general contractors, traditional mortgage brokers, attorneys, and other private lenders, with whom some of the origination fees are shared.

X. RISK FACTORS

General Business Risks

The Fund may suffer losses in its portfolio

There can be no assurance that cash flows will be sufficient to create net profits for the Fund even if the Manager believes in each investment's economic viability. Poor performance by a few of the investments could significantly affect the total returns to the Limited Partners. In addition, there is no guarantee that the Preferred Return will be paid on a quarterly basis, if at all. The Manager may choose not to make a quarterly distribution if it believes it is in the best interest of the Fund to do so. In the Fund's business as a lender, it faces the risk that borrowers may fail to pay their loans when due. If borrower defaults cause aggregate losses, it could have a material adverse impact on the Fund's business, profitability and financial condition and its ability to achieve the Fund's investment objectives.

The General Partner will attempt to mitigate the risks inherent in extending credit by adhering to specific due diligence practices, managed by our professionals. Although the General Partner believes that its due diligence criteria is appropriate for the various kinds of loans the Fund intends to make, the Fund may still incur losses on loans that meet the due diligence criteria. If the diligence practices prove to be ineffective, the Fund may incur losses in its portfolio, which could have a material and adverse effect on the Fund's financial condition and performance. Depending on the scope of losses, you could lose part or all of your investment in the Fund. In addition, to the extent the Fund makes any equity investment, the General Partner cannot provide any assurance that the value of those equity investments will increase over time or that such investments will not experience a complete loss in value, resulting in substantial losses in the Fund's overall performance. For this reason, each prospective Limited Partner should read this PPM, Partnership Agreement, and all documents in the Subscription Booklet carefully and should consult with his, her or its own legal

counsel, accountant(s), or business advisor(s) prior to making any investment decision.

Poor economic conditions may cause the Fund to suffer higher default rates on its loans and decreased value of the assets it holds as collateral

Economic conditions can have a significant influence on the performance of the Fund's portfolio of investments. A deterioration in economic conditions may result in an increase in the level of our defaults and a decline in the value of the collateral securing our secured loans. As a result, the Fund may experience greater charge-offs and, similarly, our ability to recover on defaulted loans by foreclosing and selling collateral may be diminished and, as a result, the Fund is more likely to suffer losses on defaulted loans. Therefore, the Fund could experience reduced income, increased expenses and less cash available for lending and other activities, which could have a material adverse effect on our financial condition and results of operations and our ability to achieve our investment objectives. As a result, you could lose all or part of your investment in the Fund.

Investments are generally risky and offer no guarantee of success

All securities and investments generally bear the risk of loss of capital. There is no guarantee that any of the Fund's investment objectives will be achieved, that the General Partner will be successful in executing the Fund's investment strategies, that the Fund's investments will generate a positive return, that the Fund's investments will appreciate in value, or that any of the Fund's investments will generate any return or be profitable.

The Fund's performance is dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect the Fund's performance and prospects

The Fund's success depends to a significant degree upon the General Partner's management team and the contributions of our investment committee, as well as our origination, finance, administrative, marketing and business development and technical personnel, and upon the continued contributions of our management and personnel and in particular, Mr. Jeffrey Sweeney and Mr. Charles Towle. If we fail to attract and retain the necessary personnel, or if we lose one of our key personnel, the Fund's performance, financial condition and results of operations may be materially and adversely affected.

The Fund may lack diversification which could increase the negative impact of the performance of a small number of investments

The Fund is not subject to any diversification requirements and may invest in a limited number of markets, countries, or regions. To the extent the Fund concentrates its investments in a particular market, country, or region, its investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular market, country, or region. As a consequence, the aggregate return of the Fund may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which the Fund has invested.

Leverage by the Fund could result in Fund losses

This Offering is being conducted on a "best reasonable efforts" basis by the Manager only. No guarantee can be given that all or any of the securities will be sold, or that sufficient proceeds will be available to conduct successful operations. Receipt of a relatively small amount of capital contributions may reduce the ability of the Fund to spread investment risks through diversification of its loan portfolio.

The Fund will make unspecified investments so Limited Partners must rely solely on the General Partner

Although the Fund's investments will be made in a targeted group of companies, the General Partner has not yet identified which companies will receive investments by the Fund or how much of the Fund's capital will be committed to such companies. An investor in the Fund must rely on the ability of the General Partner to make portfolio investments. An investor will not have the opportunity to independently evaluate such investments.

The Fund's portfolio will lack liquidity

The Fund's investment portfolio will, to a significant extent, consist of debt investments in residential real estate. The marketability and value of each such investment will depend upon many factors beyond the General Partner's control. Generally, the investments made by the Fund will be illiquid.

The Fund has no operating history

The Fund is a newly organized entity with no history of operations or earnings. The Fund's proposed operations are subject to all business risks associated with new enterprises. There can be no assurance that the operations of the Fund will be profitable, that the Fund will generate any positive returns or that any investment in the Fund will be recouped.

The Fund may seek leverage

As described in this Private Placement Memorandum, the Fund and/or any SPV(s) may choose from time to time to borrow funds pursuant to a Credit Facility. Although the purpose of leverage is to provide flexibility and additional liquidity options to the Fund, reduce required Fund equity, as well as potentially increase the overall Fund return, its use is inherently risky and can instead increase the risk of loss.

The interest rates at which the Fund is able to borrow funds will affect the Fund's operating results. While the use of borrowed funds will increase returns if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for the funds, the use of leverage will decrease returns if the Fund fails to earn as much on such incremental investments as it pays for the funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Fund than if the Fund was not so leveraged. The use of leverage has the potential to magnify the gains or the loss on the Fund's investments and to make the Fund's returns more volatile.

The Fund may be unable to meet its obligations to a lender under a Credit Facility. If this occurs, the Fund may be liable for increased payments and penalties to the lender. The lender may also foreclose on any Fund assets in which it holds a security interest. As such, the Fund's inability to perform under a Credit Facility could have significant negative effects on the Fund, its assets and ultimately the Fund.

The Fund could be in a position where it must borrow funds in order to cover its operating expenses, overhead or committed investments. In any of these events, it is uncertain whether debt financing will be available to the Fund on desirable terms, or at all. If the Fund is unable to secure debt financing in these circumstances, the Fund could end up in default of its obligations to third-parties and incur significant penalties and other negative consequences. If the Fund is able to secure debt financing in these circumstances, the Fund could be highly leveraged and would be subject to all the risks associated with borrowing.

If the Fund employs leverage, this may result in the Fund controlling substantially more assets than its equity capital. Leverage generally increases returns if the Fund earns a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds; however, the use of leverage exposes the Fund to a high degree of additional risk, including: (i) greater losses from investments than would otherwise have been the case had the Fund not used leverage to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions; (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of leverage related to such investment; and (iv) the risk of default by the Fund on margin or other financing and the potential consequences thereof, including the acceleration of borrowed amounts, the exercise of remedies by the lender (such as the forced liquidation of positions and/or the seizing or marshalling of collateral), the possibility of cross-defaults to other Fund agreements, and the potential for litigation against the Fund and/or for the Fund to be liable for additional damages. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings or post additional margin, further magnifying losses incurred by the Fund.

To the extent the Fund employs structured financial instruments to seek leverage, it should be noted that credit default swaps and other synthetic instruments and derivatives contain much greater leverage than a non-margined purchase of the underlying security or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security or instrument is required to be paid in order to make such investments. In light of this implicit leverage, such synthetic and derivative financial instruments bear many of the same heightened risks inherent in the use of leverage generally.

Restrictive Covenants Relating to the Fund's Operations

In the event that the Fund obtains financing, a credit facility lender may impose restrictions on the Fund that would affect its ability to incur additional debt, make certain investments, reduce liquidity below certain levels, make distributions to the Fund's Limited Partners and impact the Fund's flexibility to determine its operating policies and investment strategies. For example, the Fund's loan agreements may contain negative covenants that limit, among other things, the Fund's ability to distribute more than a certain amount of the Fund's net cash flow to the Limited Partners, employ leverage beyond certain amounts, sell assets and enter into transactions with affiliates. If the Fund fails to meet or satisfy any of these covenants, it would be in default under such agreements, and a lender could elect to declare outstanding amounts due and payable, terminate its commitment, require the posting of additional collateral and enforce its interests against existing collateral

Interest Rate and Related Risks of Leverage

To the extent the Fund borrows money to make investments, its net investment income will depend, in part, upon the difference between the rate at which the Fund borrows funds and the rate at which it invests those funds. As a result, in the event the Fund uses debt to finance its investments, the Fund can offer no assurance that a significant change in market interest rates will not have a material adverse effect on net investment income. In periods of rising interest rates, the cost of funds on borrowed floating rate debt would increase, which could reduce net investment income. The Fund may issue floating rate loans and use other interest rate risk management techniques in an effort to limit its exposure to interest rate fluctuations.

A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to the Fund's debt investments. Accordingly, an increase in interest rates would make it easier for the General Partner to meet or exceed the Incentive Allocation hurdle rate and may result in a substantial increase of the amount of the Incentive Allocation payable to the General Partner with respect to pre-Incentive Allocation investment income.

The Fund's due diligence may not reveal all factors affecting an investment and may not reveal weaknesses in such investments

There can be no assurance that the Manager's due diligence processes will uncover all relevant facts that would be material to an investment decision. Before making an investment, the Manager will assess the strength of the underlying properties and any other factors that they believe are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the Manager will rely on the resources available to them and, in many cases, investigations by third parties.

There is a potential for volatility in Fund distributions in the fourth quarter of the fiscal year due to potential portfolio impairments.

The Fund earnings and asset value attributable to each Partner in accordance with the Partners' respective percentage ownership interests in the Fund may change in the fourth quarter of the fiscal year to account for losses and/or impairments. This may lead to the Fund's distributions being adjusted downwards.

US CAPITAL / NOBLE CAPITAL TEXAS REAL ESTATE INCOME FUND LP - Confidential Private Placement Memorandum

Market and Interest Rate Risks

Portfolio investment selection may not fulfill investment objective

The General Partner will seek to identify investments that it believes will produce attractive levels of current income for the Partnership. A general description of the process by which the General Partner will seek to identify such investments included elsewhere in this memorandum. In determining whether to make an investment, the General Partner, as indicated elsewhere above, will use whatever factors it deems appropriate. There can be no assurance that the General Partner's analysis in this regard, as implemented, will take into considerations all appropriate factors or appropriately weigh the factors that are considered in its analysis. There can also not be any assurance that the loss made by the Fund will not suffer any principal loss or will produce any level of current income or capital appreciation.

Projections may have no relation to actual events

The Partnership may rely upon projections, forecasts or estimates developed by the General Partner, a borrower, or Portfolio Company which the Partnership has made an investment concerning the issuer's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Fund's control. Actual events may differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include, among others, changes in interest rates; domestic and foreign economic, business, market, financial or legal conditions. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than those estimated therein.

Partnership investments are subject to general credit and interest rate risk

Debt portfolios are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer or borrower will default in the payment of principal and/or interest on an instrument. Credit risk also includes the risk that a counterparty to a derivatives instrument (e.g., a swap counterparty) will be unwilling or unable to meet its obligations (see "Counterparty Risk" below). Financial strength and solvency of an issuer or borrower are the primary factors influencing credit risk. In addition, degree of subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. In evaluating the risk of principal loss, the General Partner will take into account such factors as it deems appropriate in particular cases (including, where applicable, credit quality of the issuer and/or counterparty, expected performance of the underlying assets/referenced assets, and structure and level of subordination, if any). Such factors may differ from conventional criteria associated with the quality of investments. In the event that the credit quality of any Portfolio Investment is subsequently determined by the General Partner to have declined, the Partnership will not be required, based on that condition alone, to dispose of any such portfolio investments. Therefore, the General Partner's capabilities in analyzing credit quality and associated risks will be particularly important, and there can be no assurance that the General Partner will be successful in this regard.

Interest rate risk refers to the risks associated with market changes in interest rates. In general, rising interest rates will negatively impact the price of fixed rate debt instruments and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Declines in market value, if not offset by any corresponding gains on hedging instruments, may ultimately reduce earnings or result in losses to the Partnership.

Leverage at borrowing company level increases Partnership's exposure

Because the Partnership's investments will cause additional leverage at borrowing companies who may already have leveraged capital structures, such investments will be subject to increased exposure to adverse economic factors such as a rise in interest rates, a downturn in the economy, or further deterioration in the condition of such borrower companies or its industry. In addition, borrowing companies may experience an inability to generate sufficient cash flow to meet principal and interest payments despite our diligence process. Accordingly, the value of the Partnership's investment in such a company could be significantly reduced or even eliminated due to further credit deterioration.

Lender liability and equitable subordination may impede the Fund's performance

In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Fund's investments, the Fund could be subject to allegations of lender liability.

In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court applying bankruptcy laws may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." The Fund could be subject to claims from creditors of an obligor that the Fund's investments in debt obligations of such obligor should be equitably subordinated. Alternatively, in bankruptcy a court may re-characterize the Fund's claims or restructure the debt using "cram down" provisions of the bankruptcy laws.

Risks Relating to Real Estate Investment

The Fund will be subject to the risks that generally relate to investing in real estate. Real estate historically has experienced significant fluctuations and cycles in performance that may result in reductions in the value of the Fund's real estate-related investments. The performance and value of its investments once originated or acquired depends upon many factors beyond the Fund's control. The ultimate performance and value of the Fund's investments are subject to the varying degrees of risk generally incident to the ownership and operation of the properties in which the Fund invests and which collateralize or support its investments.

The ultimate performance and value of the Fund's investments will depend upon, in large part, the borrower's or the Fund's ability to operate any given property so that it produces sufficient cash flows necessary to pay the interest and principal due to the Fund on its loans and investments and/or to recover the Fund's equity investment in the case of real estate owned by the Fund. Revenues and cash flows may be adversely affected by: changes in national or local economic conditions; changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics, including, but not limited to, changes in the supply of and demand for competing properties within a particular local property market; competition from other properties offering the same or similar services; changes in interest rates and the credit markets which may affect the ability to finance, and the value of, investments; the ongoing need for capital improvements, particularly in older building structures; changes in real estate tax rates and other operating expenses; changes in governmental rules and fiscal policies, civil unrest, acts of God, including earthquakes, hurricanes and other natural disasters, acts of war or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; changes in governmental rules and fiscal policies which may result in adverse tax consequences, unforeseen increases in operating expenses generally or increases in the cost of borrowing; decreases in consumer confidence; government taking investments by eminent domain;

various uninsured or uninsurable risks; the bankruptcy or liquidation of major tenants; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws; the impact of lawsuits which could cause the Fund to incur significant legal expenses and divert management's time and attention from the day-to-day operations of the Fund; and other factors that are beyond the Fund's control and the control of the property owners.

Any of the foregoing factors as well as others could adversely impact the return on and cash flows and values of the Fund's investments. In addition, property values can decline below their acquisition price or below their appraised, assessed or perceived values after the acquisition. Appraisals, if obtained, are only the appraiser's opinion of the property values at a given point in time. Material declines in values could result in subsequent losses. The Fund's real estate based investments may be difficult to sell in an efficient and expeditious manner, and there can be no assurance that there will be a ready resale market if or when the Fund finds it necessary or otherwise elects to sell such investments.

The Fund is subject to general risks of real estate ownership

Investments in real estate can be difficult, slow, or impossible to realize. The Fund will be subject to the general risks incidental to the ownership of real estate, including changes in the supply of or demand for competing real estate in an area, changes in interest rates and the availability of mortgage funds, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers and environmental factors. The marketability and value of any real estate will, therefore, depend on many factors beyond the control of the Fund and there is no assurance that there will be either a ready market for any real estate of the Fund or that such real estate will be sold or leased at a profit or will yield a positive cash flow.

The Fund may be subject to development risks

If the Fund invests, directly or indirectly through another fund or asset manager, in residential real estate prior to development, redevelopment and completion, the returns to Limited Partners will be subject to the risks associated with the development of real estate projects. These risks include:

- the risk that the developer of a site may become insolvent and be unable to complete the project. It is expected that developments in which the Fund will invest will be financed by a mixture of equity, deposits on pre-sales and bank financing. The release of bank financing will be staged and conditional on milestones in the development being reached. In the event that the development does not proceed as expected (due to unexpected factors such as landslip, accident, supplier default, planning or title disputes etc.), the bank may refuse to provide further financing. If the developer is unable to arrange alternative financing, it may not be possible to complete the development;
- the risk that planning consents are not obtained, or are delayed significantly, or are granted subject to uneconomic conditions;
- the risk that laws are introduced, which may be retrospective and affect existing building consents, which restrict development in certain areas;
- the risk that a development is significantly delayed or costs exceed budget due to unforeseen factors.
- the risk of cost over run can be mitigated through fixed price contract arrangements;
- the risk of unforeseen construction constraints (including geological and archaeological factors);
- the risk of title disputes, legal disputes with neighboring land owners, and legal disputes with architects, project managers and suppliers;
- the risk that building methods or materials prove to be defective;
- if a construction company used on a development becomes insolvent, it may prove impossible to recover compensation; and
- the risk of fraud on the part of service providers or suppliers used on a development.

Risks Associated with Buying Contaminated Properties

The Fund may make or buy loans secured by properties where it later discovers that such properties have environmental conditions that need remediation. The General Partner would plan to sell the property as is or
use contractors, consultants and service providers to help the General Partner in evaluating the costs associated with remedying such contaminated properties, and who will be covered under their own insurance policies. While such properties may be resold after remediation, if the costs of remediation are substantially greater than the anticipated sale price of the property, the Fund may incur a substantial loss that could adversely affect distributions to the Fund.

Compliance with the Americans with Disabilities Act and Other Changes in Governmental Rules and Regulations

Under the Americans with Disabilities Act of 1990 (the "ADA"), all public properties are required to meet certain federal requirements related to access and use by disabled persons. Properties acquired by the Fund or in which the Fund makes a property investment may not be in compliance with the ADA. If a property is not in compliance with the ADA, then the Fund may be required to make modifications to such property to bring it into compliance, or face the possibility of imposition, or an award, of damages to private litigants. In addition, changes in governmental rules and regulations or enforcement policies affecting the use or operation of the properties, including changes to building, fire and life-safety codes, may occur which could have adverse consequences to the Fund.

The Fund's underwriting standards and procedures are more lenient than conventional lenders

The Fund will invest in loans secured by residential real estate with borrowers who will not be required to meet the credit standards of conventional mortgage lenders, which is riskier than investing in loans made to borrowers who are required to meet those higher credit standards. Because the General Partner approves loans more quickly than some other lenders or providers of capital, there may be a risk that the due diligence the Manager performs as part of its underwriting procedures would not reveal the need for additional precautions. If so, the interest rate the Fund charges and the Collateral the Fund requires may not protect the Fund adequately or generate adequate returns for the risk undertaken. A borrower's ability to pay a loan balance in a large lump sum may depend on its ability to obtain suitable refinancing or otherwise raise a substantial cash amount.

Risk of default on Loans / Non-performing Loans

The Fund's investment strategy includes the acquisition or origination of loans secured by real estate which are subject to the risk of default. At the time of their acquisition, origination or thereafter, loans may be non-performing for a wide variety of reasons. Such nonperforming loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of the principal of such loan, and/or the necessity of purchasing senior loans to protect the Fund's interest in its investment.

The loans may become uncollectible or subject to a reduced return due to any voluntary or involuntary bankruptcy, insolvency or similar proceeding affecting any of the Fund's borrowers or guarantors. It is possible that the General Partner may find it necessary or desirable to foreclose on collateral securing one or more loans purchased or originated by the Fund. The foreclosure process will vary from jurisdiction to jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation may create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. The Collateral value could also be negatively impacted if a defaulting borrower were to damage the property, negligently or intentionally, while still in possession. Even if foreclosure can be avoided and a restructuring were successfully accomplished, a risk exists that, upon maturity of such Mortgage Loan, replacement "takeout" financing will not be available.

In certain circumstances, the Fund may lose priority of its liens to mechanic or materialmen's liens, by reason of the borrower's wrongful acts or the priority allowed to certain tax liens. It is possible that the total amount recovered by the Fund upon default may be less than the total amount of its Mortgage Loan, with resultant losses to the Fund. In such circumstances, the Manager may pursue deficiency judgments against borrowers, if available. Most, if not all, of the Fund's loans will be general obligations of the borrower or principals of the borrower. Properties held as collateral and foreclosed upon may not generate sufficient income from operations to meet associated expenses of the Fund. In addition, operation of foreclosed properties may require the Fund to spend money for an extended period, and subsequent income and capital appreciation from the foreclosed properties to the Fund may be less than competing investments.

The Fund may be required to rely totally on its interest in the Collateral for repayment of a Mortgage Loan. The value of the Collateral may be affected by general or local economic conditions, neighborhood values, interest rates, real estate tax rates and other operating expenses, the possibility of competitive over-building and of the inability to obtain or maintain full occupancy of the properties, governmental rules and fiscal policies, acts of God or casualties for which insurance is not available or obtainable for commercially reasonable premiums, and other factors which are beyond the Fund's or the General Partners control.

The Fund may require transaction analysis reports for environmental screening or other environmental reports on the proposed Collateral, which reports may not reveal actual conditions and risks associated with the Collateral. The presence of hazardous substances on such Collateral may subject the Fund to substantial liability for the cost of removal and/or treatment, reduce the value of the Collateral or make it unmarketable. That cost may substantially exceed the value of the Collateral involved.

Further, under U.S. law, investments in properties or loans operating under bankruptcy laws are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of the Fund's original investment therein. In addition, under certain circumstances, payments to the Fund and distributions by the Fund to its Partners may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law.

The Fund may have difficulty protecting its rights as a secured lender

The Fund believes that its Fund asset documents will enable it to enforce commercial arrangements with borrowers and other counterparties. However, the rights of borrowers, counterparties, and other secured lenders may limit the Fund's practical realization of those benefits. For example:

- Judicial foreclosure is subject to the delays of protracted litigation. Although the Fund expects non judicial foreclosure to be generally quicker, the Fund's Collateral may deteriorate and decrease in value during any delay in foreclosing on it.
- The borrower's right of redemption during foreclosure proceedings can deter the sale of the Collateral and can for practical purposes require the Fund to manage the property.
- The Fund will be making loans in different states, with varying foreclosure laws, procedures and timelines. Depending on which state a Fund asset is located, there may be more or less time, effort and cost associated with foreclosing on loans.
- Unforeseen environmental hazards may subject the Fund to unexpected liability and procedural delays in exercising its rights.
- The rights of junior or senior secured parties in the same property can create procedural hurdles for the Fund when it forecloses on Collateral.
- The Fund may not be able to pursue deficiency judgments after it forecloses on Collateral.
- State and federal bankruptcy laws can prevent the Fund from pursuing any actions, regardless of the progress in any of these suits or proceedings.
- The courts, particularly the bankruptcy courts, may unilaterally alter the contractual terms of Fund assets, including doing so to the detriment of the Fund.

Care is exercised upon creation of the legal documents at the time of origination or acquisition to ensure that as many bases as possible have been covered in the documents. However, in the event of default, it can be very difficult to predict with any certainty how courts will respond.

Risk of lack of knowledge in distant geographic markets

Although the Fund intends to focus its investments in locations with which the General Partner and/or Noble is generally familiar, the Fund runs a risk of experiencing underwriting challenges or issues associated with a lack of familiarity in some markets. Each market has nuances and idiosyncrasies that affect values, marketability, desirability, and demand for individual Collateral that may not be easily understood from afar. While the General Partner believes it can effectively mitigate these risks in a myriad of ways, there is no guarantee that investments in geographic markets outside its physical location (or even inside this perceived boundary) will perform as expected.

Risks of real estate ownership

When the Fund acquires real estate, either directly or through foreclosure, deed in lieu of foreclosure, or otherwise, it has economic and liability risks as the owner, including but not limited to:

- Earning less income on disposition of the property than costs incurred in purchasing, improving it, and maintaining it;
- Keeping the property leased by tenants;
- Potential damage to the property by any tenants;
- Lack of availability or lapse in insurance coverage for the property;
- Controlling operating expenses;
- Coping with general and local market conditions;
- Possible exposure to environmental contamination remediation and clean-up costs, which in some cases could exceed the value of the property;
- Complying with changes in the laws and regulations pertaining to taxes, use, zoning and environmental protection; and/or
- Possible liability for injury to persons and property.

The Fund intends to secure insurance against hazards and contingencies to the extent it can obtain such insurance as an owner at a reasonable cost.

Risks of participation or fractional interests in loans

When the Fund initially accepts in-kind contribution of fractional interests in loans, and therefore does not own an individual investment in its entirety, but rather owns some percentage interest in a transaction (a "Participation"), there are additional risks to that particular investment including, but not limited to, the following:

- Other owner(s) of a Participation in such an Asset may have different ideas, motivations, or desired outcomes than the Fund which may give rise to disputes in how to manage the Asset.
- There may be complications in disposing of Participation that require additional time, money, and cooperation of parties who may be adverse at the time of retirement of the loan or disposition of the property, which may reduce the amount recovered by the Fund on such loan.
- The General Partner and/or the Fund may not control or have influence over the transaction involving the Asset subject to the Participation agreement. Such a scenario would subject the Fund to the decisions of another party, whose interests may be adverse to those of the Fund.
- There may be regulations or laws that govern or influence a Participation loan that are unknown at the time the loan is made, but which have a negative impact on the Asset at the time of maturity or disposition.

Risks of investing in subordinated (or second lien position) loans

Some of the Fund's investments may consist of subordinated Mortgage Loan. Such investments will be subordinated to the senior obligations of the property or issuer, either contractually, inherently due to the nature of equity securities, or both. In the event of default on the senior debt, the Fund as a holder of a subordinated loan may be at the risk of realizing a loss of up to all of its investment before the senior debt will suffer any loss.

Consequently, greater credit risks are usually attached to these subordinated investments than to a borrower's first mortgage or other senior obligations. In addition, these securities may not be protected by financial or other covenants and may have limited liquidity. Adverse changes in the Borrower's financial condition and/or in general economic conditions may impair the ability of the borrower to make payments on the subordinated securities and cause them to default more quickly with respect to such securities than with respect to the borrower's senior obligations. In most cases, the Fund's management of its investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing investments, will be subject to the rights of the more senior lenders and contractual intercreditor provisions.

Other risks related to real estate

The Fund's real estate related investments will be subject to the varying degrees of risk and significant fluctuations in their value. The value of the Fund's investments depends upon the real property owner's ability to repair or rehabilitate the property as projected, operate the real property in a manner sufficient to meet its commitments, including debt service, and/or maintain or increase revenues in excess of operating expenses or, in the case of real property leased to a single lessee, the ability of the lessee to make rental payments. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics; the financial condition of tenants, buyers and sellers of properties; competition from other properties offering the same or similar services; changes in interest rates and in the availability, cost and terms of mortgage funds; the impact of present or future environmental legislation and compliance with environmental laws; the ongoing need for capital improvements (particularly in older structures); changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; civil unrest; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in zoning laws; and other factors that are beyond the control of the real property owners and the Fund. In the event that any of the properties underlying the Fund's investments experience any of the foregoing events or occurrences, the ability of the real property owner to pay the interest and principal on any debt securities would be negatively impacted.

Usury risk

State and federal usury laws limit the interest that lenders are entitled to receive on loans. Statutes differ in their provision as to the consequences of a usurious loan. One group of statutes requires the lender to forfeit the interest above the applicable limit or imposes a specified penalty. Under this statutory scheme, the borrower may have the recorded mortgage or deed of trust canceled upon paying its debt with lawful interest, or the lender may foreclose, but only for the debt plus lawful interest. Under a second, more severe type of statute, a violation of the usury law results in the invalidation of the transaction, thereby permitting the borrower to have the recorded mortgage or deed of trust canceled without any payment and prohibiting the lender from foreclosing.

Usury laws in the states where the Fund's investments are located may limit the ability of the Fund to charge interest and create the risk that the Fund may not be able to fully realize their investment in their loans. For example, some states make it unlawful for a lender to charge or collect interest at a rate exceeding a statutorily prescribed interest rate per annum, unless the lender falls into one or more exclusion categories which exempts it from such prohibition. The General Partner and/or the Fund may not be eligible for such exemptions under the relevant usury restrictions, and moreover, exemptions may not be available in all states in which the Fund intends to invest. In addition, if a license were required in a state in order to avail the Fund of an exemption, and the General Partner loses its license in that state, the General Partner and hence the Fund may no longer be eligible for that state's exemptions from usury law relying on such licensing, which may in turn limit the Fund's ability to generate revenues. While the General Partner and the Fund intend to fully comply with any usury laws affecting the

Fund's investments, in the event the Fund does violate these laws, it may have a negative impact on the Fund's operations and ability to recover on its investments.

Investment in real estate can lead to substantial losses

If real estate prices in the U.S. residential real estate market fall by more than the discounts to current market value achieved by the Fund when it exchanges contracts, real estate held in the real estate portfolio may only be realizable at a loss and may prove difficult to sell at all. In these circumstances, the Fund or any funds or asset managers in which the Fund invests may complete on the purchase of properties and lease them. The ability to complete on purchases is dependent on the amount of equity available to the Fund or funds and managers in which the Fund invests, and on the borrowing terms available at the time, which may not be the same as are available today. Although, historically, rental yields have risen as capital values have fallen, there is no guarantee that this correlation will always exist. A combination of higher interest rates, a deteriorating economy (with higher unemployment) and prolonged deflationary conditions, may result in falling capital values combined with falling rents and/or void periods. The value of Interests in the Fund and hence the value of your investment may go down as well as up and you may receive back less than the full amount invested. In extreme circumstances you may receive nothing back.

The Fund may be subject to counterparty risk

If projected returns on real estate are not met or if development companies become insolvent, the Fund may lose some or all of its investment. Developers, as well as the funds or managers in which the Fund may invest, may become insolvent and fail to complete a development in which the Fund has invested. Although deposit amounts are generally held in escrow, they might not be in all cases and house builder insolvency may result in loss to the Fund. Counterparties to whom the Fund sells real estate may default on payment of the purchase price and tenants to whom the Fund rents real estate may default on rental obligations.

Investment in real estate entails valuation risk

Real estate assets are inherently difficult to value due to the lack of marketability and the unavailability of suitable information for determining the current value of investments. This is due to the heterogeneity of real estate which may cause delays when investments are realized in difficult market conditions. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after a real estate valuation date.

The Fund may invest in other funds, asset managers, and SPVs in which the Fund holds only a minority share

The Fund may invest in other real estate funds, in real estate asset managers, and in other special purpose vehicles (SPVs) in which the Fund is likely to hold only a minority share. The implication is that the Fund is unlikely to be able to control these other funds, managers, or SPVs (including their dividend policy) and consequently their underlying investments. As a minority investor in such funds, managers, and SPVs, the Fund has no authority to enter into transactions in respect of the real estate, for example by way of sale or otherwise, as such dealings are management functions which are the responsibility of the board of directors of the relevant fund, asset manager, or SPV.

The markets in which we operate are subject to the risk of natural disasters

In addition to possibly sustaining damage to its own properties, if there is a major earthquake, flood or other natural disaster, we face the risk that many of our borrowers may experience uninsured property losses, or sustained job interruption and/or loss which may materially impair their ability to meet the terms of their loan obligations. Although we do not engage in agricultural lending, the drought in California could have an impact on the State's economy and our customers. Therefore, the continuing drought or a major earthquake, flood or other natural disaster in California could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The Fund and General Partner are subject to government regulation

The Fund will be regulated as a lender under various federal, state and local statutes and regulations and these regulations extend, in part, to the General Partner. These regulations affect the Fund's lending practices and business operations, among other things. Statutes and regulations affecting the Fund's business may be changed at any time and the interpretation of these statutes and regulations by examining authorities may also change. In addition, regulations may be adopted which increase our obligations and expense associated with running the Fund's business. There can be no assurance that such statutes and regulations, any changes thereto or to their interpretation will not adversely affect the Fund's business. In particular, these statutes and regulations, and any changes thereto, could subject us to additional costs (including legal and compliance costs), limit the types of lending we may perform or Interests we may be able to sell. In addition, regulatory authorities have the authority to bring enforcement actions against us for violations of any law, rule or regulation which could substantially increase our operating costs and adversely affect our business such that the Fund is not able to achieve its objectives.

Substantial competition in the market could adversely affect the Fund

The Fund will compete actively for investments and other financial services business. Our competitors include a large number of state and national banks, thrift institutions and credit unions, as well as many financial and non-financial firms that engage in businesses similar to that of the Fund. Other competitors include large financial institutions that have substantial capital, technology and marketing resources. Such large financial institutions may have greater access to capital at a lower cost than us, which may adversely affect our ability to compete effectively.

The Fund is subject to systems, accounting and internal control risks

The accuracy of our judgments and estimates about financial and accounting matters will impact operating

results and financial condition. We make certain estimates and judgments in preparing the financial statements. The quality and accuracy of those estimates and judgments will impact the Fund's operating results and financial condition.

Our information systems may experience an interruption or breach in security

We rely on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management and systems. We cannot provide any assurance that such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately corrected. The occurrence of any such failures, interruptions or security breaches could damage our reputation, result in a loss of customer business, subject us to heightened regulatory scrutiny, or expose us to litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

Our controls and procedures may fail or be circumvented

Our management regularly reviews and updates our internal control over financial reporting, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls and procedures, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations and financial condition.

Manag<mark>ement R</mark>isks

There is no participation by limited partner investors in the management of the Fund

Limited Partners will have very limited rights and power to take part in the management of the Fund. All prospective

investors must be willing to entrust all aspects of the operation and management of the Fund to the General Partner, including the selection of Portfolio Companies and Ioan borrowers.

The General Partner and its members enjoy limited liability

The Partnership Agreement includes exculpation and indemnification provisions that limit the circumstances under which the General Partner, our management team and their respective affiliates can be held liable to the Partnership and which obligate the Partnership to indemnify them under certain circumstances. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

No negotiation of terms or independent legal representation

The General Partner has determined the terms of the Partnership Agreement and the Subscription Agreement, which were not negotiated on an arm's-length basis. In addition, legal counsel for the General Partner has not acted and will not in the future act as counsel for or represent the interests of the Limited Partners. The Fund has also not had independent legal counsel and is not expected to have independent legal counsel in the future. Prospective Limited Partners should consult with their own legal counsel regarding the Partnership.

Valuations and appraisals at discretion of General Partner

The Partnership may from time to time obtain a third party valuation or appraisal of one or more of the portfolio investments when determined to be appropriate, in its discretion; provided, however, that the Partnership is under no obligation to do so. In lieu of obtaining an independent valuation or appraisal, the General Partner will estimate the fair value of the Partnership's portfolio investments. Any determination of the value of the Partnership's assets may involve subjective analysis which provides no more than a speculative estimate of value. Valuations and appraisals may result in adjustments of the carrying value of Partnership investments. Accordingly, there can be no assurance that the Partnership's net asset value, as calculated based upon such valuation, appraisals and/or opinions, will be accurate on any particular date, nor can there be any assurance that the sale of any property or asset owned by the Fund would be at a price equivalent to the last estimated or appraised value of such property or asset.

Risk that the stated value of individual fund assets is incorrectly determined by the Manager

The Manager will develop and utilize a consistent methodology to calculate the stated value of each individual Fund asset on an ongoing basis, typically calculating this stated value for each Fund asset at the time of origination or acquisition and at the end of each calendar quarter. The Manager will use methodologies that it deems reasonable based on various valuation practices commonly used in similar businesses in the industry including Broker Price Opinions ("BPOs"), Comparative Market Analyses ("CMAs"), appraisals, comparable sales of other assets similar to Fund assets, historical data and trends from actual sales, disposition or performance of Fund assets, cash balances (in the case of cash assets), and other such methodologies generally used and accepted in the market. This being said, the determination of stated value of any given Fund asset may be highly subjective and may change continuously on an ongoing basis. There is no guarantee that any stated value as determined by the Manager of one or more of the Fund assets is an accurate representation of the true current value of any Fund asset. Furthermore, the Manager may be subject to certain conflicts of interest in determining the stated value of Fund assets since such stated value will be the basis for the calculation of its management fees.

Although the Manager will use methodologies that it believes are based on reasonable approaches to establishing value, it may modify, alter, or improve its methodologies in its sole discretion at any time during the life of the Fund. The Manager will make all determinations as to stated value of the Fund assets in its sole discretion.

Incentive Allocation may lead to increased risk-taking by the General Partner.

The General Partner will receive an Incentive Allocation from the Fund based on a percentage of any realized gains above the Preferred Return hurdle in favor of the Limited Partners. As a result of the Incentive Allocation, the returns realized by the Limited Partners from the Partnership's activities may be substantially less than the returns the Limited Partners would realize from engaging in the same activities directly, if they were able to make such investments directly without investing in the Partnership. As is the case with most standard private investment funds, the Incentive Allocation may create an incentive for the General Partner to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements.

Risk if Manager withdraws or is terminated

The Fund presently only has one General Partner. If the General Partner, subject to its one (1) year notice requirement, withdraws from the Fund, is terminated by the Limited Partners, for cause or otherwise, or is terminated as General Partner by dissolution or bankruptcy, it may be difficult or impossible for the Limited Partners of the Fund to locate a suitable replacement for the General Partner. If it is unable to replace the General Partner, the Fund would proceed with liquidating the Fund's assets, which may or may not be able to be successfully executed.

Digital operations risk

The servicing agent, a related party to the Manager, is nearly paperless, with all documents secured and managed digitally. The Manager utilizes industry proven software that allows it to track and manage its investments with confidence and accuracy. However, there are risks associated with technology. Defects in software products and errors or delays in processing of electronic transactions could result in:

- transaction or processing errors;
- diversion of technical and other resources from other efforts;

- loss of credibility with current or potential customers;
- harm to reputation; or
- exposure to liability claims.

In addition, the servicing agent relies on technologies supplied by third parties that may also contain undetected errors, viruses or defects that could have a material adverse effect on the Fund's financial condition and results of operations.

Other Risks

No Registration: Limited Securities and Exchange Commission Review

This Offering has not been registered with, or reviewed by, the U.S. Securities and Exchange Commission or any state agency or regulatory body, nor is registration contemplated.

Limited transferability of the Partnership interests

Investors in the Fund interests will be required to enter into the Partnership Agreement, which limits the transferability of the interests. Transferability of the interests is further limited because the interests have not been registered under the Securities Act or under any state securities laws.

Dilution

The Fund interests offered in the Offering consist of interests of the Limited Partners of the Fund. Limited Partners may experience dilution of their respective Partnership Interests in the Fund as more investors are admitted as Limited Partners of the Fund. Further, under the Partnership Agreement, the General Partner has the right to cause the Fund to sell additional Partnership interests. Any such sale of additional Partnership interests would further dilute the percentage interests of the existing Limited Partners.

Long-term nature of investment and illiquidity

Investors should be fully aware that an investment in the Fund is subject to a Lock-up Period as described above. During the Lock-Up Period, a Limited Partner cannot withdraw any funds from the Custodial Account other than by electing to receive cash distributions of realized gains income. After the Lock-Up Period, a Limited Partner can choose to withdraw from the Fund in full by making a redemption request. Notwithstanding the foregoing, a Limited Partner will not receive all amounts from the Custodial Account in response to a redemption request if any such amounts are to be used by the Fund for (i) Fund investments with respect to which the Fund has entered into a binding commitment prior to the redemption request; (ii) binding follow-on investments; (iii) repayment of any advances made by a creditor of the Fund to fund existing Investments and secured by commitments of the General Partner; or (iv) to cover Fund expenses and obligations. Thereafter, all returns attributable to a Limited Partner from investments, including payments of preferred return, interest and payments of principal, will be paid out quarterly as they are received in the Custodial Account. Accordingly, Limited Partners will be paid out as investments amortize. The maturity period of investments is generally between 48 and 60 months. Although it may be possible to dispose of the Interests under certain circumstances subject to the Partnership Agreement and federal and state securities laws, no market currently exists for the Interests and it is highly unlikely that a market will exist at any time in the future. Investors who cannot remain as Limited Partners under these terms should not invest in the Partnership. Moreover, there can be no assurance regarding the frequency or amount of distributions. Accordingly, an investment in the Fund is not appropriate for investors who seek liquidity in their investment.

There is recourse to the fund's assets and indemnification liabilities which could result in losses to Limited Partners

The Fund's assets, including any investments made by the Fund and any funds held by it, are available to satisfy all liabilities and other obligations of the Fund, including indemnification obligations. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Partnership's assets generally and may not be limited to any particular asset, such as the investment giving rise to the liability. The General Partner and other indemnitees are entitled to indemnification, except under certain circumstances, from the Fund. The obligation to fund any indemnification will survive the dissolution of the Partnership or a Limited Partner's withdrawal or exclusion from the Fund. Accordingly, Limited Partners may suffer losses of their investment in the Fund as a result of such obligations.

A Limited Partner may be liable for the return of distributions

If the Fund is otherwise unable to meet its liabilities and obligations, the Limited Partners may under applicable law be required to return cash distributions previously received by them to the extent that such distributions are deemed to constitute a return of their contributed capital or are deemed to have been wrongfully paid to them. In addition, a Limited Partner may be liable under applicable federal and state bankruptcy laws to return a distribution made during the Fund's insolvency or within a certain period of time prior thereto.

Limited withdrawal rights

An investment in the Fund is suitable only for certain sophisticated investors who have no need for liquidity in the investment. Generally, Limited Partners may withdraw their funds from the Custodial Account as of the end of each fiscal quarter. Further, distribution of proceeds upon a Limited Partner's withdrawal may be limited where, in the view of the General Partner, the disposal of all or part of the Fund's assets, or the determination of the value of the Limited Partner's funds in the Custodial Account, among other reasons, would not be reasonable or practicable or would be prejudicial to the nonwithdrawing Limited Partners.

Reserves may reduce Limited Partners' distributions and expose them to additional losses.

The Fund expects to establish a reserve by withholding a portion of distributions to Limited Partners, in which case the reserved portion would remain at the risk of the Fund's activities and may be reduced to account for Fund losses.

The General Partner may enter into side letters with certain Limited Partners

The Fund and the General Partner may enter into agreements with certain Limited Partners that will result in different terms of an investment in the Partnership than the terms applicable to other Limited Partners. As a result of such agreements, certain Limited Partners may receive additional benefits which other Partners will not receive (e.g., additional information, better economic terms). The Fund and the General Partner will not be required to notify the other Limited Partners of any such agreement or any of the rights and/or terms or provisions thereof, nor will the Fund or the General Partner be required to offer such additional and/or different terms or rights to any other Limited Partner. The Fund and the General Partner may enter into any such agreement with any Limited Partner at any time in the sole discretion of the General Partner.

Regulations under Investment Company Act of 1940

The Fund's operations are similar to an investment company as defined under the Investment Company Act of 1940, as amended (the "Investment Company Act") because the Partnership engages in the business of purchasing securities for investment. The Fund is currently not required to register under the Investment Company Act due to an exemption for an entity which is beneficially owned by less than 100 persons and which complies with certain other statutory provisions. Accordingly, the provisions and extensive regulations of the Investment Company Act, which might otherwise govern the activities of the Fund, will not be applicable and Limited Partners will not have any of the benefits provided under the Investment Company Act.

Risks for certain benefit plan investors subject to ERISA

Prospective investors that are benefit plan investors subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Department of Labor Regulations issued thereunder should read the section hereof entitled "ERISA Considerations" in its entirety for a discussion of certain risks related to an investment by benefit plan investors in the Fund.

Recent and anticipated legislative and regulatory activity

The U.S. Congress, the SEC and other regulators have taken, or represented that they may take, action to increase or otherwise modify the laws, rules and regulations applicable to techniques and instruments in which the Fund may invest. New (or modified) laws, rules and regulations may prevent, or significantly limit the ability of, the Manager from using certain such instruments or from engaging in such transactions. This may impair the ability of the Manager to carry out the Fund's investment strategy and may otherwise have an adverse impact on the Fund's returns. Compliance with such new or modified laws, rules and regulations may also increase the Fund's expenses and therefore, may adversely affect the Fund's performance. It is not possible at this time to predict with certainty what, if any, impact the new or modified regulations will have on the Manager or the Fund, and it is possible that such impact could be adverse and material.

Risk of increased governmental regulation

The industry in which the Fund will become an active participant may be highly-regulated at both state and Federal levels, both with respect to its activities as an issuer of securities and its investing activities. The Fund or the Fund assets may be subject to governmental regulations in addition to those discussed in this PPM, and new regulations or regulatory agencies may develop that affect the Fund's operations and ability to generate revenue. The Fund will attempt to comply with all applicable regulations affecting the markets in which it operates. However, such regulation may become overly burdensome and therefore may have a negative effect on the Fund's ability to perform as illustrated.

Compliance with Dodd-Frank Act and similar regulations

The U.S., state and foreign governments have taken or are considering extraordinary actions in an attempt to address real or perceived underlying causes of financial crisis and fraud and to prevent or mitigate the recurrence. These actions or other actions under consideration could result in unintended consequences or new regulatory requirements which may be difficult or costly to comply with. For example, the Dodd-Frank

Wall Street Reform and Consumer Protection Act or the "Dodd-Frank Act," creates a Financial Services Oversight Council to identify emerging systemic risks and improve interagency communication, creates a Consumer Financial Protection Agency authorized to promulgate and enforce consumer protection regulations relating to financial products, which would affect both banks and non-bank finance companies, imposes a comprehensive new regulatory regime of financial markets, including derivatives and securitization markets and creates an Office of National Insurance within Treasury. While the bill has been signed into law, a number of provisions of the law remain to be implemented through the rulemaking process at various regulatory agencies. It is unforeseeable what the final form of these rules will be when implemented by the respective agencies, but certain aspects of the new legislation, including, without limitation, the additional cost of higher deposit insurance and the costs of compliance with disclosure and reporting requirements and examinations by the new Consumer Financial Protection Agency, could have a significant impact on the Fund's business, financial condition and results of operations. Additionally, it is unforeseeable whether there will be additional proposed laws or reforms that would affect the U.S. financial system or financial institutions, including the Fund, whether or when such changes may be adopted, how such changes may be interpreted and enforced or how such changes may affect the Fund. For example, bankruptcy legislation could be enacted that would hinder the ability to foreclose promptly on defaulted mortgage loans or permit limited assignee liability for certain violations in the mortgage origination process, any or all of which could adversely affect the Fund's business or result in the Fund and/or the Manager being held responsible for violations in the mortgage loan origination process even where the Fund was not the originator of the loan.

Other laws, regulations, and programs at the federal, state and local levels are under consideration that seek to address the economic climate and real estate and other markets and to impose new regulations on various participants in the financial system. It is unforeseeable the effect that these or other actions will have on the Fund's business, results of operations and financial condition. Further, the failure of these or other actions and the financial stability plan to stabilize the economy could harm the Fund's business, results of operations and financial condition.

Prevention of money laundering

As part of the General Partner's responsibility for the prevention of money laundering under the Uniting and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act of 2001 (the "PATRIOT Act") and other laws, the Fund may require a detailed verification of a prospective Limited Partner's identity and the source of such prospective Limited Partner's capital contributions. In the event of delay or failure by a prospective Limited Partner to produce any such information required for verification purposes, the Fund may refuse to accept the subscription and any monies relating thereto. In addition, each prospective Limited Partner will be required to represent and warrant to the Fund, among other things, that (a) the proposed investment by such prospective Limited Partner will not directly or indirectly contravene U.S. federal, state, international or other laws or regulations, including the PATRIOT Act, (b) no capital contribution to the Partnership by such prospective Limited Partner will be derived from any illegal or illegitimate activities, (c) such prospective Limited Partner is not a country, territory, person or entity named on a list promulgated by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibiting, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals, nor is such prospective Limited Partner or any of its affiliates a natural person or entity with whom dealings are prohibited under any OFAC regulations or (d) such prospective Limited Partner is not otherwise prohibited from investing in the Partnership pursuant to other applicable U.S. antimoney laundering, anti-terrorist and foreign asset control laws, regulations, rules or orders. Each Limited Partner will be required to promptly notify the General Partner if any of the foregoing will cease to be true with respect to such Limited Partner.

As a result of the above-described money laundering regulations, the General Partner may from time to time request (outside of the subscription process), and the Limited Partners will be obligated to provide to the General Partner upon such request, additional information as from time to time may be required for it and the Fund to satisfy their respective obligations under these and other laws that may be adopted in the future. Also, the General Partner may from time to time be obligated to file reports with various jurisdictions with regard to, among other things, the identity of the Partnership's Limited Partners and suspicious activities involving the Interests.

In the event it is determined that any Limited Partner, or any direct or indirect owner of any Limited Partner, is a person identified in any of these laws as a prohibited person, or is otherwise engaged in activities of the type prohibited under these laws, the General Partner may be obligated, among other actions to be taken, to withhold distributions of any funds otherwise owing to such Limited Partner or to cause such Limited Partner's interest to be cancelled or otherwise redeemed (without the payment of any consideration in respect of such interest).

Tax Risks

General Risks.

The General Partner intends that the Fund will be classified as a partnership for federal tax purposes. Each Partner must take into account its allocable share of the partnership items of the Fund. The Fund is subject to a risk of audit by the IRS. Any adjustments made to the Fund's information return produced by such an audit might result in adjustments to the Limited Partners' tax returns, with respect not only to items related to the Fund but also to unrelated items. Furthermore, federal, state and local tax laws are subject to change, and Limited Partners could incur substantial tax liabilities as a result of changes thereto. Finally, various aspects of income taxation, including federal, state and local taxation and the alternative minimum tax, produce tax effects that can vary based on each taxpayer's particular circumstances. THEREFORE, INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS TO DETERMINE THE TAX EFFECTS OF AN

INVESTMENT IN THE FUND, ESPECIALLY IN LIGHT OF THEIR PARTICULAR FINANCIAL SITUATIONS.

Tax Considerations; Distributions to Partners and Payment of Tax Liability.

It is not possible to provide here a description of all potential tax risks to a person considering investing in the Fund. Prospective investors are urged to consult their own legal counsel and tax advisors with respect thereto. The Fund will not seek a ruling from the Internal Revenue Service ("IRS") with respect to any tax issues affecting the Fund.

All returns from the investments, including payments of interest and repayments of principal by borrowers and Portfolio Companies will be paid into each Limited Partner's Custodial Account. Unless a Limited Partner elects to receive cash distributions of realized gains income, such income will be used to fund subsequent investments by the Partnership. A Partner will be required each year, however, to pay applicable U.S. federal and state income taxes on its share of the Partnership's taxable income and will have to obtain cash from other sources in order to pay such applicable taxes. The amount and timing of any distributions will be determined in the discretion of the General Partner. The General Partner may consider such possible tax liability of the Partners when determining whether to make distributions, but no assurance is given that distributions, if made, will equal the amount of any Fund's tax liability.

Differential Taxes for Investors.

The Fund's investors may include both tax-exempt entities and taxable investors such as high net worth individuals and persons or entities organized in various jurisdictions. Certain conflicts of interest may arise in connection with decisions made by the General Partner that may be more beneficial for one type of investor than for another type. In selecting investments appropriate for the Fund, the General Partner will consider the investment objectives of the Fund as a whole and will not be required to consider the investment objectives or tax consequences to any specific investor.

Certain Deductions and Allocations.

The IRS could challenge the deductibility of expenses the Fund incurs for several reasons, including that those expenses constitute capital expenditures that, among other things, should be added to the Fund's cost of acquiring its investments and amortized over a period of time or held in suspense until the Fund liquidates or dissolves. In addition, certain expenses the Fund incurs may constitute "miscellaneous itemized deductions," the deductibility of which by individual taxpayers is subject to a separate limitation as well as an overall limitation on itemized deductions. In this regard, the IRS also could attempt to challenge any allocations to the General Partner pursuant to the Carried Interest and instead try to treat such amounts as a management fee. If the IRS were to prevail in such position, the Limited Partners would be allocated the profits otherwise allocable to the General Partner and their ability to deduct the amounts re-characterized as a fee could be disallowed or limited as described above. See "Federal Tax Aspects."

Certain Tax Risks Related to Structured Investments.]

The Fund may enter into structured financial transactions to obtain leverage. For federal income tax purposes, such borrowing could be treated as a secured borrowing by the Fund, rather than as a sale and a subsequent repurchase of the collateral securities. Given the uncertainty and complexity of the tax laws, however, a federal, state, local or foreign tax authority may challenge the Fund's tax positions (including, but not limited to, the timing of income, the classification of income as capital or ordinary, and whether the Fund is subject to taxes or required to withhold tax on income). The tax positions taken by the Fund may not be accepted by such tax authorities. If any tax authority should successfully contest a tax position taken by the Fund, Limited Partners may need to amend their federal, state and local tax returns or the Fund may be subject to withholding or other taxes, interest and possibly penalties.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Limited Partners should read the entire Memorandum and the Partnership Agreement and consult with their own advisers before deciding whether to invest in the Fund. In addition, as the Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors.

POTENTIAL CONFLICTS OF INTEREST

In connection with the management of the Fund, the General Partner may be deemed to have a fiduciary relationship with the Fund and consequently the responsibility for dealing fairly with the Fund. However, affiliates of the General Partner, and their respective officers, managers, directors, employees, consultants, partners and members (including the Principals) (the "Affiliated Persons") engage in activities that may conflict with the interests of the Limited Partners, or the Fund, notwithstanding the fact that the General Partner and the Investment Manager manage the Fund. The following discussion enumerates certain potential divergences and conflicts of interest.

Other Activities of the General Partner

The Partnership Agreement does not require the General Partner or its managing members to devote all of their business time to managing the Partnership's affairs. The Affiliated Persons will not be precluded from engaging directly or indirectly in any other business or other activity, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with investments for their own accounts, for the accounts of family members, for the accounts of other funds and for the accounts of individual and institutional clients (collectively, "Other Accounts").

Such Other Accounts may have investment objectives or may implement investment strategies similar to those of the Fund. The Affiliated Persons may also have investments in certain of the Other Accounts. Accordingly, the General Partner and the Affiliated Persons will have conflicts of interest in allocating management time, services and functions among the Partnership and other business endeavors, whether in existence now or in the future. The General Partner, the Investment Manager, key personnel and those Affiliated Persons will only devote so much time to the business and affairs of the Fund as is reasonably required in their judgment. The Partnership Agreement does not prohibit the General Partner, the Principal or any of their Affiliated Persons from engaging in other existing or future business in which neither the Partnership nor any Limited Partner will be entitled to have an interest. The Affiliated Persons will have no obligation to purchase or sell for the Fund any investment that the Affiliated Persons purchase or sell, or recommend for purchase or sale, for their own accounts or for any of the Other Accounts.

The Other Accounts may invest in various investment opportunities similar or dissimilar to the Fund's activities and in which neither the Fund nor any Limited Partner will be entitled to have an interest. The Fund will not have any rights of first refusal, co-investment or other rights in respect of the investments made by Affiliated Persons for the Other Accounts, or in any fees, profits or other income earned or otherwise derived from them. No Limited Partner will, by reason of being a Partner of the Fund, have any right to participate in any manner in any profits or income earned or derived by or accruing to the Affiliated Persons from the conduct of any business or from any transaction in investments effected by the Affiliated Persons for any account other than that of the Fund. Additionally, the General Partner, the Investment Manager, the Principals or any of the other Affiliated Persons may also invest, directly or indirectly, in various investment opportunities similar or dissimilar to the Fund's activities and in which neither the Fund nor any Limited Partner will be entitled to have an interest. Circumstances may arise, however, in which an allocation of opportunities among the Partnership, the Affiliated Persons and the Other Accounts could have adverse effects on the Partnership with respect to the availability of transactions, the pricing of a transaction, collateral, priority of lien or of payment, or other matters.

Furthermore, the General Partner, the Investment Manager, the Principals, or any of the other Affiliated Persons may also invest in impaired deals in the Fund's portfolio and may assume a debtor position.

Receipt of Other Asset Level Fees by the Servicer and/or Manager

The Servicer and/or originator of the loans, which may include the Manager or an Affiliate of the Manager, will also receive as income all origination fees collected from borrowers on loans, and an affiliated Servicer may be contracted to perform loan servicing duties on the loans the General Partner originates or acquires. The servicing fee paid to any Servicer at the General Partner's discretion will usually be below 3% (annually) of the unpaid principal balance of each loan it services. The General Partner will expense servicing fees to the Fund prior to any calculation of Fund earnings and distributions to Limited Partners and will pay servicing fees to a Servicer chosen at the General Partner's discretion. Absent the existence of these fees, Partners might receive a higher rate of return, and the interests of the General Partner, the originator, and the Partners are adverse in this respect. The Servicer and/or originator also receives a portion of the Incentive Allocation.

Incentive Allocation and Additional Compensation

Since the General Partner will receive substantial additional compensation once Partners have received their Preferred Return, the General Partner may have incentive to invest in riskier opportunities that it might believe would produce a greater return, a portion of which the General Partner would keep. Since this potential additional return might result in additional risk and exposure, the interests of the General Partner and the partners may be adverse in this respect. The General Partner is sharing its Incentive Allocation with affiliates of the Servicer (if Noble Servicing or its affiliate) and/or loan originator (including but not limited to, Stream Line Funding, LLC).

Co-Investments

The General Partner may in its discretion make available co-investment opportunities to strategic investors, lenders, and/or one or more Partners. Co-investment opportunities may be made available through limited partnerships or other entities formed to make such investments.

Competition by the Fund with Other Affiliated Companies

The General Partner, its managers, and its affiliates, and its originator and/or services may engage for their own accounts or for the accounts of others in other business ventures, including other public or private limited partnerships or limited liability companies. Neither the Fund nor any Partners are entitled to an interest therein. The General Partner's members and Fund's investment committee members may invest in real estate or other activities similar to those of the Fund for their own accounts and expect to continue to do so.

Further, though the Partnership Agreement requires that the General Partner give the Fund the right of first refusal to take advantage of any potential investment (each an "Opportunity") that is competitive with the Fund (as determined by the Manager) prior to the General Partner, affiliates, venders, or partners taking that Opportunity itself, there is no guarantee that the Fund will participate in all the opportunities that the General Partner sees. The General Partner further has the discretion to decide what opportunities are competitive with the Fund, and the factors the General Partner may, but is not obligated to, consider in determining whether an Opportunity is competitive include, but are not limited to, whether the Opportunity meets the Fund's underwriting criteria, whether it is consistent with the Investment Objectives of the Fund, and whether the Fund has sufficient financial resources at the time to accommodate the Opportunity.

Other Investments

Personnel of the General Partner and/or Manager, the

Fund's Investment Committee members, and affiliates of the General Partner or Manager involved in managing and executing responsibilities of the General Partner may have investments in other funds or accounts and real estate interests sponsored by or affiliated with the General Partner as well as investments in non-affiliates. The performance of and financial returns on such other investments may be at odds with those of the Fund.

The General Partner and its members may be members or managers of other entities which have investment objectives that have some similarities to the Fund, which may cause the General Partner's members to pursue investments that are competitive with those of the Fund. However, the decision as to the suitability of the investment by the Fund will be determined by the General Partner in its sole discretion and will be based upon a review of the Fund's investment portfolio and upon factors including but not limited to such as property location, investment size, net income, the effect of the investment on diversification of the Fund's portfolio, and the amount of Fund capital then available for investment.

Diverse Partnership

The Investors may include taxable and tax-exempt persons and entities and may include persons or entities organized in various jurisdictions including foreign investors. As a result, conflicts of interest may arise in connection with decisions made by the General Partner that may be more beneficial for one type of Partner than for another type of Partner. In addition, the General Partner may make investments for the Fund that may have a negative impact on other investments made by certain Investors in separate transactions. In selecting investments appropriate for the Fund, the General Partner will consider the investment objectives of the Fund as a whole, not the investment, tax or other objectives of any Partner individually.

Relate<mark>d Parties</mark>

The Servicer, whose functions are outlined in Section VI of the Private Placement Memorandum, under "Ongoing Portfolio Monitoring and Management," may be a related party to the Manager.

XI. LEGAL AND TAX MATTERS

United States Securities Act of 1933

Limited partnership interests in the Fund will not be registered under the 1933 Act and must be acquired for investment and not with a view to distribution within the meaning of the 1933 Act. Offers and sales of the Partnership's Interests in the United States will be made by the Fund only to prospective investors that satisfy, in the sole judgment of the General Partner, certain suitability standards. Each United States investor must, at a minimum, meet the definition of "accredited investor" in Regulation D under the 1933 Act and the definition of "qualified client" in the Investment Advisers Act of 1940, as amended.

Each investor will be required to make certain other representations in the Partnership Agreement and such investor's Subscription Agreement. The General Partner will determine, in its sole and absolute discretion, which of the subscriptions received it will accept and whether, in the case of any particular investor, a limit will be placed on his, her or its maximum investment in the Fund.

Offers to non-United States investors must satisfy the requirements of Regulation S or Rule 506(c) of Regulation D under the 1933 Act. Accordingly, interests in the Fund offered to or purchased by non-United States investors must not be offered or sold in the United States or to United States persons unless such offers or sales comply with Regulation S or Rule 506(c) of Regulation D under the 1933 Act.

United States Investment Company Act of 1940

The Fund intends to avoid becoming subject to the Investment Company Act of 1940, as amended (the "**1940 Act**"); however, the LLC cannot assure prospective Investors that under certain conditions, changing circumstances or changes in the law, the Fund may not become subject to the 1940 Act in the future as a result of the determination that the Fund is an "investment company" within the meaning of the 1940 Act that does not qualify for an exemption as set forth below. Becoming subject to the 1940 Act could have a material adverse effect on the Fund. Additionally, the Fund could be terminated and liquidated due to the cost of registration under the 1940 Act. In general, the 1940 Act provides that if there are 100 or more investors in a securities offering, then the 1940 Act could apply unless there is an exemption; however, the 1940 Act generally is intended to regulate entities that raise monies where the entity itself "holds itself out as being engaged primarily, or purposes to engage primarily, in the business of investing, reinvesting or trading in securities" (Section 3(a)(1)(A) of the 1940 Act).

The second key definition of an "investment company" under the 1940 Act considers the nature of an entity's assets. Section 3(a)(1)(C) of the 1940 Act defines "investment company" as any issuer that: "...is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis." Section 3(b) (1) of the 1940 Act provides that a company is not an "investment company" within the meaning of the 1940 Act if it is: "[An] issuer primarily engaged, directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities..."

Section 3(c) of the 1940 Act provides for the following relevant exemptions: "Notwithstanding subsection (a), none of the following persons is an investment company within the meaning of this title: (1) Any issuer whose outstanding securities (other than short- term paper) are beneficially **owned by not more than one hundred persons** [emphasis added] and which is not making and does not presently propose to make a public offering of its securities. Such issuer shall be deemed to be an investment company for purposes of the limitations

set forth in subparagraphs (A)(i) and (B)(i) of section 12(d)(1) governing the purchase or other acquisition by such issuer of any security issued by any registered investment company and the sale of any security issued by any registered open-end investment company to any such issuer. For purposes of this paragraph: (A) Beneficial ownership by a company shall be deemed to be beneficial ownership by one person, except that, if the company owns 10 per centum or more of the outstanding voting securities of the issuer, and is or, but for the exception provided for in this paragraph or paragraph (7), would be an investment company, the beneficial ownership shall be deemed to be that of the holders of such company's outstanding securities (other than short-term paper). (B) Beneficial ownership by any person who acquires securities or interests in securities of an issuer described in the first sentence of this paragraph shall be deemed to be beneficial ownership by the person from whom such transfer was made, pursuant to such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title, where the transfer was caused by legal separation, divorce, death, or other involuntary event. (5) Any person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses: (A) Purchasing or otherwise acquiring notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services; (B) making loans to manufacturers, wholesalers, and retailers of, and to prospective purchasers of, specified merchandise, insurance, and services; and (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate [emphasis added]."

Based on the foregoing, the Fund has been advised that the Offering is exempt under the 1940 Act and that the 3(c)(1) and/or 3(c)(5) exemptions will apply. However, there are no assurances that this will ultimately be the case.

Investment Advisers Act of 1940

Neither the General Partner of the Fund nor any of its affiliated companies currently intend to register as an investment adviser under the Investment Advisers Act of 1940, as amended, or any equivalent state law. There can be no assurance that the General Partner or any of its affiliated companies will not be subject to the registration requirements under the Investment Advisers Act in the future. If the General Partner or any of its affiliated companies are required to register as an investment adviser under the Investment Advisers Act, there will be significant compliance burdens. Neither the Fund nor its counsel can assure investors that, under certain conditions, changing circumstances, or changes in the law, the General Partner and its affiliated management company may not become subject to the Investment Advisers Act or similar laws in the future.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences associated with the purchase, ownership and disposition of the Interests. This summary is based upon various provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury Regulations, existing administrative rulings and practices of the Internal Revenue Service ("IRS"), and judicial decisions. Legislative, judicial or administrative changes may occur which could affect the accuracy of this summary.

This summary does not discuss all of the U.S. federal income tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the U.S. federal income tax laws (such as securities broker-dealers, insurance companies, financial institutions, persons whose "functional currency" is other than the U.S. dollar or persons that hold their interests as part of a "straddle," "hedge," "conversion transaction" or otherwise as part of a "synthetic asset") and is limited to partners that hold their Interests in the Fund as capital assets. Accordingly, prospective investors are urged to consult their own tax advisors to determine the federal, state, local and foreign income and other tax consequences to them of acquiring, holding and disposing of Interests in the Fund.

Some of the investors in the Fund may not be citizens or residents of the United States. This summary does not attempt to address non-U.S. tax systems applicable to such potential investors.

Classification of the Fund.

The Fund intends to operate as a partnership for federal income tax purposes that is not a publicly traded partnership taxable as a corporation. If it were determined that the Fund should be taxable as a corporation for federal income tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, a material adverse change in facts, or otherwise), the taxable income of the Fund would be subject to corporate income tax when recognized by the Fund; distributions of such income, other than in certain redemptions of Interests, would be treated as dividend income when received by the Partners to the extent of the current or accumulated earnings and profits of the Fund; and Partners would not be entitled to report profits or losses realized by the Fund.

As a partnership, the Fund is not itself subject to federal income tax. The Fund files an annual partnership information return with the Service which reports the results of operations. Each Partner is required to report separately on its income tax return its distributive share of the Fund's ordinary income or loss, any net long-term capital gain or loss, and net short-term capital gain or loss and all items entering into their computation. Each Partner is taxed on its distributive share of the Fund's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

Allocation of Profits and Losses.

Under the Partnership Agreement, items of Fund income, deduction, gain, loss or credit are to be allocated

for income tax purposes among the Partners in such manner as to cause the amounts credited or debited to each Partner's Capital Account for each fiscal period to correspond to the economic effects of the Fund's activities during such fiscal periods. Such Allocations will be made pursuant to the principles of Sections 704(b) and 704(c) of the Code, and the Treasury Regulations promulgated thereunder, as applicable, or the successor provisions to such Code Sections and Treasury Regulations, and the General Partner shall be authorized to make such allocations in such manager as it shall determine shall be necessary in order to comply with the requirements of such Code Sections 704(b) and 704(c) and Treasury Regulations.

Tax Elections; Returns; Tax Audits.

The General Partner decides how to report the partnership items on the Fund's tax returns, and all Partners are required under the Code to treat the items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Fund's items have been reported. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally is determined at the limited partnership level in a single proceeding rather than by individual audits of the Partners. The General Partner, designated as the "Tax Matters Partner," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. In addition, the Tax Matters Partner has the authority to bind certain Partners to settlement agreements and the right on behalf of all Partners to extend the statute of limitations relating to the Partners' tax liabilities with respect to Fund items.

The Code provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death) provided that a partnership election has been made pursuant to Section 754. Under the Partnership Agreement, the General Partner, in its sole discretion, may cause the Fund to make such an election. Any such election, once made, cannot be revoked without the Service's consent. As a result of the complexity and added expense of the tax accounting required to implement such an election, the General Partner presently does not intend to make such election.

Tax Consequences to a Withdrawing Limited Partner.

A Limited Partner receiving a cash liquidating distribution from the Fund, in connection with a complete withdrawal from the Fund, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Limited Partner and such Limited Partner's adjusted tax basis in its partnership interest. Such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of the Limited Partner's contributions to the Fund. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Fund's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but unpaid interest, if any, on debt investments held by the Fund will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income. A Limited Partner receiving a cash non-liquidating distribution will recognize income in a similar manner only to the extent that the amount of the distribution exceeds such Limited Partner's adjusted tax basis in its partnership interest.

Tax Treatment of Fund Investments.

The Fund expects most of its income to be interest income from its debt investments, which income is taxable as ordinary income.

To the extent that the Fund may buy and sell debt investments, it intends to act as a trader or investor, and not as a dealer, with respect to such transactions.

A trader and an investor are persons who buy and sell securities for their own accounts. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation. Generally, the gains and losses realized by a trader or an investor on the sale of investments are capital gains and losses. Thus, the Fund expects that any gains and losses from its investment transactions typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term depending, in general, upon the length of time the Fund holds a particular investment. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. Currently, the maximum federal ordinary income tax rate for individuals is 39.6% and, in general, the maximum federal individual income tax rate for long-term capital gains is 20.0%, although in all cases the actual rates may be higher due to the Medicare 3.8% tax on net investment income above specified thresholds and the phase out of certain tax deductions, exemptions and credits. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of \$3,000. For corporate taxpayers, the maximum income tax rate is 35% (although some marginal rates may be as high as 39%). Capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years. The Fund may realize ordinary income from accruals of interest on investments. The Fund may hold debt obligations with "original issue discount." In such case, the Fund would be required to include amounts in taxable income on a current basis even though receipt of such amounts may occur in a subsequent year. The Fund may also acquire debt obligations with "market discount." Upon disposition of such an obligation, the Fun generally would be required to treat gain realized as interest income to the extent of the market discount which accrued during the period the debt obligation was held by the Fund.

Property Held Primarily for Sale: Potential Dealer Status.

Notwithstanding the above in Tax Treatment of Fund Investments, if the Fund were at any time deemed for federal tax purposes to be holding one or more Fund loans, notes or properties primarily for sale to customers in the ordinary course of business (a "dealer"), any gain or loss realized upon the disposition of such loans, notes or properties would be taxable as ordinary gain or loss rather than as capital gain or loss. As noted above, the federal income tax rates for ordinary income are currently higher than those for capital gains. In addition, income from sales of loans, notes and properties to customers in the ordinary course of business would also constitute unrelated business taxable income to any Limited Partners which are tax-exempt entities. Under existing law, whether or not real property is held primarily for sale to customers in the ordinary course of business must be determined from all the relevant facts and circumstances. The Fund intends to make and hold the Fund loans, notes and properties for investment purposes only, and to dispose of Fund loans, notes and properties, by sale or otherwise, at the discretion of the Manager and as consistent with the Fund's investment objectives. It is possible that, in so doing, the Fund will be treated as a "dealer" in mortgage loans, notes and properties, and that profits realized from such sales will be considered unrelated business taxable income to otherwise tax-exempt Investors in the Fund.

Limitation on Deductibility of Interest.

For non-corporate taxpayers, Section 163(d) of the Code limits the deduction for "investment interest" (i.e. interest on "indebtedness properly allocable to property held for investment"). Investment interest is not deductible in the current year to the extent that it exceeds the taxpayer's "net investment income," consisting of net gain and ordinary income derived from investments in the current year less certain directly connected expenses (other than interest or short sale expenses). For this purpose, any long-term capital gain is excluded from net investment income unless the taxpayer elects to pay tax on such amount at ordinary income tax rates.

For purposes of this provision, the Fund's activities will be treated as giving rise to investment income for a Limited Partner, and the investment interest limitation would apply to a non-corporate Limited Partner's share of the interest expenses attributable to the Partnership's operation. In such case, a non-corporate Limited Partner would be denied a deduction for all or part of that portion of its distributive share of the Fund's ordinary losses attributable to interest expenses, if any, unless it had sufficient investment income from all sources including the Fund. A Limited Partner that could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry forward such losses to future years, subject to the same limitation. The investment interest limitation would also apply to interest paid by a non-corporate Limited Partner on money borrowed to finance its investment in the Fund. Potential investors are advised to consult with their own tax advisers with respect to the application of the investment interest limitation in their particular tax situations.

Deductibility of Partnership Investment Expenditures and Certain Other Expenditures.

Investment expenses (e.g. investment advisory fees) of an individual, trust or estate are deductible only to the extent they exceed 2% of adjusted gross income. In addition, the Code further restricts the ability of an individual with an adjusted gross income in excess of a specified amount to deduct such investment expenses. Under such provision, investment expenses in excess of 2% of adjusted gross income may only be deducted to the extent such excess expenses (along with certain other itemized deductions) exceed the lesser of (i) 3% of the excess of the individual's adjusted gross income over the specified amount or (ii) 80% of the amount of certain itemized deductions otherwise allowable for the taxable year. Moreover, such investment expenses are miscellaneous itemized deductions which are not deductible by a non-corporate taxpayer in calculating its alternative minimum tax liability.

Although the Fund intends to treat the Incentive Allocation to the General Partner as not being subject to the foregoing limitations on deductibility, there can be no assurance that the Service may not treat such allocation as an investment expense which is subject to the limitations.

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, non-corporate Limited Partners should consult their tax advisers with respect to the application of these limitations.

A Limited Partner will not be allowed to deduct syndication expenses, including placement fees, paid by such Limited Partner or the Fund. Any such fees will be included in the Limited Partner's adjusted tax basis for its Interest.

Application of Rules for Income and Losses from Passive Activities.

The Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the Fund's debt investment and trading activity generally will not constitute income or loss from a passive activity. Therefore, passive losses from other sources generally could not be deducted against a Limited Partner's share of such income and gain from the Fund.

Application of Basis and "At Risk" Limitations on Deductibility.

The amount of any loss of the Fund that a Limited Partner is entitled to include in its income tax return is limited to its adjusted tax basis in its Interest as of the end of the Fund's taxable year in which such loss occurred. Generally, a Limited Partner's adjusted tax basis for its Interest is equal to the amount paid for such Interest, increased by the sum of (i) its share of the Fund's liabilities, as determined for Federal income tax purposes, and (ii) its distributive share of the Fund's realized income and gains, and decreased (but not below zero) by the sum of (i) distributions made by the Fund to such Limited Partner and (ii) such Limited Partner's distributive share of the Fund's realized losses and expenses.

Similarly, a Limited Partner that is subject to the "at risk" limitations (generally, non-corporate taxpayers and closely held corporations) may not deduct losses of the Fund to the extent that they exceed the amount such Limited Partner has "at risk" with respect to its Interest at the end of the year. The amount that a Limited Partner has "at risk" will generally be the same as its adjusted basis as described above, except that it will generally not include any amount attributable to liabilities of the Fund or any amount borrowed by the Limited Partner on a non-recourse basis.

Losses denied under the basis or "at risk" limitations are suspended and may be carried forward in subsequent taxable years, subject to these and other applicable limitations.

Foreign Taxes.

It is possible that certain interest received by the Fund from sources within foreign countries will be subject to withholding taxes imposed by such countries. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. It is impossible to predict in advance the rate of foreign tax the Fund will pay since the amount of the Fund's assets to be invested in various countries is not known.

The Limited Partners will be informed by the Fund as to their proportionate share of the foreign taxes paid by the Fund, which they will be required to include in their income. The Limited Partners generally will be entitled to claim either a credit (subject, however, to various limitations on foreign tax credits) or, if they itemize their deductions, a deduction (subject to the limitations generally applicable to deductions) for their share of such foreign taxes in computing their Federal income taxes.

Tax Shelter Reporting Requirements.

Under Regulations, the activities of the Fund may include one or more "reportable transactions," requiring the Fund and, in certain circumstances, a Partner to file information returns as described below. In addition, the General Partner and other material advisors to the Fund may each be required to maintain for a specified period of time a list containing certain information regarding the "reportable transactions" and the Fund's investors, and the Service could inspect such lists upon request.

A "reportable transaction" of a partnership includes, among others, a transaction that results in a loss claimed under Section 165 of the Code (computed without taking into account offsetting income or gain items, and without regard to limitations on its deductibility) generally of at least \$2 million in any one taxable year or an aggregate of at least \$4 million over a period of six taxable years (beginning with the taxable year in which the transaction is entered into), unless the transaction has been exempted from reporting by the Service. Subject to certain significant exemptions as described below, a partner will be treated as participating in a partnership's "loss transaction," and thus be required to report the transaction, if (among other circumstances) the partner's allocable share of such a partnership's loss exceeds certain thresholds.

The Service has published guidance exempting many of the Fund's transactions from the reporting requirements, provided that the Partnership has a "qualifying basis" in the assets underlying the transaction. An asset with a "qualifying basis" includes, among others, an asset purchased by the Partnership for cash. However, even if the Fund has a "qualifying basis" in the asset generating the loss, each of the following transactions is still subject to the reporting requirements unless it is marked to market under the Code (e.g. a Section 1256 Contract): (i) a transaction involving an asset that is, or was, part of a straddle (other than a mixed straddle), (ii) a transaction involving certain "stripped" instruments, (iii) the disposition of an interest in a pass-through entity, and (iv) a foreign currency transaction which generates an ordinary loss.

The Regulations require the Fund to complete and file Form 8886 ("Reportable Transaction Disclosure Statement") with its tax return for each taxable year in which the Partnership participates in a "reportable transaction." Additionally, each Partner treated as participating in a "reportable transaction" of the Partnership is required to file Form 8886 with its tax return. The Fund and any such Partner, respectively, must also submit a copy of the completed form with the Service's Office of Tax Shelter Analysis. The Fund intends to notify the Partners that it believes (based on information available to the Fund) are required to report a transaction of the Fund, and intends to provide such Partners with any available information needed to complete and submit Form 8886 with respect to the Fund's transactions.

Under the above rules, a Partner's recognition of a loss upon its disposition of an interest in the Fund could also constitute a "reportable transaction" for such Partner. Investors should consult with their advisors concerning the application of these reporting obligations to their specific situations.

State and Local Taxation.

In addition to the federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction, and credit. A Partner's distributive share of the taxable income or loss of the Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident.

The General Partner expects that Fund will qualify as an "investment partnership" within the meaning of California tax laws. As a result, a Partner who is not a resident of California should not be subject to California taxes on income and gains derived from his or her investment in the Fund, provided the investment is not interrelated with any trade or business activity of that Partner in California.

Unrelated Business Taxable Income("UBTI").

In general, organizations that are exempt from United States federal income tax (e.g., qualified pension and profit-sharing plans, including Keogh or HR-10 Plans, individual retirement accounts, educational institutions and other investors exempt from taxation under Code Section 501) are generally exempt from United States federal income tax, except to the extent that they have UBTI.

Generally, a tax-exempt organization that incurs UBTI is taxed on such income at the regular trust or, in the case of certain entities, corporate United States federal income tax rates. Where a tax-exempt organization owns an interest in an entity classified for United States federal income tax purposes as a partnership, the activities of such partnership entity may be attributed to it for purposes of determining whether the tax-exempt organization's allocable share of income and gain is UBTI.

UBTI is generally defined as any gross income derived by a tax-exempt entity from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business. However, Code Section 512(b) provides that interest, dividends, certain rents from real property, gain from the sale of property that is not held for sale to customers in the ordinary course of business and certain other "passive" types of income generally are not treated as UBTI, except where such income is derived from debt-financed property (as defined in Code Section 514). Code Section 514 provides that UBTI includes a percentage of any gross income or gain not otherwise treated as UBTI (less the same percentage of applicable deductions) that is derived from any property that is subject to "acquisition indebtedness." Acquisition indebtedness includes (i) the amount of any mortgage or lien to which property is subject at the time of its acquisition and (ii) debt incurred after the acquisition or improvement of any property if (x) the debt would not have been incurred but for such acquisition or improvement and (y) the incurrence of the debt was reasonably foreseeable at the time of the acquisition or improvement. The calculation of a particular taxexempt organization's UBTI is also affected if it incurs

indebtedness to finance its investment in an entity classified for United States federal income tax purposes as a partnership.

The General Partner may obtain a line of credit for use by the Fund to, among other things, employ leverage in its lending activities. Thus, it is possible that the Fund's interest, market discount and gain (or some portion thereof) derived from and/or in respect of any loan that is financed and/or funded, in whole or in part, with proceeds of the line of credit could constitute UBTI. In addition, the Fund may also derive a significant amount of non-interest income that could constitute UBTI.

Accordingly, an investment in the Fund might be inappropriate for a prospective investor that is a taxexempt organization that desires to avoid the recognition of UBTI, including a charitable remainder trust.

CERTAIN ERISA CONSIDERATIONS

ERISA PLANS AND IRAS THAT ARE PROSPECTIVE PURCHASERS OF AN INTEREST IN THE FUND SHOULD CONSULT WITH AND RELY UPON THEIR OWN ADVISORS IN EVALUATING THESE MATTERS IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

Before authorizing the purchase of a Partnership Interests, fiduciaries of pension, profit-sharing or other employee benefit plans ("ERISA Plans") subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") should consider (i) the fiduciary standards under ERISA, (ii) whether the investment in the Fund satisfies the prudence and diversification requirements of ERISA, including whether the investment is prudent in light of limitations on the marketability of the Interests, (iii) whether such fiduciaries have authority to make the investment under the appropriate plan investment policies and governing instruments and under ERISA and (iv) the need to value plan assets at least annually. Fiduciaries of plans subject to Section 4975 of the Code ("IRC Plans"), which include Individual Retirement Accounts and certain welfare plan

accounts in addition to ERISA Plans, also should consider whether the investment is authorized by the appropriate governing instrument.

Any ERISA Plan or IRC Plan fiduciary also should consider (i) prohibitions in ERISA relating to improper delegation of control over or responsibility for "plan assets," (ii) prohibitions in ERISA and the Code, relating to an ERISA Plan or an IRC Plan engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to the plan, and (iii) other provisions of ERISA regarding "plan assets." The prohibited transaction provisions are complex and may prohibit an investment in the Fund by certain ERISA Plans and IRC Plans, and the fiduciaries of ERISA Plans and the persons directing the investment of IRC Plans should determine whether an investment in the Fund would involve any transaction with a "party in interest" or "disqualified person."

Regulations promulgated under ERISA by the U.S. Department of Labor (the "Regulation") provide that the assets of an entity in which employee benefit plans acquire an equity interest (such as an interest in the Fund) may be deemed "plan assets" under certain circumstances. The Regulation generally provides that when an ERISA Plan acquires an equity interest in an entity like the Fund that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that the equity participation in the entity by "benefit plan investors" is not "significant" or that the entity is an "operating company," in each case as defined in the Regulation.

For purposes of the Regulation, equity participation in an entity by benefit plan investors is not significant if their aggregate interest is less than 25% of the value of each class of equity interests in the entity (i.e., less than 25% of the value of the Interests of the Limited Partners, other than the Interests owned by the General Partner, and its affiliates). The 25% limit test applies continuously throughout the life of the Fund. Benefit plan investors, for these purposes, include ERISA Plans, IRC Plans, and any entity whose assets include plan assets by reason of ERISA Plans' and/or IRC Plans' investments in the entity, such as a group trust exempt from taxation under Section 501(a) of the Code, a common or collective trust fund of a bank or a separate account of an insurance company. The value of any partnership interests held by the General Partner, any person controlling the General Partner, any entity for which the General Partner exercises a controlling influence over its management and policies, or any entity under common control with the General Partner is excluded from the total interests outstanding for purposes of computing the percentage of equity investments held by benefit plan investors.

If the assets of the Fund were deemed to be "plan assets" of ERISA Plans or IRC Plans, whether as a result of the application of the Regulation or otherwise, Subtitle A and Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code would extend to investments made by the Fund. This would result, among other things, in: (i) the need to hold such assets in trust; (ii) the application of the prudence and other fiduciary standards of ERISA (which impose liability on fiduciaries) to investments made by the Fund, which could materially affect the operations of the Fund; (iii) potential liability of persons having investment discretion over the assets of ERISA Plans investing in the Fund should investments made by the Fund not conform to ERISA's prudence and fiduciary standards under Part 4 of Subtitle B of Title I of ERISA, unless certain conditions are satisfied; and (iv) the possibility that certain transactions that the Fund might enter into in the ordinary course of its business and operations might constitute "prohibited transactions" under ERISA and the Code. A prohibited transaction, in addition to imposing potential personal liability upon fiduciaries of ERISA Plans, may also result in the imposition of an excise tax under the Code upon the party in interest or disqualified person with respect to the ERISA Plan or IRC Plan.

The General Partner will use its reasonable efforts to conduct the affairs of the Fund in such a way that the aggregate Interests of benefit plan investors in the Fund

at all times will represent less than 25% of the Interests held by all investors other than the General Partner and its affiliates, so that none of the Fund's assets will be deemed to be plan assets.

PROCEDURE FOR SUBSCRIPTION

TERMINATION DATE

The Fund is an open-ended fund, and accordingly there is no termination date for the offering of interests set forth herein except as otherwise determined by the General Partner in accordance with the Partnership Agreement.

PROCEDURE FOR SUBSCRIPTION FOR LIMITED PARTNERSHIP INTERESTS

Limited partnership interests may be subscribed for by completing a Subscription Agreement (the "Subscription Agreement"), and forwarding it, together with payment for the Interests, to a transactional escrow account established by the Fund Administrator. All Subscription Agreements and related payments must be received by the Fund Administrator as set forth in the Subscription Agreement. The General Partner may, in its sole and absolute discretion, refuse to accept any subscription without giving any reason therefor, and a Subscription Agreement will not become binding until accepted by the General Partner on behalf of the Fund.

Payment must be by wire transfer, check, bank draft or money order, made payable to "US CAPITAL / NOBLE CAPITAL TEXAS REAL ESTATE INCOME FUND LP." Payment of the subscription price will be deemed to have been received by the General Partner only upon (a) clearance of any uncertified check, (b) receipt by the General Partner of any certified or cashier's check, bank draft or money order drawn upon a United States financial institution or (c) receipt of funds by wire transfer to the Fund, (d) in-kind contribution of partnership interest in investment that fits investment criteria laid out in this PPM. Limited Partners will be required to fund 100 percent (100%) at the closing in which such Limited Partner participates in. The address to which the Subscription Agreement and payment of the subscription price must be delivered c/o The Fund Administrator:

Perennial Fund Services, LLC 870 Hampshire Road, Suite R Westlake Village, CA 91361

Wire transfer information will be provided upon request.

All questions concerning the timeliness, validity, form and eligibility of any subscriptions will be determined by the General Partner in its sole and absolute discretion, whose determination will be final and binding in all respects. Furthermore, the General Partner may waive any defect or irregularity or permit a defect or irregularity to be corrected within such time as it may determine in its sole and absolute discretion. The General Partner will not be under any duty to give notification to any subscriber of any defect or irregularity in connection with the submission of a Subscription Agreement or incur any liability for failure to give such notification. Any questions or requests for assistance concerning the method of subscribing for the Interests or requests for additional copies of this Memorandum or the Subscription Agreement should be directed to the General Partner at the address set forth above.

ELIGIBLE INVESTORS

The offering is being made in reliance on the exemption available under Rule 506(c) of Regulation D of the Securities Act of 1933, as amended (the "1933 Act"), and registration and qualification requirements under applicable state securities laws. Accordingly, subscriptions for the Partnership Interests under the Offering will be accepted only from "accredited investors," as such term is defined in Rule 501(a) under Regulation D of the Securities Act. The Fund is also relying on Section 3(c)(5) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), as the basis for its exemption from regulation as an "Investment Company" under the Investment Company Act. Consequently, each investor in the Fund shall promptly notify the General Partner of any change in the structure of, or other event relating to, such investor that affects how the Interests are held. The foregoing eligibility requirements are discussed in greater detail in the Subscription Agreement, which the investor is urged to read carefully. The General Partner hereby reserves the right to approve or disapprove any subscriber and to accept or reject any subscription, in whole or in part, in its sole and absolute discretion, based on the eligibility of the subscriber, or otherwise.

The target size of the Fund is Two Hundred Fifty Million (\$250,000,000). The General Partner may accept subscriptions for up to Two Hundred Fifty Million (\$250,000,000), in its sole and absolute discretion. If the General Partner receives subscriptions for Partnership Interests aggregating more than Two Hundred Fifty Million (\$250,000,000), then the General Partner may, in its sole and absolute discretion, allow a lesser number of Partnership Interests than the number subscribed, or may allocate oversubscriptions among the Limited Partners as it determines in its sole and absolute discretion. The aggregate capital commitments of the Limited Partners shall not exceed Two Hundred Fifty Million (\$250,000,000); provided, however, that with the consent of the Board of Advisors, that amount may be increased to an amount that exceeds Two Hundred Fifty Million (\$250,000,000).

INVESTOR QUALIFICATIONS; ACCREDITED INVESTORS ONLY

The Fund is offering Interests to Investors under an exemption from securities registration afforded by Regulation D, Rule 506(c), which requires the General Partner to take "reasonable steps" to verify that each Investor is "Accredited," prior to allowing them admission to the Fund. There are eight (8) separate definitions of Accredited Investors, under which an Investor may qualify, as provided in the Subscription Agreement, along with the documents the Investor must provide to demonstrate its qualifications to invest in this Offering.

RETURN OF SUBSCRIPTION FUNDS

If, for any reason, a prospective investor is issued less than the total amount of Partnership Interests for which such investor subscribes, the excess funds paid by such prospective investor with respect to such limited Partnership Interests shall be returned to such subscriber by mail without interest or deduction as soon as practicable after the closing date. If the offering is terminated in its entirety by the General Partner for any reason, all funds held by the General Partner in connection with the Fund will be promptly returned to the subscribers, without any interest thereon or any penalty to be assessed on the General Partner.

NO REVOCATION

Once an investor has subscribed for Partnership Interests offered herein, such subscription may not be revoked by the investor for any reason whatsoever.



LENDING STANDARDS AND POLICIES



LENDING STANDARDS AND POLICIES

General Standards for Loans

The Fund intends to focus on making debt investments, directly and indirectly, by originating, acquiring, making, funding, purchasing, and/or otherwise selling business purpose loans secured senior secured firstlien mortgages on residential real estate located across the United States, with a primary focus in Texas. Notwithstanding the foregoing, the Fund reserves the right to accept non-real estate assets or other real estate assets as collateral and security for any loans it originates, acquires, and/or otherwise invests in. The Company's loans will not be guaranteed by any governmental agency or private entity, but may be guaranteed by members, shareholders, affiliates, and/or associates of the underlying borrowers. The Fund will select loans according to the standards provided below:

1. Lien Priority.

Loans will be primarily secured by senior deeds of trust or mortgages that are first lien positions. The Fund may fund loans secured by (a) second deeds of trust or mortgages, and/or (b) a pledge of the ownership interest in the borrowing entity ("Mezzanine loans"), provided that, the aggregate loan-to-value ratios in Section 3 below are met. 2. Location of Real Property Securing Loans. Most deeds of trusts and mortgages will be secured by real property located in Texas. Notwithstanding the foregoing, the Fund reserves the right to make loans in other jurisdictions.

3. Loan-to-Value Ratio.

A loan from the Fund will generally not exceed the Loanto-Value percentage ratios set forth below. The Loanto-Value ratio is calculated by taking the amount of the Fund's loan combined with the amount of outstanding debt secured by other liens on the property, dividing that by the value of the real property securing the deed of trust or mortgage and multiplying that figure by One Hundred (100) to come to a percentage. "Value" shall be determined by an independent certified appraiser or non-certified appraiser doing an appraisal on the real property or the Investment Committee or commercial or residential real estate broker giving his, her, or its opinion of value of the real property. Notwithstanding the foregoing, the Fund may exceed the below stated Loanto-Value ratios if the Investment Committee and General Partner determines in its sole business judgment that a higher loan amount is warranted by the circumstances of that particular loan, such as being able to secure multiple properties, called "cross-collateralization", personal guaranties, prior loan history with the borrower, market conditions, if mortgage insurance is obtained, or other compensating factors that would support the General Partner in making its decision in the best interest of the Company.

Type of Real Property Securing loan	Target and Maximum LTV Ratios
Non-Owner-Occupied Single Family Residential ¹	Target: 65%; Maximum: 70%
Multi-Family Properties ²	Target: <mark>60% to 6</mark> 5%; Maximum: 70%
Commercial ³	Target: 60% to 65%; Maximum: 70%
Construction loans ⁴	Target: <mark>50% to 6</mark> 5%; Maximum: 70%
Unimproved (but entitled) Land ⁵	Target: 50%; Maximum: 70%

1. Determined on "as completed" value.

 Multi-family includes apartments, manufactured housing (aka mobile home parks), student housing, senior apartments and non-owner occupied single family homes. Determined on an "as completed" value. 3. Commercial includes retail, office, storage units, industrial, and specialized commercial properties (e.g. churches, synagogues, etc., if alternative use is viable).

- 4. Determined on an "as completed" value.
- 5. Includes raw land.

Upon analysis in approximately Twenty-Four (24) months, the Investment Committee may re-evaluate the portfolio and Loan-to-Value ratio maximums set by the Fund and may revise the Loan-to-Value ratio maximums at that time if it considers it to be in the best interests of the Company. The Investment Committee will inform Limited Partners of the new Loan-to-Value ratios when and if the General Partner re-evaluates them.

In general, the Fund will seek to maintain a weighted Loan-to-Value ratio for the Fund of approximately Sixty Percent (60%) to Seventy Five Percent (75%); provided that the maximum Loan-to-Value ratio for the Fund shall not exceed Eighty Percent (80%), unless the Investment Committee determines in its sole discretion that it is in the best interests of the Fund to exceed such ratio in any single or multiple instances.

The foregoing Loan-to-Value ratios do not apply to purchase-money financing offered by the Company. Examples of these types of loans may be, but are not limited to, real estate owned by the Fund whereby the Fund decides to sell the property and carry back a loan on the property to make it cash flow positive.

4. Terms of Fund Loans.

The terms of the Fund loans will vary. Loans generally have terms of as short as Six (6) months or as long as One (1) year. A loan may, however, may be as short as One (1) month or exceed the foregoing terms if the Investment Committee believes, it its sole and absolute discretion, that the loan is in the best interests of the Company. Many loans that the Fund will originate or acquire may provide for interest-only payments followed by a balloon payment at the end of the term. For risk hedging purposes, borrowers may be required to make principal and interest payments. The Fund may also originate loans where the interest payment is due at the maturity of the loan (along with balloon payment of the principal amount of the loan). At the end of the term, the Fund will require the borrower to pay the loan in full (and in certain loans, all of the interest accrued on the loan), to refinance the loan, or to sell the real property to pay back the loan. The Fund may allow Six to Twelve (6-12) month

extensions for a fee paid by Fund borrowers. Finally, the Fund may also charge exit fees on loans based on the existing loan balance at maturity. These exit fees may range from Zero Percent (0%) to Ten Percent (10%) of the remaining loan balance at maturity.

5. Title Insurance.

Satisfactory title insurance coverage will be obtained for all loans and will usually be paid by the borrower. The title insurance policy will name the Fund as the insured and provide title insurance in an amount not less than the principal amount of the loan unless there are multiple forms of security for the loan, in which case the Investment Committee shall use its sole business judgment in determining whether and to what extent title insurance shall be required. Title insurance insures only the validity and priority of the Fund's deed of trust or mortgage and does not insure the Fund against loss from other causes, such as diminution in the value of the secured property, loan defaults, and other such losses.

6. Fire and Casualty Insurance.

Satisfactory fire and casualty insurance will be obtained for all improved real property loans which insurance will name the Fund as its loss payee in the amount equal to the improvements on the real property. (See "Business Risks – Uninsured Losses" below.)

7. Mortgage Insurance.

The Fund does not intend to, but may if the property otherwise qualifies, arrange for mortgage insurance, which would afford some protection against loss if the Fund foreclosed on a loan and there existed insufficient equity in the security property to repay all sums owed.

8. Acquiring Loans from Other Lenders.

In the event the Fund acquires loans from other lenders, the Fund will receive assignments of all beneficial interest in any loans purchased.

9. Purchase of Loans from Affiliates.

The Fund may purchase loans from the General Partner, the Manager or Affiliates so long as it meets the lending requirements set forth above.

10. Fractionalized Interests.

The Fund may also invest in fractionalized interests in promissory notes secured by real property with other lenders (including other entities organized by the General Partner or Manager), by providing funds for or by purchasing a fractional undivided interest in a loan that meets the requirements set forth above.

11. Non-Performing Loans.

The Fund may, when commercially reasonable, purchase, take back, receive, or otherwise acquire non-performing Loans secured by real property located throughout the United States ("Nonperforming Notes" or "NPNs"). Nonperforming Notes are typically loans that are in default, behind in payments, or are secured by properties that have little to no equity remaining due to devaluation or excessive leverage. The Fund's primary intent, as it pertains to Nonperforming Notes is to acquire the Nonperforming Notes at a discount and subsequently refinance, modify or otherwise reform the Nonperforming Note to become a performing Note. Alternatively, the Fund may also foreclose and/or acquire the properties securing the Nonperforming Notes, using the general standards and criteria set forth below. The Fund will use an opportunistic investment strategy to identify and invest in Nonperforming Notes, unless the General Partner, in its sole and absolute discretion, determines it is no longer in the best interests of the Company.

12. Diversification of the Company's Capital in Loans.

The Fund will generally not invest in any investment that exceeds more than fifteen percent (15%) of the Fund's aggregate Capital Commitments at the time of the investment; provided, however, that the General Partner may waive this guideline with respect to any investment at its discretion. A loan may exceed the foregoing percentage if, the Investment Committee believes, at its sole and absolute discretion, that the loan is in the best interest of the Company.

13. Mezzanine Position Loans.

The Fund may fund Mezzanine loans as an alternative to loans secured by real property. Generally, a Mezzanine

loan is a type of subordinate real estate financing that is secured by a pledge of One Hundred Percent (100%) of the equity ownership interests in the entity that owns the real property. The General Partner shall authorize the Fund to make such a loan if the General Partner believes in its sole business judgment that it is in the best interests of the Fund to do so.

Credit Evaluations

The Investment Committee will generally look to the underlying property securing the loan and the loanto-value ratios described above to determine whether to make the loan to the borrower and, to a lesser extent, may consider the income level and general creditworthiness of a borrower and secondary sources of security for repayment. The Fund may acquire loans made to borrowers who are in default under other obligations (e.g., to consolidate their debts) or who do not have sources of income that would be sufficient to qualify for loans from other lenders such as banks or savings and loan associations.

Loan Servicing

After the closing of an investment, the loan will be managed by Noble Capital Servicing, LLC, a Texas limited liability Fund ("Noble Servicing"), an affiliate of the Manager, will serve as Servicer of the Fund loans and engage in the following functions:

- Preparation, distribution, and maintenance of borrower statement of accounts
- Interest collections
- Recording of all security documents
- Document storage and security
- Construction draws
- Inspections
- Review and approval of draw photos, receipts, lien release waivers, etc.
- Disbursement of construction funds
- Default workout structuring
- Coordination of legal for foreclosures

Noble Servicing is managed by industry veterans who bring experience from all types of market conditions. Notwithstanding the foregoing, the General Partner reserves the right to appoint an Affiliate or a different third party Servicer for any reason (or no reason), at its sole and absolute discretion.

Once the Fund has title, the Fund will order a new valuation and undertake a comprehensive assessment of the current state of the property. A recommendation is then made on the best course of action. In some instances, one of the Manager's affiliates may purchase the property from the Fund in order to remove the nonincome generating asset from the portfolio to prevent any yield drag associated with holding a non-performing asset. This is one option that can be undertaken at the discretion of the General Partner and Investment Committee, and although the Manager has historically been successful in full recoveries, neither the Manager, the General Partner, nor the Investment Committee make any representation, express or implied, that they shall be obligated to execute on any given workout opportunity presented.

Should the Fund or Manager not be able to complete the property, then the Fund will sell the asset as-is, or alternatively may lease a completed property to ensure the return of principal for the Fund.

Sale of Loans

The Fund does not plan on investing in loans for the primary purpose of reselling such loans in the course of business. However, the Fund may sell loans, or fractional interests in such loans, when the Investment Committee determines (in its sole and absolute discretion) that it appears to be advantageous for the Fund to do so, based upon then current interest rates, the length of time that the loan has been held by the Fund and the overall investment objectives of the Company.

Leveraging the Fund/ Borrowing / Note Hypothecation

The Fund may borrow funds for the purpose of making and purchasing loans and may assign all or a portion of its loans as security for such loans. The Fund anticipates engaging in this type of transaction when the interest rate at which the Fund can borrow funds is less than the rate that can be earned by the Fund when using those funds to make or acquire loans, giving the Fund the opportunity to earn a profit as a "spread." For purposes of illustration, these transactions will typically be loans secured by one or a series of loans and/or assets belonging to the Fund. Such a transaction involves certain elements of risk and also entails possible adverse tax consequences. (See herein "Risk Factors", "Certain Tax and ERISA Matters".)

Leverage usually involves a third-party loan in which the Fund's entire asset portfolio is provided as security to the lender for such loan(s). Leveraging involves additional risks that are detailed later in this Memorandum. (See "Risk Factors – General Business Risks".)

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