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UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re: FRONT SIGHT MANAGEMENT, LLC Debtor.	Case No. BK-S-22-11824-ABL Chapter 11 **RESPONSE TO AMENDED OBJECTION TO CLAIM NO. 284 FILED BY LAS VEGAS DEVELOPMENT FUND, LLC**

Las Vegas Development Fund, LLC ("LVDF") hereby files this Response (the "Response") to the *Amended Objection to Claim No. 284 Filed by Las Vegas Development Fund, LLC* [Docket No. 628] (the "Objection")[1] and in support of LVDF's Proof of Claim and Amended *Proof of Claim* filed by LVDF [Docket No. 284] (collectively the "Proof of Claim"). This Response is made and based upon the

[1] This Response shall also be in response to Front Sight's objection and joinder thereto [Docket Nos. 393 and446] filed on September 29, 2022 and October 21, 2022 and incorporated by the Objection.

following points of authorities, Proof of Claim, the *Declaration of Robert Dziubla* [Docket No. 37], the *Declaration of Robert W. Dziubla in Support of Las Vegas Development Fund, LLC's Amended Proof of Claim* (the "Dziubla Proof of Claim Decl.") and all exhibits thereto [Claim No. 284], the Declaration of Robert W. Dziubla in support hereof (the "Dziubla Response Decl."), the papers and pleadings on file with the Court, and any oral argument the Court may entertain at the hearing on the Motion.

MEMORANDUM OF POINTS AND AUTHORITIES

INTRODUCTION

There is no dispute that LVDF loaned $6,375,000 to Front Sight and those funds were never repaid. There is no dispute that LVDF and Front Sight entered into a Construction Loan Agreement dated October 6, 2016, as amended on July 1, 2017 and February 28, 2018 (collectively the "CLA"), that governed said loan or that Front Sight executed a Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing dated October 6, 2016, as amended on July 1, 2017 and February 28, 2018 (collectively the "DOT") that secured said loan. Despite the CLA and DOT unambiguously providing for repayment, interest, late fees, costs and attorneys' fees, Front Sight asks this Court to disallow LVDF's Proof of Claim that seeks those exact items. In doing so, Front Sight asks this Court to: (i) ignore the actual terms of the loan documents and evidence surrounding the execution thereof; (ii) ignore the legal positions or arguments that Front Sight took in the five years of litigation that preceded the bankruptcy filing and (iii) ignore the State Court's rulings.

The Objection is contradictory and belied by the record. Indeed, through its Objection, Front Sight presents—for the very first time in 5 years of litigation—the argument that the CLA is more than an EB-5 loan (*i.e.*, that the CLA was not premised on how much EB-5 investors chose to invest in the project) and instead, argues the CLA obligated LVDF to loan the maximum loan amount. While this new, attorney constructed argument is creative, it is inconsistent with the CLA, the engagement letter, the PPMs prepared and approved by the parties, and Front Sight's contemporaneous acknowledgments that the CLA consisted of "EB-5 money" and that there was no guarantee that there would ever be enough EB-5 investors to fund the maximum loan amount.

Beyond these glaring problems with Front Sight's new argument, Front Sight's contention that the CLA was not premised on EB-5 funds directly contradicts Front Sight's fraudulent inducement claim

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that has been the bedrock of Front Sight's affirmative claims *for the last 5 years*. Front Sight's fraudulent inducement claim must be premised on the CLA being an EB-5 loan because otherwise the Defendants' alleged misrepresentations about their ability to get EB-5 investors to fund the loan are rendered immaterial, irrelevant, and certainly could not damage Front Sight.

Front Sight is desperately trying to avoid the critical fact that the loan was part of the Immigrant Investor Program, known as an EB-5 loan because[2] EB-5 loans require a borrower to be transparent and allow the lender, and ultimately the government, to see how loan proceeds are being invested to create jobs. However, after receiving loan proceeds, Front Sight refused to be transparent, which resulted in numerous non-monetary defaults. Rather than cure said defaults, Front Sight filed litigation.

While Front Sight throws as much as it can at the wall in its Objection in hopes that something sticks, LVDF's Proof of Claim is entitled to *prima facie* validity. Debtor's Objection is insufficient to overcome that presumptive validity. ***At most***, Front Sight's Objection raises factual issues that require the Objection proceed to the evidentiary hearing and trial already set in this case for June 2023.

STATEMENT OF FACTS

I. Front Sight Understood There Was No Guaranty of a Certain Amount of Funding.

1. On February 14, 2013, Front Sight and EB5 Impact Advisors LLC ("EB5IA") entered into an engagement letter ("Engagement Letter") to govern the EB-5 raise to be conducted by Mr. Dziubla through EB5IA. Dziubla Proof of Claim Decl. at ¶ 15.

2. The Engagement Letter expressly made clear that because the EB5 Parties intended to raise money for the Front Sight project from EB-5 investors, there were no guarantees of funding:

> "Nothing contained in this Agreement is to be construed as a commitment by EB5IA, its affiliates or its agents to lend or to invest in the contemplated Financing. **This is not a guarantee that any such Financing can be procured by EB5IA for the Company on terms acceptable to the Company, or a representation or guarantee that EB5IA will be able to perform successfully the Services detailed in this Agreement."**

[2] EB-5 is administered by the U.S. Citizenship and Immigration Services ("USCIS"). Dziubla Proof of Claim Decl. at ¶ 8. The program allows qualified foreign investors who meet specific capital investment and job creation requirements, to obtain their permanent residency and become contributors to U.S. communities. *Id.* Congress created the EB-5 program in 1990 to benefit the U.S. economy by attracting investments from qualified foreign investors. *Id.* at ¶ 9. Under the program, each investor is required to demonstrate that a certain number of requisite jobs are created or saved as a result of their EB-5 investment. *Id.*

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Id. (emphasis added); *see also* Exhibit 2 to Proof of Claim.

3. The Engagement Letter further states that " . . . the parties acknowledge and agree that the budget and timelines [for the EB-5 raise] are the best estimates for both and that they may change in response to actions by USCIS and market conditions." Dziubla Proof of Claim Decl. at ¶ 16; *see also* Ex. 2 to Proof of Claim.

4. Although Mr. Dziubla understood that Front Sight would like to raise approximately $150,000,000 for the subject project and its wider national expansion plans, no guarantees were ever made regarding the amount of money to be raised and what amount of money, if any, could be loaned to Front Sight. Dziubla Proof of Claim Decl. at ¶ 17.

5. Both the signed Engagement Letter and then the subsequent private placement memorandum that was substantially created with Front Sight's involvement and approval, and then approved by the federal government through USCIS ("PPM"), had extended disclaimers and discussion of risk factors. *Id*. at ¶ 18.

6. The PPM made clear that, despite the prior conversations about hoping to raise $75,000,000 for the project, **there was no amount confirmed as a minimum offering**; rather, the first PPM contained a provision that a minimum amount of $25,000,000 had to be raised from EB5 investors before the investor funds could be released to Front Sight from the escrow account. In addition, the PPM expressly provided that Front Sight would "seek bridge financing of a senior commercial loan in the amount sufficient to build the Project in accordance with the Business Plan" regardless of the amount raised through EB-5 funding. *Id*. at ¶ 19.

7. Not only did Mr. Dziubla inform Front Sight of the speculative nature of an EB-5 raise but Front Sight also conducted its own due diligence on the EB-5 program, EB-5 raises, Mr. Dziubla and Mr. Fleming. *Id*. at ¶ 20.

8. Despite the risks associated with EB-5 financing, including the risk of potentially not raising the maximum loan amount, Front Sight appeared very eager to secure a 6% cost-of-funds with no personal guaranty from Mr. Piazza and to avoid a high interest rate loan with personal guaranties (like the one Front Sight had with a previous lender). *Id*. at ¶ 21.

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II. While EB5IA Worked Diligently to Market the Project to EB-5 Investors, *Before* Executing the CLA, It Became Clear that the Financing Goals Would Not Be Reached.

9. EB5IA worked diligently to obtain EB-5 financing. Concurrently, Front Sight was repeatedly advised of the speculative nature of the raise, and Mr. Dziubla and Mr. Fleming kept Front Sight fully informed of the difficulties EB5IA was having securing EB-5 investors, including sending Front Sight periodic "marketing reports." *Id*. at ¶¶ 22-23.

10. A number of factors impacted EB5IA's ability to raise EB-5 funds. One of the factors that seriously impacted LVDF's ability to obtain EB-5 funds was Front Sight's failure to pay agreed upon costs under the Engagement Letter in a timely fashion and Front Sight's repeated attempts to sidestep its obligation to pay for marketing expenses. *Id*. at ¶ 24.

11. Front Sight's obstructionism and delay adversely affected the EB-5 fundraising efforts of EB5IA, particularly given the ever-increasing competition from large, well-funded and highly experienced developers like the SLS Casino in Las Vegas and the Related Companies' luxury condo projects in Manhattan, among a plethora of EB-5 raises seeking low-cost financing. *Id.* at ¶ 25.

12. In addition, Mr. Dziubla (and EB5IA) found that potential immigrant EB-5 investors were more reticent to become involved in a gun-training facility than initially expected. *Id*. at ¶ 26.

13. During EB5IA's attempts to raise EB-5 funds for the Project, the U.S. Congress also considered not renewing the EB-5 project, which substantially impacted EB5IA's ability to attract any potential immigrant EB-5 investors for a period of time. *Id*. at ¶ 27.

14. By May of 2016, it became clear that the Front Sight Project was not gaining enough traction and interest from EB-5 investors to reach Front Sight's financing goals for the project. At that point, no EB-5 funds had been disbursed or loaned from LVDF to Front Sight. Nor had the parties entered into a loan agreement. *Id*. at ¶ 28.

15. In light of this realization, on May 12, 2016, Mr. Dziubla sent an e-mail to Front Sight, giving Front Sight three options: (1) to call it a day, shake hands, and part ways as friends; (2) to restructure the capital stack and distribute the funds received to date; or (3) to have Front Sight purchase the regional center. *Id*. at ¶ 29; *see also* Ex. 2 to Proof of Claim.

16. Front Sight chose option 2. Consequently, the parties eliminated the $25,000,000

minimum raise to break escrow, Front Sight agreed to obtain Senior Debt (as defined in the CLA) from a traditional lender to ensure the Project was fully funded, and LVDF proceeded with lending Front Sight the capital that had been generated at that time. *Id*. at ¶ 30.

III. Front Sight Executed the CLA Aware that it Would be Comprised of EB-5 Investments and that LVDF Would Only Be Lending Proceeds From Those EB-5 Investors that Chose to Invest in the Project.

17. On October 6, 2016, Front Sight and LVDF executed and delivered a Construction Loan Agreement ("Original Loan Agreement"), and a Promissory Note ("Original Note"). *Id*. at ¶ 32; *see also* Exhibits 3 and 4 to Proof of Claim).

18. The CLA made clear that the loan would be "comprised of investments" made into LVDF by "immigrant investor[s] who seek to obtain permanent residence in the United States under the EB-5 Immigrant Investor Program" and because the loan was premised on EB-5 investments, it also contained various EB-5 provisions, including a requirement that Front Sight regularly provide the type of EB-5 information required by the United States Citizenship and Immigration Services of the United States Department of Homeland Security to process EB-5 investor's I-829 petitions. *See* CLA, Ex. 3 to Proof of Claim, at Section 1.7(b) and Section 5.10; *see also* Dziubla Proof of Claim Decl. at ¶ 24.

19. In emails sent contemporaneous to the CLA, Front Sight repeatedly recognized that the CLA was an "EB-5 loan," that the loan proceeds would only be "EB5 money" and that it may be possible that LVDF loan may ultimately be closer to $10,000,000 than the hoped for $75,000,000. Nonetheless, Front Sight repeatedly threatened LVDF to get the CLA executed because it wanted the approximately $2,250,000 in EB-5 investors funds then available to be disbursed (at a 75% disbursement with a 25% holdback pursuant to the CLA). *See e.g.*, Exhibits 2, 3, 4.

20. Pursuant to the CLA, LVDF did in fact make its first disbursement to Front Sight shortly after the CLA was executed.

21. On July 1, 2017, the parties executed a First Amendment to the CLA which included, among other things a reduction in the maximum loan amount from $75,000,000 to $50,000,000. This reduction was requested by the foreign placement consultants marketing the project on behalf of EB5IA in order to solicit additional EB-5 investors (so that potential investors were aware that the offering was

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now more limited and to try to leverage that as interest for the Project). Dziubla Response Decl. at ¶ 7.

IV. Front Sight Then Breached the CLA, Threatened Litigation if LVDF Attempts to Enforce the CLA, and then Filed a Fraudulent Inducement Claim to Avoid its Breaches of the CLA.

22. Because Front Sight never submitted any government approved plans (CLA Section 3.2), appeared to be running behind on construction (CLA Section 5.1), failed to obtain Senior Debt (CLA Section 5.27), failed to provide the requisite EB-5 prove-up documents that included bank statements (CLA Section 5.10(e)), and never provided monthly project costs (CLA Section 3.2), by July 2018, LVDF became concerned that the project was in jeopardy and Mr. Dziubla began investigating more deeply. Dziubla Proof of Claim Decl. at ¶ 29. Front Sight was not in compliance with multiple provisions of the CLA and the project was in severe jeopardy. *Id*.

23. Although the CLA provides that one remedy available to LVDF in the event of Front Sight's failure to comply with the CLA is LVDF taking over the property and the project, at that time, LVDF preferred that Front Sight simply comply with its obligations under the CLA. *Id*. at ¶ 30. Accordingly, LVDF informed Front Sight of its failures to comply with the CLA and asked that Front Sight comply with its obligations under the CLA. *Id.*

24. After Front Sight made clear that it had no intent to comply with its obligations under the CLA and after Front Sight continued to materially default under multiple provisions of the CLA, on July 30, 2018, LVDF issued a Notice of Breach and Default and Election to Sell Under Deed of Trust ("Notice of Breach"). *Id*. at ¶ 31; *see also* Exhibit 10 to Proof of Claim.

25. In response to the Notices of Breach, Front Sight threatened to sue Mr. Dziubla and the others in order to financially ruin them. Ex. 1 at FS(1)00035 ("You have five calendar days from the receipt of this response to acknowledge that Front Sight is NOT in default, withdraw your Notice, deliver the $375,000 in investor funds you are holding, as well as any other investor funds that are now available . . . Failure to do so will result in Front Sight immediately filing a lawsuit against you . . . .")

26. On September 14, 2018, Front Sight commenced *Front Sight Management LLC v. Las Vegas Development Fund, LLC, et al*., before the Eighth Judicial District Court, under Case No. A-18-781084-B (the "State Court Action"). *Id*. at ¶¶ 32, 34.

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27. While Front Sight now claims, through its Objection, that it commenced the State Court Action because it had requested that Mr. Dziubla and Mr. Fleming produce evidence demonstrating how the marketing funds Front Sight paid to EB5IA were spent, Front Sight's response to the Notice of Breach contains *no such request*. *See* **Exhibit 1** attached hereto, a copy of Front Sight's August 20, 2018 Letter in Response to Notice of Default. Front Sight merely filed the Foreclosure Action to prevent LVDF from enforcing the CLA.

28. To be clear, at the time Front Sight commenced the State Court Action, the project was still being marketed to potential EB-5 investors and LVDF expected additional EB-5 investors to be forthcoming. Dziubla Proof of Claim Decl. at ¶ 36. However, Front Sight commencing the State Court Action ceased any possibility that additional EB-5 investors would invest. *Id*.

V. LVDF Filed its Proof of Claim Pursuant to Bankruptcy Rule 3001.

29. In the context of this Chapter 11 case, LVDF filed its Proof of Claim on August 8, 2022. Docket No. 284.

30. Because interest, late fees, fees and costs continue to accrue under the loan and because Front Sight's bankruptcy counsel complained at a hearing that it did not have the documents previously disclosed in the State Court Action that support LVDF's Proof of Claim, on December 23, 2022, pursuant to a stipulation by the parties, LVDF filed its Amended Proof of Claim. Docket No. 284.

31. LVDF filed its Motion to Amend out of an abundance of caution (and to address Front Sight's only objection to the Amended Proof of Claim regarding the inclusion of LVDF's fraud claim related to the Morales Construction Line of Credit) on January 20, 2023. Docket No. 665.

LEGAL ARGUMENT

I. The Objection is Insufficient to Satisfy the Debtor's Burden and, at Most, Raises Issues Warranting an Evidentiary Hearing.

The Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") provide that if a proof of claim satisfies the various filing requirements set out in Bankruptcy Rule 3001, it "shall constitute prima facie evidence of the validity and amount of the claim." FED. R. BANKR. P. 3001(F). "The burden then shifts to the debtor to object to the claim. The debtor must introduce evidence to rebut the claim's presumptive validity. If the debtor carries its burden, the creditor has the ultimate burden of proving the

amount and validity of the claim by a preponderance of the evidence." *Stancill v. Harford Sands Inc*. (*In re Harford Sands Inc*.), 372 F.3d 637, 640 (4th Cir. 2004) (internal citations omitted; emphasis added). The Debtor "must produce evidence tending to defeat the claim that is of a probative force equal to that of the creditor's proof of claim." *In re Consolidated Pioneer Mortgage*, 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (citations and internal quotation marks omitted).

Here, Front Sight's Objection is insufficient to overcome the *prima facie* validity of the Proof of Claim. At most, Front Sight's Objection raises factual issues that dictate that the Objection should proceed to an evidentiary hearing.[3] In fact, in recognition of the same, the parties have already stipulated, and the Court has ordered, that the Objection should go to trial. *See* Docket No. 651. Therefore, LVDF reserves all rights with respect to the presentation of evidence, including live testimony, and the right to conduct discovery with respect to the Objection. Nothing contained herein shall be construed as a waiver of any such right.

II. LVDF Timely Filed Its Proof of Claim.

LVDF timely filed its Proof of Claim. Bankruptcy Rule 3001(c)(1) provides in part that if it is a "claim, or an interest in property of the debtor securing the claim, is based on a writing, a copy of the writing shall be filed with the proof of claim. If the writing has been lost or destroyed, a statement of the circumstances of the loss or destruction shall be filed with the claim." As this is not an individual bankruptcy case, that is all LVDF was required to file in its initial proof of claim because Bankruptcy Rule 3001(c)(2) only applies to individual cases. On August 8, 2022, LVDF filed its initial proof of claim as Claim Number 284. The Claim provided an itemization of the amount due and owing, and attached the Construction Deed of Trust, the Amended and Restated Promissory Note and the First

[3] Based upon this opposition and the previously entered scheduling order, the Amended Claim Objection became a contested matters governed by Bankruptcy Rule 9014. *See, e.g., Keys v. 701 Mariposa Project, LLC* (*In re 701 Mariposa Project, LLC*), 514 B.R. 10, 16 (B.A.P. 9th Cir. 2014) ("Claims objections undoubtedly are contested matters subject to the requirements of Rule 9014."); *U.S. v. Levoy* (*In re Levoy*), 182 B.R. 827, 834 (B.A.P. 9th Cir. 1995) ("Most authorities agree that claim objections are contested matters….Thus, we hold that Fed.R.Bankr.P. 9014 applies to objections to claims."). *See also In re Rockefeller Ctr. Props*., 272 B.R. 524, 540 (Bank. S.D. N.Y. 2000) ("When an objection to a claim is contested, a contested matter is created.").

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Amendment to Construction Deed of Trust. *See* Claim 284. Accordingly, LVDF complied with its requirements under Bankruptcy Rule 3001(c)(1).

After the filing of the proof of claim, the parties stayed discovery pending a settlement conference. As the settlement conference was not successful, the Parties met and conferred and entered into a further stipulation which became an order of the Court. *See* ECF No. 651. Such order approved the deadlines including that LVDF was to file an Amended Proof of Claim on or before December 23, 2022 and Front Sight reserved its rights to object to the Amended Proof of Claim. *Id*. p. 2, l. 9, 11-15.

It appears that Front Sight only takes issue as to the addition of the fraud claim as stated within the adversary proceeding. This fraud claim was a particularized claim pertaining to the Morales Line of Credit. To the extent that the Court previously found that the fraud claim was property of the estate, which is contested, then LVDF, would not have standing to proceed on such claim. If the particularized claim is property of LVDF, then the Court should treat such claim as an informal claim.[4]

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[4] In the context of an informal proof of claim, the Ninth Circuit has stated that in absence of prejudice to an opposing party, the bankruptcy courts, as courts of equity, should freely allow amendments to proofs of claim that relate back to the filing date of the informal claim when the purpose is to cure a defect in the claim as filed or to describe the claim with greater particularity. *In re Sambo's Restaurants, Inc*., 754 F.2d 811, 816-17 (9th Cir. 1985). For these documents to constitute an informal proof of claim, they must state an explicit demand showing the nature and amount of the claim against the estate, and evidence an intent to hold the debtor liable. *Id*., citing to *In re Franciscan Vineyards, Inc*., 597 F.2d 181, 183 (9th Cir. 1979) (per curiam), cert. denied, 445 U.S. 915, 100 S.Ct. 1274, 63 L.Ed.2d 598 (1980) (*Franciscan Vineyards*). The Ninth Circuit explicated further in *In re Roberts Farms, Inc*., 980 F.2d 1248, 1251-52 (9th Cir. 1992), in a case involving formal proofs of claim: "We have a long established liberal policy that permits amendments to a proof of claim. The crucial inquiry is whether the opposing party would be unduly prejudiced by the amendment." In *Robert Farms, Inc.*, the Court determined that even after discovery was completed, the parties were not prejudiced by the amendment to the claim. To determine whether [debtor] was prejudiced by [the] amendment, the BAP properly relied on factors considered in *In re City of Capitals, Inc*., 55 B.R. 634, 637 (Bankr. D. Md. 1985). The Ninth Circuit BAP adopted these factors in *In re Wilson*, 96 B.R. 257, 262 (9th Cir. BAP 1988), where the court stated "in determining prejudicial effect [we] look to such elements as bad faith or unreasonable delay in filing the amendment, impact on other claimants, reliance by the debtor or other creditors, and change of the debtor's position." *Id*. Here, LVDF seeks to have its claim be amended to include a declaration from Robert Dziubla, to attach documents that support the amount of LVDF's proof of claim, and to incorporate, by reference, the Counter Claims which contained the Fraud Claim. The Counter Claims are part of the Adversary Proceeding, the Motion to Remand and the Motion to Terminate Stay which were all started prior to the proof of claim deadline. All three of these motions comply with the 9th Circuit test in *In re Sambo's Restaurants, Inc*., *supra*, to determine if they reflect an informal claim (must state and explicitly demand showing the nature and amount of the claim against the estate and an intent to hold the debtor liable). There is no prejudice to any party as the parties just recently entered into a scheduling order and Front Sight filed a substantive objection to LVDF's amended proof of claim on December 30, 2022 [Dkt. 628].

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Nothing in the Amended Proof of Claim comes as a surprise to Front Sight because the Parties are litigating the claims in the Adversary Proceeding, as reflected in the Scheduling Order. Front Sight has been aware of the Counterclaims and has been litigating the Counterclaims in the State Court Action for over four years. LVDF acknowledges that the fraudulent transfer allegations, alter ego claims, and the claims against the Piazza entities were deemed to part of the bankruptcy estate. However, it is LVDF's position that the particularized fraud and civil conspiracy claims as to the Morales Line of Credit are the property of LVDF. Thus, their inclusion in the amended proof of claim serves only to confirm that the claim objection and Adversary Action will proceed through discovery and to trial together.

III. There Was No Minimum Loan Amount And The Parties Understood All Loan Proceeds Would Come From EB-5 Investments.

Front Sight, for the first time in over five years of litigation has taken the position that: (i) LVDF was "contractually obligated to fund $75,000,000, later reduced to $50,000,000, loan" to Front Sight; and (ii) LVDF was contractually required to fund the loan from sources other than EB-5 investors. *See gen.* Objection. These positions are contradicted by the terms of the CLA, the evidence, and Front Sight's own legal claims.

Presenting a new legal theory, Front Sight claims that LVDF breached the CLA by only funding $6,375,000. The Objection provides that LVDF was contractually obligated to fund the maximum loan amount, but wholly fails to cite to a single provision in the loan documents to support such a claim. *See* Dkt. 628. This is because there is no such requirement. Rather, throughout the CLA and DOT, the provisions clearly provide that LVDF ***may*** lend "up to"[5] the maximum loan amount—however, there is no requirement to lend the maximum loan amount. This key fact undermines the entire Objection.

Front Sight's new argument is also premised on the theory that loan proceeds were not limited to funds from EB-5 investors and LVDF was required to fund regardless of whether there were any EB-5 investors. Critically, Front Sight's new argument is contrary to the representations made during the

[5] *See, e.g.,* Exhibit 13 at §1.1 "indebtedness secured by this Deed of Trust is the result of a loan in the original principal amount of "up to Seventy-Five Million Dollars…"

last 5 years of litigation and also Front Sight's prior explicit recognition—*prior to the CLA ever being executed*—that the CLA would be an "EB deal," "EB5 investment money," and that LVDF's loan proceeds would only come from EB-5 investors.[6] The CLA itself makes clear that the "Loan will be comprised of investments" made into LVDF by "immigrant investor[s] who seek to obtain permanent residence in the United States under the EB-5 Immigrant Investor Program . . . ." CLA at Section 1.7(b). The CLA does not state that the loan will be compromised of anything but EB-5 investments and is specifically premised on compliance with EB-5 Program Requirements. *See* CLA at Section 1.7, Section 3.1, Section 3.7, Section 5.10.

Also fatal to Front Sight's new argument is the fact that Front Sight never sought additional financing under the CLA—this is because it ran to Court to avoid curing its non-monetary defaults. Indeed, Front Sight has provided no evidence in its Objection that it made demands for additional financing pursuant to the terms of the CLA or that LVDF failed to make the advances requested. Pursuant to the plain language of the CLA, Front Sight was required to make *written* draw requests on the loan and, if requested, LVDF was only obligated to make an advance "of as little of $375,000, which represents the available funds from each new EB-5 Investor." CLA at Section 3.1; *see also* p. 4 (definition of "Draw Request"). At the time Front Sight commenced the lawsuit against LVDF, there was ongoing marketing of the project to potential EB-5 investors and expected additional EB-5 investors to be forthcoming. Dziubla Proof of Claim Decl. at ¶ 36.

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[6] *See, e.g.,* **Exhibit 2** attached hereto (October 3, 2016 email from Ignatius Piazza, reading, in pertinent part: ". . . I have wasted four years and four hundred thousand dollars following your promotion of this EB5 deal. It has gone from you providing $75 million first mortgage, to a $25 million fully subordinated second mortgage to now your best hopes of a $10 million fully subordinated second mortgage . . . . You continue to act like you have some kind of leverage to negotiate a 10 million dollar, fully subordinated second mortgage on a completed project . . . ."); **Exhibit 3** attached hereto (July 2-16, 2018 emails between Front Sight and Mr. Dziubla in which Front Sight recognized the loan would be an EB5 loan); **Exhibit 4** attached hereto (October 3, 2016 email from Ignatius Piazza reading, in pertinent part: "Thank you for acknowledging the agreement we already made that there would be no stock pledge . . . . We are not even talking about enough money in this deal to make all that much difference in the project . . . ."); **Exhibit 5** attached hereto (the Amended Private Placement Memorandum reviewed and approved by Front Sight which recognizes that the offering is on a "best-efforts basis"); **Exhibit 6** attached hereto (the Engagement Letter between Front Sight and EB5IA regarding "EB-5 debt financing" that contains the following disclosure language: "Nothing contained in this Agreement is to be construed as a commitment by EB5IA, its affiliates or its agents to lend or to invest in the contemplated Financing. This is not a guarantee that any such Financing can be procured by EB5IA for the Company . . . or guarantee that EB5IA will be able to perform successfully the Services detailed in this Agreement").

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IV. Front Sight Breached the CLA.

Front Sight's claim that LVDF breached the CLA not only ignores the evidence, but also ignores the State Court's findings that Front Sight defaulted. Indeed, the State Court ruled that Front Sight was in default of CLA as of July 31, 2018.[7] Thus, the Objection's conclusory statement that Front Sight "performed under the CLA" is absurd. Front Sight was in non-monetary default of the CLA (a breach of the CLA) and, instead of curing said defaults, filed the State Court Action.

For instance, Section 5.4 of the CLA requires Front Sight to set up and maintain accurate and complete books and records pertaining to the Project and to give LVDF reasonable access to and inspect the same (and upon request). On February 16, 2017, in the context of Front Sight's continuous failures to obtain Senior Debt (as required by Section 5.27 of the CLA) and to provide EB5 documentation (as required by Article 5.10 of the CLA), LVDF demanded access to Front Sight's books and records. **Exhibit 8** attached hereto. In violation of Section 5.4 of the CLA, Front Sight refused to provide access. As a result, LVDF became concerned that the project was in jeopardy and began investigating more deeply. Dziubla Proof of Claim Decl. at ¶ 29. LVDF soon discovered that Front Sight was not in compliance with multiple provisions of the CLA and that the Project was in severe jeopardy. *Id.*

Moreover, Front Sight had failed to obtain Senior Debt (or to use its best efforts to obtain Senior Debt) in violation of Section 5.27 of the CLA (the deadline for which was extended by the Amendments to the CLA), had made multiple changes to the Project (contrary to the CLA and the approval by USCIS), and had delayed the project so substantially that Front Sight was in violation of Section 6.1(f). Accordingly, on July 30, 2018, LVDF sent Front Sight a notice of default which included another demand for inspection (pursuant to Section 5.4 of the CLA). *See* **Exhibit 9** attached hereto (LVDF's July 30, 2018 Notice of Default and Notice of Inspection Letter). That notice was intended to inform Front Sight of its failures so that Front Sight would simply comply with its obligations under the CLA. Dziubla Proof of Claim Decl. at ¶ 30. In response to that Notice of Default, Front Sight made it clear that it did not intend to comply with the CLA and, instead, threatened to file a lawsuit. Ex. 1. Front Sight then filed a

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[7] *See Findings of Fact and Conclusions of Law and Order Granting in Part and Denying in Part LVDF' Motion to Dissolve Temporary Restraining Order* dated April 7, 2022, attached hereto as **Exhibit 7**, p. 5, ¶ 24-25 ("Lender declared Borrower in default on July 31, 2018. As a result, the default interest rate has applied since July 31, 2018.")

fraudulent inducement Complaint against LVDF to distract from its own failures under the CLA.[8]

Put simply, Front Sight has not supported its Objection with sufficient evidence to overcome the presumptive validity of LVDF's Proof of Claim. At most, Front Sight's Objection raises factual issues on which party breached the CLA first, what the parties intended in entering into the CLA, and whether Front Sight made proper requests for advances which were denied.

V. The CLA is Not Illusory.

Front Sight next contends that the CLA is illusory based upon a distortion of LVDF's position. Front Sight's illusory argument is meritless as LVDF has never claimed that LVDF did not have obligations to fund under the CLA. Rather, LVDF provided that there was no obligation to lend the maximum (as discussed above) and there were conditions precedent to advancement of loan proceeds. Front Sight's argument is meritless as having condition precedents to funding does not render a contract illusory. *See e.g., Storek & Storek, Inc. v. Citicorp Real Estate, Inc*., 100 Cal. App. 4th 44, 61, 122 Cal. Rptr. 2d 267, 281 (2002) (when promisor has discretion to perform but has given other consideration or when the promisor's performance is conditional on his objectively reasonable satisfaction, then the promisor's ability to avoid performance is sufficiently curtailed, the promise is not illusory); *Stonebrae, L.P. v. Toll Bros., Inc*., No. C-08-0221 EMC, 2010 U.S. Dist. LEXIS 1199, at * 15 (N.D. Cal. Jan. 7, 2010); *Grimes v. New Century Mortg. Corp*., 340 F.3d 1007, 1012 (9th Cir. 2003). Under Front Sight's logic, every loan agreement providing a line of credit would be illusory. This argument must be rejected.

Further, the fact that LVDF did indeed advance loan proceeds under the CLA is fatal to Front Sight's illusory argument. LVDF acknowledges that the CLA obligated it to make disbursements on the loan, when requested, if and when there were EB-5 funds available. Before entering into the CLA, Front Sight knew exactly how much EB-5 funds LVDF had then raised at the time and what would be (and ultimately was) disbursed to Front Sight. The CLA was executed on October 6, 2016. Three days before the CLA was executed, Front Sight asked how much EB-5 investors had committed to the project and

[8] While Front Sight claims that it has "presented undisputed evidence that it used the CLA proceeds it received as required under the CLA," Objection, p. 12 9-14, that fact is disputed. LVDF has disclosed the expert report of John Barrett in the Adversary Action. According to Mr. Barrett's analysis, Front Sight has only put $4,729.923 of the $6,375,000 disbursed under the CLA into construction of the Project. *See* **Exhibit 10** attached hereto, a copy of Mr. Barrett's expert report.

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how much Front Sight would receive upon execution of the CLA. Ex. 4 at Ignatius Piazza's October 3, 2016 email. LVDF immediately responded: "We currently have approval from four investors to release their funds, so we would be able to disburse 75% of $2m, for an initial disbursement of $1.5m. We are awaiting approval from the other four investors . . . ." *Id.* at Robert Dziubla's October 3, 2016 email.

Consistent with the parties' communications, LVDF in fact made its initial disbursement contemporaneous to the execution of the CLA.[9] Moreover, the CLA only obligated LVDF to make advances "of as little as $375,000, which represents the available funds from each new EB-5 Investor," with the parties expressly recognizing that EB-5 funding is speculative, and that there was no minimum raise amount.[10] *See e.g.*, CLA at Section 3.1; Exs. 2, 4, 5 and 6; Dziubla Proof of Claim Decl. at ¶¶ 10-12, 14, 20-21, 29. Because Front Sight knew exactly how much money was being disbursed (and was in fact disbursed) close to execution of the CLA, it defies credulity for Front Sight to now contend the CLA was illusory.[11] The Court should overrule this aspect of Front Sight's Objection or, if the Court believes there are factual issues to resolve, to set this part of Front Sight' objection for hearing at the June trial.

VI. Front Sight's Fraudulent Inducement Claim Has No Merit.

There will not be any set-off based upon Front Sight's fraudulent inducement claim. Rather, the frivolity of this claim supports that Front Sight strategically filed the State Court Action to avoid curing its non-monetary defaults and further supports that LVDF necessarily incurred the legal fees sought in its claim.

To prevail on its fraud claim, Front Sight must prove by clear and convincing evidence: (a) that the defendant made a false representation; (b) with knowledge or belief that the representation was false or without a sufficient basis for making the representation; (c) that the defendant intended to induce the plaintiff to act or refrain from acting on the representation; (d) the plaintiff justifiably relied on the

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[9] LVDF subsequently made additional disbursements to a total loan of $6,375,000 before LVDF then withheld additional funds due to Front Sight's numerous breaches of the CLA.

[10] The CLA also states that the loan is for "the principal sum of *up to* $75,000,000." CLA at Recital A. But the fact the CLA contains language that says "up to" does not alone render it illusory. If that were the case, all construction loan agreements, including the Morales Line of Construction which Front Sight maintains was a legitimate loan, would be illusory.

[11] As referenced above, Front Sight was also keenly aware, and acknowledged, in writing, that the CLA was an EB-5 loan comprised of "EB-5 money."

representation; and (e) the plaintiff was damaged as a result of his reliance. *Barmettler v. Reno Air, Inc.*, 114 Nev. 441, 956 P.2d 1382 (1998); J.*A. Jones Const. Co. v. Leher McGovern Bovis, Inc.*, 120 Nev. 277, 290-291, 89 P.3d 1009 (2004). Here, Front Sight cannot prove each element by clear and convincing evidence for multiple reasons and thus, this part of its objection should be ruled outright.

First, Front Sight's brand-new contention that the CLA was not an EB-5 loan or was not premised on an EB-5 raise undermines Front Sight's fraudulent inducement claim. If the CLA is not an EB-5 loan and is not contingent on EB5IA raising EB-5 funds for LVDF to lend to Front Sight (as Front Sight now claims), then any alleged misrepresentations by Mr. Dziubla about his experience with EB-5 raises and the ability to raise EB-5 money are completely irrelevant, could not have induced Front Sight into the CLA, and Front Sight could not have justifiably relied upon them.[12]

Second, Front Sight's fraudulent inducement claim fails because it conflates LVDF with EB5IA, Mr. Dziubla and Mr. Fleming. LVDF is only the lender. LVDF did not make any representations to Front Sight about a different entity's (EB5IA's) ability to raise EB-5 funds and Front Sight has failed, in its Objection, to identify any alleged representations made by LVDF. Therefore, Front Sight's fraudulent inducement claim fails on the very first prong.

Third, Mr. Dziubla and Mr. Fleming did not misrepresent their experience. Front Sight claims that it will be shown that Mr. Dziubla and Mr. Fleming had no experience raising money in connection with any EB-5 program. Mr. Dziubla and Mr. Fleming look forward to this purported evidence because they were both involved in an EB-5 raise for the San Diego Hyatt Project prior to becoming involved with Front Sight, they disclosed that project to Front Sight, and Front Sight did its own due diligence on Mr. Dziubla and Mr. Fleming before entering into the Engagement Letter with EB5IA. Dziubla Response Decl. at ¶ 6.

Fourth, EB5IA, Mr. Dziubla and Mr. Fleming did not make any promises or guarantees to raise any amount of EB-5 funds by a date certain. To the contrary, Front Sight was consistently advised that there were no guarantees of funding and that EB5IA (and Mr. Dziubla and Mr. Fleming) could only

[12] To be clear, LVDF did not conduct the EB-5 raise nor did Mr. Dziubla make representations to Front Sight about its ability to raise EB-5 funds.

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provide a "best estimate" for the timeline for the EB-5 raise. Ex. 6; Dziubla Proof of Claim Decl. at ¶¶ 15-20. And Front Sight has repeatedly (and publicly) recognized that it did its own due diligence on EB-5 and EB-5 raises. Therefore, Front Sight's fraudulent inducement claim fails on both the second, third, and fourth prongs as well.

Fifth, by May 2016, it was clear that the Front Sight Project was not gaining enough traction and interest from EB-5 investors to reach Front Sight's financing goals for the Project. Dziubla Proof of Claim Decl. at ¶ 28. At that point, no EB-5 funds had been disbursed or loaned from LVDF to Front Sight and the parties had not even executed the CLA. *Id*. Accordingly, Front Sight was given the option to walk away, to take over the EB-5 raise and regional center, or to restructure the deal and to receive the funds received by EB5IA to date. *Id*. at ¶ 29; *see also* **Exhibit 11** attached hereto (May 12, 2016 Email from Robert Dziubla to Michael Meacher). Front sight chose the last option and eliminated the $25,000,000 minimum raise in order to break escrow. *Id*. at ¶ 30. In fact, Front Sight was so desperate for *some* money—whatever could be raised by EB5IA—that it agreed to obtain Senior Debt (as defined by the CLA) to ensure the Project was fully funded and Ignatius Piazza repeatedly threatened LVDF to enter into the CLA even though he explicitly recognized there was "no stock pledge" and that the money to be loaned from LVDF was not "enough money [ ] to make all that much difference in the project." Ex. 4. Therefore, even assuming *arguendo* that another Defendant made misrepresentations to Front Sight about their ability to raise EB-5 funds, at the time Front Sight opted to enter into the CLA, it was fully aware that there was "no stock pledge" and that LVDF would only be disbursing EB-5 funds as they were received (with the 25% holdback as agreed upon in the CLA).

Because Front Sight's fraudulent inducement objection against LVDF has no merit whatsoever, it should be overruled outright. But if the Court disagrees and believes there are factual issues, then this issue too should proceed to trial.

VII. The Loan Documents Provide for Attorney's Fees, Interest, and Costs.

Front Sight's objection to LVDF's purported attorney's fees, interest, and costs is meritless. The loan documents provide for the recovery of default interest, attorneys' fees, and costs.

As addressed above, Front Sight was the first party to breach the CLA and Front Sight's commencement of the lawsuit ended the EB-5 raise. But for Front Sight filing the lawsuit, LVDF

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remained able and willing to potentially lend more money *if* Front Sight was no longer in default of the CLA, made the appropriate request, and if and when there were additional EB-5 funds to disburse. Even if LVDF was contractually obligated to loan the full $50,000,000 regardless of the EB-5 raise (which is not the case), it was still Front Sight who breached the CLA first and even Front Sight recognizes that it cannot maintain an action against the other for a subsequent failure to perform. Objection at 15, citing *Crockett & Myers, Ltd. v. Napier, Fitzgerald & Kirby, LLP*, 440 F. Supp. 2d 1184 (D. Nev. 2006); *Las Vegas Sands Corp. v. ACE Gaming, LLC*, 713 F. Supp. 2d 427 (D. Nev. 2010); *Young Elec. Sign Co. v. Fohrman*, 86 Nev. 188, 466 P.2d 846 (1970).

Moreover, pursuant to the loan documents (and as already found by the State Court), once Front Sight defaulted under the loan documents, then the default interest rate applied. Ex. 7, p. 5, ¶ 24-25 ("Lender declared Borrower in default on July 31, 2018. As a result, the default interest rate has applied since July 31, 2018."). The Loan Documents also provide that in the event Front Sight failed to make any required payment of principal or interest payment (as it did), then Front Sight was also obligated to pay "in addition to interest at the Loan Rate, a late payment charge equal to three percent (3%) of the amount of the overdue payment." *Id.* at ¶ 26, citing the Amended and Restated Promissory Note, a copy of which is attached hereto as **Exhibit 12** at Section 4. Finally, the loan documents state that Front Sight "shall pay or reimburse [LVDF] for all reasonable attorneys' fees and costs and expenses incurred by Lender or the Trustee in any action, legal proceeding or dispute of any kind which affects the Loan, the interest created herein, the Property or the Collateral, including but not limited to, any foreclosure of this Deed of Trust, enforcement of payment of the Note and other secured indebtedness, . . . any bankruptcy proceeding or any action to protect the security hereof or to enforce Lender's rights and remedies hereinunder." *See Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing* recorded on October 13, 2016, attached hereto as **Exhibit 13** at Section 4.7. The attorneys' fees and cost provision is extremely broad and specifically states that attorneys' fees and costs advanced against the loan "shall become part of the secured indebtedness." *Id.* Therefore, LVDF's Proof of Claim only seeks to enforce the parties' agreement and the loan documents as written.

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VIII. LVDF Is Not Attempting to Recover Duplicative Amounts And Is Seeking Amounts Allowed Under the Bankruptcy Code.

Without support or citations thereto, Front Sight claims that LVDF is seeking to recover duplicative amounts and amounts not allowed by the Bankruptcy Code. This is not accurate.

LVDF may recover reasonable fees, costs, or charges provided for in the agreement under which the secured claim arose. 11 U.S.C. § 506(b). Such section provides "to the extent that an allowed secured claim is secured by property the value of which, after any recovery under subsection (c) of this section, is greater than the amount of such claim, there shall be allowed to the holder of such claim, interest on such claim, and any reasonable fees, costs, or charges provided for under the agreement or State statute under which such claim arose." 11 U.S.C. 506 (b).

A creditor is entitled to attorney's fees "if (1) the claim is an allowed secured claim; (2) the creditor is oversecured; (3) the fees are reasonable; and (4) the fees are provided for under the agreement." *In re Hoopai,* 581 F.3d 1090, 1098. Under § 506(b), fees are reasonable if the incurred fees "fall within the scope of the fees provision in the agreement," and the creditor "took the kinds of actions that similarly situated creditors might reasonably conclude should be taken...." *In re Kord Enters*. II, 139 F.3d 684, 689 (9th Cir.1998) (quotation omitted). "Reasonableness embodies a range of human conduct." *In re Dalessio*, 74 B.R. 721, 723 (9th Cir. BAP 1987).

Under § 506(b), the court has broad discretion in determining the amount of attorney's fees and in reviewing the fees for potential abuse of right. *Dalessio*, 74 B.R. at 724 (*citing In re Fitzsimmons,* 51 B.R. 600 (9th Cir. BAP 1985)). An oversecured creditor has the burden of proving the reasonableness of its fee claim under § 506(b). *In re Atwood*, 293 B.R. 227, 233 (9th Cir. BAP 2003). If applying for attorney's fees under § 506(b), the "attorney ... bears the burden of proving the reasonableness of those fees, which can only be done by presentation of carefully detailed applications and supporting documentation." *Dalessio*, 74 B.R. at 724 (citing In re Meade Land & Dev. Co., 577 F.2d 858, 860 (3d Cir.1978)).

During the bankruptcy case, LVDF is entitled to an award of fees. Success in bankruptcy litigation is not a prerequisite for an award of reasonable attorney fees to an oversecured creditor pursuant to Section 506(b). *In re Mills*, 77 B.R. 413, 418 (Bankr. S.D.N.Y. 1987). Similarly, the 9th

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Circuit Bankruptcy Appellate Panel has held that attorneys' fees incurred for prosecuting a relief from stay and challenging a proposed plan are compensable, if otherwise found reasonable. *See In re Le Marquis Assocs*., 81 B.R. 576, 580 (9th Cir. BAP 1987). Finally, the court in *In re Brunel*, 54 B.R. 462 (Bankr.D.Colo. 1985), for example, noted that it "located no decision in which a creditor was denied fees [pursuant to Code Section 506(b)] solely because the motion for relief from stay was unsuccessful." The court concluded that "there is considerable precedent for allowing attorney's fees . . . even though the motion is unsuccessful or never ruled on." Id. at 465. Other courts have similarly not required the secured creditor seeking an award under Code Section 506(b) to establish that its litigation against the debtor was successful. *See, e.g*., *In re Minnesota Distillers, Inc*., 45 B.R. 131 (Bankr.D.Minn. 1984).

Moreover, LVDF is contractually entitled to late fees and default interest. The determination of the amount of such late fees and default interest charges are subject to the pending evidentiary hearing. A creditor is entitled to default interest upon demonstrating that the default interest meets certain requirements. Courts vary as to how they allocate the burden of proof regarding the right to default interest. For instance, *in Casa Blanca Project Lender, L.P*, 196 B.R. 146-47 (9th Cir. BAP 1996), the Bankruptcy Appellate Panel imposed the evidentiary burden on a creditor to demonstrate the reasonableness and compensatory nature of the default rate. However, other circuit court decisions, allow default interest at the contract rate unless the debtor overcomes an initial presumption that the contractual default rate is reasonable. *See Southland Corp. v. Toronto-Dominion* (*In re Southland Corp.)*, 160 F.3d 1054 (5th Cir. 1998); *In re Terry Ltd. P'ship*, 27 F.3d 241, 243 (7th Cir. 1994), cert. denied, 513 U.S. 948, 115 S.Ct. 360, 130 L.Ed.2d 313 (1994) (applying a presumption in favor of the contractual rate "subject to rebuttal based upon equitable considerations"); *Equitable Life Assurance Society v. Sublett* (*In re Sublett*), 895 F.2d 1381 (11th Cir. 1990); *Bradford v. Crozier* (*In re Laymon*), 958 F.2d 72, 74 (5th Cir. 1992), cert. denied, 506 U.S. 917, 113 S.Ct. 328, 121 L.Ed.2d 247 (1992).

As to late charges, this Court will have to determine whether the late charges are reasonable under 11 U.S.C. 506(b). Front Sight cites to a variety of bankruptcy court decisions outside of the 9th Circuit, including *In re 785 Partners LLC*, 470 B.R. 126, 137 (Bankr. S.D.N.Y. 2012)(citing *In re Vest Assocs*., 217 B.R. 696, 701 (Bankr. S.D.N.Y. 1998)) for the proposition that the "decisional law

is uniform that over-secured creditors may receive payment of either default interest or late charges, but not both." LVDF has not located any case within the 9th Circuit that expressly held the same. The case law cited by Front Sight is not binding authority upon this Court. Notwithstanding, this Court does have the requirement to determine if the late charges are reasonable under 11 U.S.C. 506(b) and that will be determined by virtue of the evidentiary hearing.

CONCLUSION

Here, the Court has already set an evidentiary hearing with a corresponding scheduling order which combined the pending adversary proceeding. As is reflective in the Court dockets, the Parties are conducting formal discovery and documents have and are being continued to be requested and provided. The amount of LVDF's claim will be determined by the Court at the trial already set in this case for June 2023.

DATED this 23 day of January 2023.

/s/ Brian Shapiro, Esq.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the **RESPONSE TO AMENDED OBJECTION TO CLAIM NO. 284 FILED BY LAS VEGAS DEVELOPMENT FUND, LLC** was served on the 23rd day of January 2023, through CM/ECF via the Court's Noticing System to all registered users in this case including the the following:

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EXHIBIT 1

August 20, 2018

Via FedEx and Email (rdziubla@eb5impactcapital.com)

Mr. Robert W. Dziubla
President & CEO
Las Vegas Development Fund, LLC
916 Southwood Boulevard, Suite 1G
P. O. Box 3003
Incline Village, Nevada 89450

With a copy to:

EB5 Impact Capital Regional Center LLC
916 Southwood Blvd., Suite 1G
Incline Village, Nevada 89450

Michael A. Brand, Esq.
2924 Selwyn Circle
Santa Barbara, California 93105

C. Matthew Schulz, Esq.
Dentons US LLP
1530 Page Mill Road, Suite 200
Palo Alto, California 94304-1125

Re: **Response to Notice of Default dated July 30, 2018**

Dear Mr. Dziubla:

We acknowledge receipt of the document entitled "Notice of Multiple Defaults / Notice of Inspection / Monthly Proof of Project Costs" (the "Notice") delivered on July 30, 2018 by Las Vegas Development Fund, LLC, as lender ("Lender"), to Front Sight Management LLC, as borrower ("Borrower" or "Front Sight").

Said notice alleges breach by Borrower of that certain Construction Loan Agreement dated October 6, 2016 (the "Original Loan Agreement"), that certain First Amendment to Loan Agreement dated July 1, 2017 (the "First Amendment"), and that certain Second Amendment to Loan Agreement dated February 28, 2018 (the "Second Amendment"; collectively, the Original Loan Agreement, the First Amendment and the Second Amendment may be referred to as the "Construction Loan Agreement").

There have been no payment defaults on the part of Borrower under the Construction Loan Agreement. We categorically disagree that any breach has occurred as stated in the aforementioned Notice; therefore, we do not agree with any remedial action identified in the Notice. Before setting forth the full response to said

Notice, the matters in dispute should be placed in the context of the background and history that has led us to where we find ourselves today.

Background and History

Inducement of Front Sight to Fund Your EB-5 Raise for the Development and Construction of the Front Sight Resort Project in Detrimental Reliance on a Raise of $75 Million

As reflected in email correspondence between you and Front Sight officers, as early as October of 2012, representations were made to us that you and your associates had the ability, experience and networking breadth with Chinese investors to enable you "to put together a financing package for some, or perhaps all, of the $150 million you [Front Sight] were seeking to raise." (Email correspondence from Robert Dziubla to Mike Meacher dated August 27, 2012.)

In a proposal letter dated September 13, 2012, you, as President and CEO of Kenworth Capital, represented to us that, provided Front Sight agreed to pay "upfront fees" of $300,000 to cover your "direct out-of-pocket cost to do an EB-5 raise," you "will be able to structure the $65 million of EB-5 financing as non-recourse debt secured only by a mortgage on the property. Thus, no personal guaranties or other collateral will be required from Dr. Piazza or Front Sight. This non-recourse element of the EB-5 financing is truly extraordinary." The structure chart attached to that proposal letter contemplated "130 foreign investors," "$500,000 from each investor," and a "$65 million loan" for the development and construction of the Front Sight Resort Project. In said letter, you represented that your "partners, Empyrean West (Dave Keller and Jay Carter), are the owners and managers of a USCIS-approved regional center, Liberty West Regional Center, through which we will invest the $65 million of EB-5 funding." In that same proposal letter, you further represented to us:

> "I personally have been conversant with and involved in EB-5 financing since the program was first established in 1990, as one of my oldest friends and a fellow partner of mine at Baker & McKenzie, the world's largest law firm, ran the Firm's global immigration practice out of the Hong Kong office. During my career, I have spent much of my life living and working in China / Asia and have worked with many Chinese clients and institutions investing abroad. This experience has provided me with an expansive network of relationships throughout China for sourcing EB-5 investors; and this personal network is coupled with our collective relationships with the leading visa advisory firms operating in China.
>
> "In addition to the Chinese EB-5 funding, Empyrean West has been authorized by the Vietnamese government to act as the exclusive EB-5 firm in Vietnam and has been exempted from the $5,000 limit on international money transfers.
>
> "On a separate note, we also think the Front Sight project will be especially attractive to Chinese / Asian investors because it has "sizzle" since firearms are forbidden to our Chinese investors. Thus any who do invest will be able to tell all of their friends and family that they have invested into Front Sight and been granted a preferred membership that gives them the right to receive Front Sight training in handguns, shotguns, rifles, and machine guns anytime they want."

In that same letter, you also represented to us that "EB-5 funding initiatives typically take 5 – 8 months before first funds are placed into escrow with the balance of the funds being deposited during the next 6 – 8 months. This sort of extended timing seems to be compatible with Front Sight's development timeline given our discussions." (Email correspondence from Robert Dziubla to Mike Meacher dated September 13, 2012, and attached letter of proposal of even date.)

After multiple exchanges of email correspondence and several meetings, you represented to Front Sight that you and your partners were working on a proposal for "the creation of a new regional center for the Front Sight project and the raise of up to $75m (interest reserve included) of EB-5 immigrant investor financing." (Email correspondence from Robert Dziubla to Mike Meacher dated December 27, 2012.)

On February 8, 2013, as President & CEO of EB5 Impact Advisors LLC ("EB5IA"), you submitted a revised proposal (the "Engagement Letter") to Front Sight for the engagement of EB5IA to perform services in connection with the **raising of $75 million of debt financing** for Front Sight to expand its operations through the EB-5 immigrant investor program supervised by the USCIS, said services to include, amongst other, engaging the services of other professionals to achieve the establishment of the EB5 Impact Capital Regional Center covering Nye County, Nevada, and with approved job codes encompassing the Front Sight Resort Project; to prepare the business plan and economic impact analysis for both the Regional Center and the Front Sight Resort Project as the exemplar transaction for the Regional Center; preparing the offering documentation and making presentations to prospective investors to obtain commitments for the contemplated financing. (Email correspondence from Robert Dziubla to Mike Meacher dated February 8, 2013 and attached letter of engagement. Emphasis ours.) After negotiating a few changes, Front Sight placed its trust in you and your team and executed the Engagement Letter in February of 2013.

EB5 Impact Capital Failure to Deliver on $75 Million Raise and Promised Timeline

After many months of intense work, with all costs and expenses covered by Front Sight, the application for approval of the Regional Center was filed on April 15, 2014.

During the extended period of waiting for the approval of the Regional Center and the Exemplar Project, more promises and representations were made with respect to the rapidity of the EB-5 raise, including the below:

> "We anticipate that once we start the roadshows for the Front Sight project, which will have already been pre-approved by USCIS as part of the I-924 process – a very big advantage -- **we should have the first tranche of $25m into escrow and ready for disbursement to the project (at the 75% level, i.e. $18.75m, as discussed) within 4 – 5 months**."

(Email correspondence from Robert Dziubla to Mike Meacher dated June 29, 2014; emphasis ours.)

After many more months of intense follow-up by all concerned parties, including Front Sight, the Regional Center and Exemplar Project were approved by the USCIS on July 27, 2015. Shortly thereafter, marketing efforts began by you, and others engaged by you, with Front Sight continuing to pay for all related costs and expenses. As we are all poignantly aware, the results of those efforts have fallen dramatically short, both of the $75 million raise that Front Sight had been initially induced to expect, and of the reduced maximum $50 million raise that subsequently you asked Front Sight to accept, long after Front Sight had been induced into incurring, and had in fact incurred, substantial costs and expenses in connection with such raise. (Email correspondence from Robert Dziubla to Mike Meacher dated July 22, 2017.)

A pattern was established of asking Front Sight to advance funds for travel and marketing expenses by you and other members of your team, including Jon Fleming, and then not delivering even a modest amount of EB-5 investor funds as promised. ("We look forward to having the $53.5k deposited into our Wells Fargo account tomorrow. Front Sight is the ONLY EB5 project we are handling and of course receives our full and diligent attention. Our goal is most assuredly to have the minimum raise of $25m (50 investors)

subscribed by Thanksgiving." Email correspondence from Robert Dziubla to Mike Meacher dated August 11, 2015.)

In October of 2015, you alluded to a "minimum raise of $25 million" in multiple email correspondence concerning our upcoming negotiation of a construction loan agreement. In response to our repeated expressions of concern with the slow pace of securing investors for our EB-5 program, on December 16, 2015 you wrote: "With regard to the timeline, we may still be able to achieve the minimum raise of $25m by January 31 and thereupon begin disbursing the construction loan proceeds to you, but a more realistic date might be February 8. Why that date you ask? Because the Christmas holidays and January 1st new year holiday are rather insignificant in China and, importantly, February 8 is the start of the Chinese New Year. Chinese people like to conclude their major business decisions before the start of that 2 – 3 week holiday period, so we expect to see interest in the FS project growing rapidly over the next couple of weeks with interested investors getting their source and path of funds verification completed in January so that they can make the investment by February 8." (Email correspondence from Robert Dziubla to Mike Meacher dated December 16, 2015; emphasis ours.)

On January 4, 2016, in reply to our query as to whether the "minimum raise of $25 million" would be achieved by February 8, as you had indicated above, you wrote:

> "The minimum raise for the Front Sight project is $25m. At $500k per investor, that requires 50 investors only. Once we have the $25m in escrow and the loan documents have been signed (presumably within the next few days), then we will disburse 75% of that to you, i.e. $18.75m and retain the other 25% in escrow to cover any I-526 applications that are rejected by USCIS, which is quite unlikely given that we already have USCIS exemplar approval for the project. Hence, we will not need to have 63 investors in escrow, just 50. Please refer to my email of October 20 to you detailing the funds disbursement process.
>
> "With regard to timing, based on discussions with our agents over the past few days, including today, it looks like we may have 5 – 10 investors into escrow by February 8, with an additional 20 – 30 in the pipeline. The Chinese New year commences on February 8, so the market will essentially shut down for about two weeks, and then the investors will gradually return to work. The agents are saying that investors who have not already decided on the project by February 8 will contemplate it over the Chinese New Year and discuss it with their family, as it entails the fundamental life change of leaving their homeland and moving to the USA. We are pushing our agents hard to have 50 investors into escrow by February 29. Once we have the 50 investors into escrow with the Minimum Raise achieved, we will disburse the initial $18.75m to you and then continue with the fundraising, which is likely to accelerate since it has a snowball type of effect. As the funds continue to come into escrow, we will continually disburse them to you. (See the Oct. 20 email.) Given that the current EB-5 legislation expires on September 30, 2016, at which time the minimum investment amount will most likely increase to $800k, we highly anticipate that we will have raised the full $75m by then."

(Email correspondence from Robert Dziubla to Mike Meacher dated January 4, 2016; emphasis ours.)

On January 31, 2016, in response to our question as to how many "actual investors" with $500,000 in investment funds into escrow we had to date, you responded: "Two." (Email correspondence from Robert Dziubla to Mike Meacher dated January 31, 2016; emphasis ours.)

From the inception of your marketing efforts, you consistently refused Front Sight's requests to have direct contact with parties reportedly performing services to find EB-5 investors, including King Liu and Jay Li,

principals of the Sinowel firm. (Email correspondence from Robert Dziubla to Mike Meacher dated August 6, 2015.) From time to time you announced various alliances and associations with brokers and sales representatives in various regions with reported growing "pipelines," but in the end, more than three years after the USCIS approval, after having paid at least $512,500 in fees and expenses to date, Front Sight has only received $6,375,000 in Construction Loan disbursements.

Notwithstanding the aforestated lack of transparency on the part of EB5 Impact Capital, and in a good-faith effort to promote the ongoing marketing of our EB-5 program, as of November 15, 2016, Front Sight agreed to a modified version of your request of advancing you $8,000 per month for marketing expenses, in detrimental reliance on your representation that the local/regional agents for the investors "were taking it all." (Email correspondence from Dr. Ignatius Piazza to Robert Dziubla dated November 15, 2016.)

Furthermore, when you were soliciting us to pay for the Regional Center, Front Sight requested to be an owner of it since we were paying for it, but you responded that USCIS would not allow it and would look unfavorably on a developer owning a regional center. When we asked for full disclosure on the financial arrangements with the various agents and brokers you claimed to have in place, you told us that said agents require strict confidentiality on all financial arrangements with the regional center and thus you could not disclose to us the financial splits. Front Sight has recently learned from an experienced and reputable industry consultant that these representations are not true. In fact, Developers often own the regional centers handling their projects, and financial arrangements with the brokers and agents are normally transparent and regularly disclosed to the developers. You either knew or should have known that we, as developers, could have owned the Regional Center that we paid for, but for your misrepresentation that this would not be acceptable to the USCIS. You also either knew or should have known that we, as developers, were and are entitled to full disclosures of the financial arrangements that you have made or are making with agents and brokers who produce investors for the EB-5 investor program for our Project. We expressly reserve any claims that we may have against you with respect to the above misrepresentations and their consequences.

Response to Notice

The full response to the Notice is set forth below.

1. Alleged Breach: Failure to Obtain Senior Debt by June 30, 2018

Borrower is not in breach. Pursuant to the definitions set forth in the Original Loan Agreement, "'**Senior Debt**' means the additional loan that will be sought by Borrower, and which Borrower will use it best efforts to obtain, from a traditional financial institution specializing in financing projects such as the Project." (Emphasis ours). Further, Section 5.27 of the Original Loan Agreement states that "Borrower will use its best efforts to obtain Senior Debt as defined herein." (Emphasis ours). The "best efforts" language included in the Original Loan Agreement corresponds with the representations made by Lender to prospective EB-5 investors in accordance with the updated Confidential Private Placement Memorandum (the "Updated PPM") that was finalized in late June of 2016 and forwarded by you to our outside counsel via email on June 30, 2016. In the section of the Updated PPM entitled "Summary of the Loan," under the heading "The Loan," it states in pertinent part as follows:

> "Borrower will seek bridge financing of a senior commercial loan in the amount sufficient to build the Project in accordance with the Business Plan (the "Senior Loan"). If this occurs, it is likely that the commercial lender will procure the first mortgage/deed of trust and a first priority pledge and security interest in the Borrower and that the Fund will take

> a second priority position until such time as the Senior Loan is paid off with the proceeds of this Offering or from other sources." (Emphasis ours.)

Further, in the section of the Updated PPM entitled "Risk Factors," under the heading "Senior Loan and Second Mortgage Interest," it states in pertinent part as follows:

> "Borrower will seek bridge financing of a senior commercial loan in an amount sufficient to build out the Project ("Senior Loan"). If this occurs, it is likely that the commercial lender will procure the first mortgage/deed of trust and a first priority pledge and security interest in the Borrower and that the Fund will take a second priority position. There can be no assurances given that the Senior Loan will be available or, if available, on terms favorable to the Fund. If the Senior Loan is not procured, there is a risk that the Project may not be built, that the requisite jobs will not be created, and that the Investors' applications for an EB5 visa will be denied." (Emphasis ours.)

Based both on the language included in the Original Loan Agreement as well as the representations to the prospective EB-5 investors made by Lender in the Updated PPM, Borrower is NOT required to obtain Senior Debt.

Notwithstanding the foregoing, on or about October 31, 2017, Borrower obtained Senior Debt by securing a revolving line of credit in the maximum principal amount of Thirty-Six Million Dollars (US$36,000,000.00) from Top Rank Builders, Inc., Morales Construction, Inc., and All American Concrete and Masonry, Inc. (collectively, "TRB"), which Borrower is using to build the Project facilities. Electronic copies of the fully-executed documents evidencing the revolving line of credit with TRB were delivered to Jon Fleming on October 31, 2017 (see copy of said email, together with its attachments, included as Exhibit "A" hereto). We further refer you to that certain Project Update – Q3 2017, prepared by EB5 Impact Capital Regional Center, LLC, the Class A Member and Manager of Lender, addressed to "Our valued EBS investors in the Front Sight Resort & Vacation Club," a copy of which you forwarded to Mike Meacher via email on January 17, 2018, the second paragraph of which reads as follows:

> "**Senior Construction Lender-** Front Sight has negotiated a $36 million construction line of credit with the construction companies contracted to build the resort. This will be a 5-year term credit facility that accrues interest at 7% for the difference between any work done by the construction companies and the payments made by Front Sight to those companies. The terms of this agreement and note are completed and this line of credit will be signed by the end of October. There will be no Deed of Trust encumbering the property associated with this credit facility."

While the Class A Member and Manager of Lender proceeded to discuss as well the possible financing with US Capital Partners which was being negotiated at that time, acknowledging that "there is no immediate need for this capital," the Class A Member and Manager of Lender unequivocally represented to the EB-5 investors that the line of credit with TRB satisfied the supposed requirement that Borrower obtain a "senior lending facility."

2. Alleged Breach: Failure to provide to Lender copies of term sheets, emails, other materials related to Senior Debt Term Sheets with periodic updates

Borrower is not in breach. Section 1 of the Second Amendment states in pertinent part: "Concurrently with the execution of this Second Extension, Borrower shall provide to Lender copies of term sheets, emails and other materials related to the Senior Debt Term Sheets and shall periodically, but no less than monthly,

update the same." As a reminder, starting with our initial meeting with Hank Cairo on June 4, 2016, we updated you frequently with respect to his efforts at identifying "a traditional financial institution specializing in financing projects such as the Project." When it became clear that a "traditional financial institution" would not be an immediate option, we expanded our search for additional financing and again updated you frequently with respect to these efforts. Attached as Exhibit "B" are copies of the following:

a. Letter of Intent from Summit Financial and Investment Group, LLC, dated as of August 26, 2016, and transmitted to you via email on September 6, 2016;
b. Term Sheet for Proposed Credit Facility from US Capital Partners Inc., dated as of September 30, 2016, and transmitted to you via email on said date;
c. Commitment Letter for Proposed Credit Facility from US Capital Partners Inc., dated as of November 3, 2017, and transmitted to you via email on November 5, 2017;
d. Financial Advisory Engagement with Innovation Capital LLC (the "IC Engagement Letter"), dated as of April 2, 2018, and transmitted to your outside counsel, Mike Brand, via email on July 19, 2018.

In the Notice, you refer to an email from our outside counsel, Scott Preston, to your outside counsel, Mike Brand, on July 19, 2018, "with several attachments purporting to be evidence of two potential lenders sourced during the term of the Second Amendment" and further reference the IC Engagement Letter as follows: "an engagement letter for Innovation Capital to act as a financial advisor to Borrower, not a term sheet for a $25 million loan as represented by Borrower and its counsel." In the opening to the aforementioned email, Mr. Preston states that "we are forwarding to you various documentation evidencing the good-faith negotiations undertaken by our client to obtain senior financing for the development of the Front Sight Resort…," making no reference whatsoever to the time frame during which the documents were received. Further, in referencing the IC Engagement Letter as one of the attachments to the aforementioned email, the accompanying verbiage is as follows: "**Innovation Capital in El Segundo, CA**. Our client believes this lender, with whom discussions are ongoing, will be able to deliver the US$25MM in financing necessary to supply the infrastructure cost to the entire project on terms that our client will find acceptable but, as of yet, no final deal has been agreed." Nowhere was the IC Engagement Letter referred to as a "term sheet" as you assert.

3. Alleged Breach: Failure to submit EB-5 documentation proving that Borrower had invested into construction of the Project at least $2,625,000 (Construction Loan Proceeds to date) by July 1, 2017

Borrower is not in breach. In the Notice, in the first paragraph under the heading "EB-5 Documentation," you recite a portion of the third sentence of Section 6 of the First Amendment, as follows: "on or before June 30, 2018, Borrower shall provide Lender with copies of major contracts, bank statements, receipts, invoices and cancelled checks or credit card statements or other **proof of payment reasonably acceptable to Lender that document that Borrower has invested in the Project at least the amount of money as has been disbursed by Lender to Borrower on or before the First Amendment Effective Date.**" [Emphasis added.] In the second paragraph under the same heading, you state that "[T]he First Amendment Effective Date was July 1, 2017, and Lender had disbursed $2,625,000 of EB-5 funds to Borrower by said date." In the first sentence of the final paragraph of this section of the Notice, you state that "Borrower has failed to prove that its expenditures on construction equaled or exceeded $2,652,000 (sic)" and thereafter claim that this constitutes an Event of Default under the Loan Agreement.

Section 3.7 of the Original Loan Agreement states as follows: "**Use of Loan Proceeds**. Borrower shall use and apply the Loan proceeds solely to all or any number of the individual Project components in

accordance with the Budget and also to pay some or all of any or all existing indebtedness encumbering the Project pursuant to a Permitted Encumbrance. Borrower shall use its best business judgment based upon then-current real estate market and availability of other financing resources to allocate the proceeds of the Loan in such a manner as to assure the full expenditure of the Loan proceeds advanced to Borrower. Borrower will comply with the requirements of the EB-5 Program and the other EB-5 Program covenants and requirements contained in this Agreement."

Further, Section 4.29 of the Original Loan Agreement states as follows: "**Use of Loan Proceeds**. The proceeds of the Loan shall be used to pay and obtain release of the existing liens on the Land, to pay for or reimburse Borrower for soft and hard costs related to the pre-construction, development, promotion, construction, development and operation of the Project in connection with the FSFTI Facility and the construction, development, operation, leasing and sale of the timeshare portion of the Project, all as more particularly described on Exhibit F, attached hereto. The Loan is made exclusively for business purposes in connection with holding, developing and financially managing real estate for profit, and none of the proceeds of the Loan will be used for the personal, family or agricultural purposes of the Borrower."

Each of the aforementioned Sections 3.7 and 4.29 of the Original Loan Agreement makes specific reference to the payoff of existing liens that encumbered the Land as of the date of signature of the Original Loan Agreement as a permitted use of the Loan Proceeds. This concept was not included in your original draft of the Original Loan Agreement from October 9, 2015, but rather was added into these provisions at our request and insistence starting with our first round of comments, as transmitted by our outside counsel to your outside counsel on June 12, 2016. You accepted this concept as evidenced by the inclusion of our requested language, with only minor changes, in the second draft of the Original Loan Agreement transmitted by your counsel to our counsel on July 3, 2016.

Your acceptance of the use of a portion of the proceeds of the Loan for the payoff and release of existing liens was not a spur-of-the-moment decision made by you during our negotiations of the terms and conditions that ultimately would appear in the final version of the Original Loan Agreement. Rather, your acceptance of this concept was based on your own representations and understanding of how the proceeds of the Loan would be used dating back to the time of your application to USCIS for approval as a Regional Center, as evidenced, *inter alia*, by the following:

- On or about May 1, 2014, you forwarded to Mike Meacher via email a copy of the original USCIS Form I-924, as submitted by your outside counsel to USCIS on or about April 14, 2014, which included as an exhibit thereto that certain Business Plan dated as of March, 2014 (the "Original Business Plan"). In Section 8 of said Original Business Plan, entitled "Project Financing & Capitalization," under the sub-heading "Project Uses of Capital," there appears a table setting forth proposed uses of the EB-5 investor funds to be advanced to Borrower by Lender, which includes a line item for "Paying off Existing Mortgages," with a proposed amount of US$9,037,000. Toward the end of said Section 8 of the Original Business Plan, there appears the following additional language:

  "The (Borrower) will pay off the following two mortgages using the funds raised via the EB-5 offering:

  "1. Mortgage 1: The current outstanding balance on this mortgage, as of December 31, 2013, is $7,779,000. The applicable interest rate is 12% per annum and the monthly payments amount to $158,000. Please note that the term of the mortgage is 87 months, with the final payment due on July 10, 2019.

"2. Mortgage 2: The Front Sight real estate is encumbered by a second mortgage that was established in 2007 to secure an original indebtedness of $3,164,410. As of December 31, 2013, that amount had been reduced to $1,258,000, and Front Sight continues to pay the monthly mortgage amount."

- On January 23, 2015, you copied Mike Meacher on an email which you sent to USCIS, to which you attached a copy of a letter dated on even date therewith, sent by you, in your capacity as President and CEO of EB5 Impact Capital Regional Center, LLC, to USCIS, requesting an update and expedite of the USCIS Form I-924 that was received by USCIS on April 15, 2014. On page 2 of the aforementioned letter, in the first paragraph of Section (a), it states that "(t)he first $10 million of the new loan from the Fund will be used to pay off the existing debt, including transactional costs and fees, thus cutting the current annual interest rate of 12% in half." (Emphasis ours.)

- On March 16, 2015, you forwarded to Mike Meacher via email a copy of the correspondence from your outside counsel, dated as of March 12, 2015, responding to the first Form I-797 Notice of Action – Request for Evidence (the "First RFE") issued by USCIS in response to your Form I-924 Application for Regional Center. In the response to the First RFE, your counsel included as an exhibit thereto a copy of that certain Business Plan dated as of March, 2015 (the "Revised Business Plan"; collectively, the Original Business Plan and the Revised Business Plan may be referred to as the "Business Plan"). Although several of the exhibits to the Revised Business Plan were missing from the response to the First RFE, the body of the document was complete. In Section 8 of said Revised Business Plan, entitled "Project Financing & Capitalization," under the sub-heading "Project Uses of Capital," there appears again a table setting forth proposed uses of the EB-5 investor funds to be advanced to Borrower by Lender, which includes a line item for "Paying off Existing Mortgages," with a proposed amount of US$9,037,000. Toward the end of said Section 8 of the Revised Business Plan, there appears again the following additional language:

  "The (Borrower) will pay off the following two mortgages using the funds raised via the EB-5 offering:

  "1. Mortgage 1: The current outstanding balance on this mortgage, as of December 31, 2013, is $7,779,000. The applicable interest rate is 12% per annum and the monthly payments amount to $158,000. Please note that the term of the mortgage is 87 months, with the final payment due on July 10, 2019.
  "2. Mortgage 2: The Front Sight real estate is encumbered by a second mortgage that was established in 2007 to secure an original indebtedness of $3,164,410. As of December 31, 2013, that amount had been reduced to $1,258,000, and Front Sight continues to pay the monthly mortgage amount."

- On March 19, 2015, you forwarded to Mike Meacher via email a copy of the correspondence from your outside counsel, dated as of March 18, 2015, supplementing his response to the First RFE, *inter alia*, in order to provide to USCIS a complete copy of the Revised Business Plan. Said complete copy of the Revised Business Plan again included the relevant language from Section 8 set forth in the immediately preceding bullet point.

- On May 19, 2015, you sent an email to Mike Meacher to which was attached a copy of your outside counsel's response to a second Form I-797 Notice of Action - Request for Evidence (the "Second RFE") issued by USCIS in response to your Form I-924 Application for Regional Center. In said Second RFE, USCIS requested more detailed information on the source and use of funds from the proposed US$75MM raise. In both the table included on page 4 of the Second RFE, as well as the revised table included by your counsel in his letter responding to the Second RFE, there again appears the line item for "Paying Off Existing Mortgages," with the same proposed amount of US$9,037,000.

In reliance both on the foregoing as well as on the provisions of the Original Loan Agreement as signed, we conclude that you erred in your issuance of the Notice not only by failing to consider the amount deducted from the first advance of the Loan for the payoff and release of the class-action judgment, also known as "Mortgage 2" in the Business Plan, but also by failing to consider the monthly principal and interest payments made by Borrower toward the Holecek loan, also known as "Mortgage 1" in the Business Plan, since the date of signature of the Original Loan Agreement. With respect to Mortgage 2, the amount deducted from the first advance of the Loan was US$551,871.50. With respect to Mortgage 1, the sum of principal and interest payments made by Front Sight from and after the date of signature of the Original Loan Agreement currently stands at US$3,634,000, of which US$1,422,000 was paid on or before June 30, 2017. Your failure to consider the amounts already paid toward both Mortgage 1 and Mortgage 2, together with any future amounts to be paid toward Mortgage 1 until said obligation is paid in full, would constitute a breach of the Loan Agreement by Lender. We further remind you that your failure to raise sufficient funds in connection with the EB-5 offering resulted in Mortgage 1 not being repaid and released in connection with the initial advance of the proceeds of the Loan and thereby has caused us to incur, and we continue to incur, significant additional and unanticipated interest expense, at a rate of twelve percent (12%) under Mortgage 1 rather than at a rate of six percent (6%) that would have prevailed had sufficient funds under the Loan been disbursed to us at the time of the initial advance. We estimate that, to date, this additional interest expense already has cost Borrower in excess of US$400,000.

Your failure to consider the amounts already paid toward both Mortgage 1 and Mortgage 2, together with any future amounts to be paid toward Mortgage 1 until said obligation is paid in full, would constitute a violation of your representations made to your EB-5 investors in the Updated PPM wherein you represented that the Loan would be secured by a first- or second-priority deed of trust in favor of Lender. As you are aware, and as was set forth in the Business Plan, the Front Sight property was subject to separate first- and second-priority obligations at the time of the initial advance of the proceeds of the Loan. But for the use of a portion of the proceeds of the initial advance of the Loan to pay off and release Mortgage 2, Lender would have ended up with a third-priority deed of trust.

Your failure to consider the amounts already paid toward both Mortgage 1 and Mortgage 2, together with any future amounts to be paid toward Mortgage 1 until said obligation is paid in full, could constitute a material misrepresentation made by EB-5 Impact Capital Regional Center, LLC (the "Regional Center"), to USCIS. As set forth in both the Original Business Plan and the Updated Business Plan submitted by you to USCIS in connection with your Form I-924, Borrower was to use a portion of the funds raised by the EB-5 offering to pay off in their entirety both Mortgage 1 and Mortgage 2. Your brazen attempt not only to ignore the provisions of the Loan Agreement but also to ignore the representations made by EB-5 Impact Capital Regional Center, LLC to USCIS could constitute a material change to the application for Regional Center designation, thereby necessitating a costly and time-consuming amendment to the same as well as potentially causing delays and/or denials of the EB-5 investors' visa applications.

We further assert that you erred in your issuance of the Notice by failing to consider "transactional costs and fees" paid directly by Borrower, be it (i) the funds advanced by Borrower to Chicago Title in

October of 2016 for the payment of the initial title insurance premiums as well as the escrow-related fees of Chicago Title (US$9,217.01), or (ii) the payment of other "transactional costs and fees," including, but not limited to, the payment of your outside counsel's fees in connection with the negotiation of the Original Loan Agreement (US$18,410.50), the fee for terminating your escrow arrangement with Signature Bank (US$1,500.00), the fee for establishing your replacement escrow with Time Escrow (US$3,200.00), or additional fees paid to Chicago Title in connection with subsequent advances of the Loan, be it for premiums for endorsements to the original lender's policy of title insurance or for related escrow fees.

Carrying the concept of "transactional costs and fees" one step further, we insist that we should receive credit for certain additional costs and fees incurred by Borrower, including, but not limited to, the initial funds expended by Borrower in connection with the establishment of the Regional Center and the approval of the Front Sight Project as an "Exemplar Project" (approximately US$162,500), as well as the additional funds expended by Borrower upon your insistence in connection with the ongoing operations and promotion/marketing of the Regional Center which you are reportedly leading (in excess of US$350,000).

The aforementioned Section 4.29 of the Original Loan Agreement, as executed, also makes specific reference to "soft and hard costs related to the pre-construction, development, promotion, construction, development and operation of the Project in connection with the FSFTI Facility and the construction, development, operation, leasing and sale of the timeshare portion of the Project" as a permitted use of the Loan Proceeds. Before proceeding with a discussion of the foregoing, it may be useful to review the final version of the language of Section 4.29 marked to reflect changes from the equivalent provision in the initial draft of the Original Loan Agreement as proposed by you on October 9, 2015:

> "The proceeds of the Loan shall be used ~~only~~to pay and obtain release of the existing liens on the Land, to pay for or reimburse Borrower for soft and hard costs related to the pre-construction, development, promotion, construction, development and ~~operating of a portion~~operation of the Project in connection with the ~~FSTI~~FSFTI Facility and the construction, development, operation, leasing and sale of the timeshare portion of the Project, all as more particularly described on Exhibit —F, attached hereto. The Loan is made exclusively for business purposes in connection with holding, developing and financially managing real estate for profit, and none of the proceeds of the Loan will be used for the personal, family or agricultural purposes of the Borrower."

You have persisted in your assertion that the proceeds of the Loan could only be used for construction expenses (see, for example, your email correspondence of October 4, 2016, to Mike Meacher, attaching a spreadsheet with various costs and expenses for which you were demanding direct payment by Borrower of certain of your expenses, including, but not limited to, a promotion/marketing fee of US$8,000 to support the Regional Center, in which you stated that "the EB5 funds must by law be disbursed to FS and used to build the project, so FS will need to deposit the invoiced amount into escrow in time for closing"). Notwithstanding, in your own initial draft of the Original Loan Agreement, you proposed the use of at least a portion of the proceeds of the Loan for "operating of a portion of the Project in connection with the FSTI Facility."

Your assertion that, by law, the proceeds of the Loan could only be used for construction expenses was further contradicted by your own marketing campaign to us back in September of 2012. By way of illustration, on September 28, 2012, you sent an email to Mike Meacher to which you attached a copy of a letter (the "Liberty West Letter"), dated March 21, 2011, by USCIS, addressed to David Keller of Empyrean West, LLC, approving the designation of Liberty West Regional Center as a Regional Center within the Immigrant Investor Pilot Program. On the very first page of said Liberty West Letter, under the heading "Focus of Investment Activity," it is stated in pertinent part: "the Regional Center will engage in the

following economic activities: to provide construction financing and/or working capital for commercial real estate and mixed-use projects in the Regional Center" (Emphasis ours.)

Your assertion that, by law, the proceeds of the Loan could only be used for construction expenses was further contradicted by your own outside counsel, acting on your behalf when submitting to USCIS the Form I-924 Application for Regional Center Designation. In the cover letter dated April 14, 2014, by C. Matthew Schulz of Dentons LLP, addressed to U.S. Citizenship and Immigration Services, California Service Center, Attn: EB-5 Processing Unit, a copy of which you forwarded to Mike Meacher via email on April 16, 2014, in the discussion of the Project in Section D, the proposed use of the investor funds was summarized as follows:

> "The (New Commercial Enterprise ('NCE')) will contribute the full amount of the aggregate investment as a loan to Front Sight Management LLC, the job creating enterprise ('JCE'). The EB-5 capital proceeds will be used to own and operate a resort/vacation club and firearms training institute in Nye County, Nevada, a targeted employment area based on the 'rural' definition. The JCE will construct and operate a resort/vacation club and expand an existing firearms training institute on 555 acres. The development and operation of the business is expected to be on-going and job creation will occur over 30 months and will generate approximately 1,822.7 jobs." (emphasis ours).

In addition to affirming in your initial draft of the Original Loan Agreement that at least a portion of the proceeds of the Loan could be used for the "operation" of the Project, you further agreed to expand the permitted uses of the proceeds of the Loan to include "pre-construction, development and promotion…of the Project." While the term "promotion" is not further defined in the Loan Agreement, a literal interpretation of the word "promotion" would necessarily include at least a portion of the sales and marketing expenses of Borrower, whether with respect to FSFTI or "the timeshare portion of the Project." In addition, "promotion" should include the periodic sales and marketing fees which Borrower has been forced to pay to Lender and/or to the Regional Center in order to cause Lender and/or the Regional Center to continue to perform the responsibility of marketing the investment opportunity promoted by the Regional Center, namely, Front Sight, also known as the "Exemplar Project."

We further assert that you erred in your issuance of the Notice by failing to consider certain construction costs incurred by Borrower prior to the date of the initial advance of the Loan. In the so-called Vendor Report Summary that you prepared and forwarded to Mike Meacher via email on July 16, 2018, and which you subsequently attached to the Notice, you summarized certain of the expenses that you had cherry-picked from the full package of expense items that were delivered to you on June 25, 2018. In your list of payments to Morales Construction Inc., you included the following commentary: "Note - two payments of $50k each, one in July 2015 and one in July 2016 are NOT included because prior to loan funding." We remind you of the following language included in the Updated PPM, under the subject heading "USE OF PROCEEDS":

> "In order to achieve the objectives described herein, we are seeking equity investment under the EB-5 Program to finance the Loan to Borrower to develop the Project. Subject to the Holdback described in "THE OFFERING—Closing Conditions," we will pool the aggregate amount of all of the subscription proceeds to make the Loan to the Borrower, which will be used for the development of the Project and to reimburse Borrower for hard construction costs and related expenses of the Project…" (Emphasis ours.)

While the word "reimburse" is not defined in the Updated PPM, it is understood to mean "to pay back" (Merriam-Webster) or "to give back the amount of money that someone has spent" (Cambridge), thereby

necessarily implying that the person being reimbursed has already expended such amounts from his/her/its own funds. By this definition, you erred in excluding the two (2) payments of US$50,000 each to Morales Construction Inc.

4. Purported Notice of Inspections

Borrower is not in breach; thus, there will be no inspections. In the Notice, you have included a "Notice of Inspections" which alleges that "[P]ursuant to articles 3.3 and 5.4 of the CLA, we hereby serve you notice that we and our representatives will inspect the Project and your books and records on Monday, August 27." As set forth above and below herein, we contend that Borrower is not in breach or default of any of its obligations under the Loan Agreement; thus, Borrower will not authorize any inspections whatsoever by Lender or its representatives of the Project or its books and records on the proposed date of August 27 [2018], or at any other time.

5. Alleged Breach: Failure to Provide Monthly Evidence of Project Costs

Borrower is not in breach. Contrary to your assertion, Borrower has tendered to you evidence of Project costs by means of spreadsheets and summaries prepared by our accountants on earlier occasions. (See email correspondence from Mike Meacher to Robert Dziubla dated April 2, 2018, with attachments.) You have been repeatedly informed that the supporting documentation (copies of invoices, checks, receipts and so forth) was destroyed in the fire that burned down the structure where those Front Sight records were kept in Santa Rosa, California. In an additional exercise of good faith, attached as Exhibit "C" please find monthly reports of Project costs and expenditures for the pertinent dates.

6. Alleged Breach: Failure to Complete Construction, Section 5.1 of Loan Agreement

Borrower is not in breach. In the Notice, you allege that "[B]ased on Borrower's statements to Lender over the past sixty days, including as recently, as last week Tuesday, July 24… Borrower has failed to meet multiple requirements of article 5.1 of the Loan Agreement. For example, Mr. Michael Meacher stated that "completion of the Project is now planned for 'three or four years from now.' Another example, Borrower has also failed to provide to Lender the quarterly list of all Contractors, any updated Plans, and other required documents. A third example: based on statements by Borrower to Lender, the Project will not be completed by the Completion Date." None of your assertions cited immediately above is accurate or true.

First, our COO, Michael Meacher, at no time, and particularly not on Tuesday, July 24 [2018], has mentioned to you or anyone else that completion of the Project is now planned for "three or four years from now." We categorically deny your allegation that such a statement was made by Mr. Meacher. But even if Mr. Meacher had made such a remark, which he did not, given the pace at which you have underperformed your obligation to raise funds for the construction of the Project, impeding the progress that we had hoped to make in the completion of our infrastructure and the commencement of construction of the Project, it is absurd to allege that making such a statement would give rise to a claim of default of any of Borrower's obligations under the Loan Agreement.

Second, Lender has been kept informed of our Contractors and the status of our efforts to proceed with the infrastructure and other work, notwithstanding your failure to raise and disburse sufficient funds for the completion of the infrastructure and the construction of the Project, as promised. A recent example, amongst many, of Borrower informing Lender as above-mentioned is Mr. Meacher's email to you, including the following report on the progress of grading and other pre-construction activities during the second quarter of 2018, so that you could in turn submit said update to the EB5 investors:

"Front Sight continues to advance the construction of the Front Sight 550 acre property. Front Sight completed the grading of 240,000 cubic yards for the Patriot Pavilion site. Front Sight also completed the grading for a substantial drainage channel on the East side of the Patriot Pavilion 17 acre site. All engineering for this site is completed and thousands of tons of concrete and rebar will be placed in this drainage channel shortly.

"Front Sight also completed the building of 25 outdoor live fire simulators on the Phase 3 range site so the 1000 students training on these ranges can walk, rather than being driven, to these simulators. All furniture, fixtures, and equipment were installed on these ranges and simulators and they are fully functional for the fall season.

"The Front Sight engineers completed the grading plans for the 124-acre resort building site and they were submitted and approved by Nye County Department of Planning and Public Works. A dust control and grading permit have been issued and the grading contractor has begun this major grading project. Front Sight has projected we will grade about 700,000 cubic yards of earth to make the various building sites for the Vacation Villas, the commercial buildings, the clubhouse, the restaurant and other support buildings. This grading is anticipated to take 4-6 months. A progress video will be provided as this moves along.

"Front Sight also made improvements in the utilities and infrastructure. A 10" water main has been purchased and will be installed in the next quarter to connect the multiple water wells on the property as part of the infrastructure for supplying the entire property. Two additional water well locations were designated by the well contractor and drilling for one or both of these wells later this fall.

"Here is a link to the most updated construction video so you can view this progress as Front Sight begins to grade and develop the resort side of Front Sight.

https://www.dropbox.com/s/k9ge1xi07zm05nt/Construction%20Time%20Lapse%20Alt%20Final%20Edit%2004_18_18.mp4?dl=0"

(Email correspondence from Mike Meacher to Robert Dziubla dated July 13, 2018.)

An additional example of Borrower keeping Lender informed is the following report on the progress of grading and other pre-construction activities during the first quarter of 2018:

"The grading of the 240,000 cubic yards for the Patriot Pavilion site will be complete in mid-April. This 44-acre site includes a pad for the 2000 person classroom, offices, armory, retail store, and ammunition bunker. Front Sight also completed a new road connecting the main road to the newly completed Phase 3 shooting ranges. All 25 of these new ranges are in full use. Front Sight now has 50 total ranges which have a capacity of up to 2,000 people per day.

"The permits were secured to begin a major concrete drainage channel on the East of the Patriot Pavilion location to control water from getting into the newly graded 1200 car parking lot. Construction of this project will begin in mid-April.

"Rough grading plans for the resort side of Front Sight are almost completed by our civil engineers and are on schedule to be submitted to Nye County, Nevada in the next two weeks. Upon approval, rough grading for the entire resort side will begin."

(Email correspondence from Mike Meacher to Robert Dziubla dated April 5, 2018.)

Third, there has been no Borrower's default in compliance with the Completion Date as defined and provided in the Loan Agreement. We refer you to the definition of "Completion Date" in the Original Loan Agreement, which sets forth, in pertinent part:

> "Completion Date" means the date that is no later than thirty-six (36) months from the Commencement Date.

We further refer you to the definition of "Commencement Date" in the Original Loan Agreement, which is as follows:

> "Commencement Date" means the date following installation of the required infrastructure on the Land and on which construction of the buildings that will constitute the Front Sight Resort and Vacation Club units commences."

As neither of such "triggering" dates (i.e., the date following installation of the required infrastructure on the Land, or the date on which construction of the buildings that will constitute the Front Sight Resort and Vacation Club units commences) has occurred, largely due to your failure to raise and disburse sufficient funds as promised so as to enable Borrower to move forward with such activities, the Commencement Date has yet to happen. Therefore, without the occurrence of the Commencement Date, the thirty-six-month period for the completion of the Front Sight Resort and Vacation Club has yet to commence to run, and there is no possibility of a violation of the Completion Date at this time.

7. Alleged Breach: Changing Costs, Scope or Timing of Work, Section 5.2 of Loan Agreement

Borrower is not in breach. None of your assertions that Borrower is in default of Section 5.2 of the Loan is accurate or valid. Specifically:

a. On July 24, 2018, during your recent visit to the Project, Mr. Meacher **did not state**, as you incorrectly allege in the Notice, that "the Patriot Pavilion will no longer be 85,000 square feet as represented in the USCIS-approved Business Plan but instead will be '25,000 to 30,000 square feet, and because of recent developments we don't have to have a foundation and will install steel structures that we [Borrower] will lease on a lease-to-own basis payable over 10-20 years.'"

   In fact, as we have clarified on earlier occasions, the "Patriot Pavilion" is an area and not a specific building. What Mr. Meacher told you last week was that the classroom would be about 30,000 square feet, that there will also be about 7,500 square feet in administrative buildings, plus another 20,000 square feet in commercial buildings, armory, proshop, bathrooms and covered patio space. This area is collectively referred to as the "Patriot Pavilion."

   Mr. Meacher also mentioned that we are contemplating the use of steel framed buildings for all of our above-ground structures which could be financed on 4- to 7-year terms, depending on the building. Mr. Meacher never mentioned financing anything from 10 to 20 years.

b. Borrower has not "failed to deliver revised, estimated costs of the Project." For purposes of the Project, the "Commencement Date" has yet to occur, as set forth above. When the construction of the buildings that will constitute the Front Sight Resort and Vacation Club units commences, we will deliver a copy of our "revised, estimated costs" to Lender.

c. Borrower has not "failed to deliver the revised construction schedule when the Project has been delayed by more than 20 days," as the construction of the Project has yet to commence, pursuant to the terms agreed and provided in the Loan Agreement, as set forth above.

d. Borrower has not "made multiple changes to the Plans without the prior written consent of Lender." None of the Borrower's efforts to make progress with the works at the Project, notwithstanding the paucity of funds caused by your underperformance of the obligation to raise our financing, represents a substantial change to our initial plans.

8. Alleged Breach: Defaults, Section 5.10(d) of the Loan Agreement

Borrower is not in breach. As there has been no "Default" or "Event of Default" to be notified to Lender, there is no possibility of Borrower being in breach under Section 5.10(d) of the Loan Agreement.

9. Alleged Breach: Failure to Work on the Project, Section 6.1(f) of the Loan Agreement

Borrower is not in breach. As there have been no delays in the construction of the Project, notwithstanding EB5 Impact Capital's failure to deliver to Borrower the required EB-5 investor funds in a timely manner, there is no possibility of Borrower being in breach under Section 6.1(f) of the Loan Agreement. We further refer you, again, to the definition of "Commencement Date" in the Loan Agreement, as set forth above.

10. Purported Claim for Payment of Legal Fees

As Borrower is not in breach or default of the Agreement, as established in detail in the foregoing sections of this Response, there is no obligation whatsoever of Borrower to pay any legal fees incurred by Lender's frivolous allegations of default of the Loan Agreement in the Notice. Notwithstanding the aforestated, Borrower expressly reserves its right to demand from Lender all legal fees and expenses incurred by Borrower in connection with this Response to Lender's frivolous Notice.

11. Interest Reserve; Interest Offset

In your correspondence of July 16, 2018, addressed to Mike Meacher, among other items, you stated as follows: "4. **Interest Reserve** – per article 7 of the Construction Loan Agreement, we will implement an interest reserve." As stated near the beginning of this letter, we remind you again that there have been no payment defaults on the part of Borrower under the Construction Loan Agreement. At the time of the initial advance of the proceeds of the Loan, rather than the US$25MM or US$75MM that you had from time to time promised to deliver, you were only able to advance US$2,250,000.

We further wish to remind you of the following language set forth on page 3 of the Engagement Letter under the heading "Compensation":

> "(a) Fee. The Company shall pay EB5IA a total fee of $36,000 as per the attached budget, which fee will be offset against the first interest payments made on the Financing…" [Emphasis ours.]

As you will recall, the initial advance of the proceeds of the Loan, in the amount of US$2,250,000, was made shortly after we (Lender and Borrower) executed the Original Loan Agreement and related documents. As you will further recall, we made our first (interest-only) payment with respect to the Loan on November 10, 2016, and we have made all additional monthly payments of interest as and when required

in accordance with the Construction Loan Agreement. Accordingly, it would appear that the fee paid to EB5IA was never "offset against the first interest payments" as promised. We further note that, rather suspiciously, EB5IA appears to have been dissolved by you on August 6, 2018. (See copy of List of Entity Actions published in Nevada's Business Portal, attached as Exhibit "D".)

12. Unilateral Decision to Stop Marketing Efforts and Withhold Investor Funds

In your unilateral decision to stop marketing efforts on behalf of Front Sight, notwithstanding our having continued to pay substantial sums in marketing and promotional expenses and/or commissions on the face of a dramatic underperformance on your part, you have breached your obligations to raise sufficient funds for the continuing development and the construction of our Project. Likewise, your unilateral decision to withhold EB-5 investor funds from Front Sight without any default on our part constitutes conversion of our property due to wrongful appropriation of such funds by you.

13. Wrongful Solicitation of Business from Third Parties

Front Sight has learned that you have been and continue wrongfully to solicit business from third parties and/or other projects for the EB5 Impact Capital Regional Center, LLC, in breach of your agreement that Front Sight be the sole project for which funds would be solicited by the Regional Center. (See copy of a "New Project Inquiry" obtained from the Regional Center webpage, attached as Exhibit "E".) This conduct on your part constitutes an additional cause of action that Front Sight can prosecute against you and your related parties.

14. Wrongful Inclusion of Default Interest Rates and Attempted Collection of Attorney's Fees in Loan Statements and Invoices for July 2018 and August 2018

For all of the reasons set forth in this response, Front Sight categorically rejects Lender's wrongful inclusion of Default Interest Rates in the Loan statements for the months of July and August, as well as the wrongful inclusion of attorney's fees in said statements, presumably on the basis of your frivolous claims of default against Front Sight. We have received said statements from NES Financial, who cite Lender's instructions as the reason for the inclusion of Default Interest Rates and attorneys' fees in said statements. Said Lender's instructions are a default of its obligations under Section 6.1(c) of the Loan Agreement. Thus, not only have you breached the Loan Agreement in wrongfully instructing a third-party servicer (NES Financial) to include Default Interest Rates and attorneys' fees without the right so to do, since Front Sight is not in default of the Loan Agreement, but you have defamed Front Sight to NES Financial by falsely representing that Front Sight is in default and thus responsible for Default Interest Rates and attorneys' fees.

15. Intentional Interference with Contractual Relations of Front Sight

Your wrongful withholding of EB-5 investor funds constitutes an actionable cause of action that Front Sight can litigate against you, as you have knowledge of valid contracts between Front Sight and TRB, and you have committed the intentional act of withholding said funds with the design of disrupting our contractual relationship with TRB and/or causing us to breach our contracts with TRB.

16. Demand for Confirmation of Administrative Status of Regional Center

As noted above, EB5IA appears to have been dissolved by you on August 6, 2018. In the Operating Agreement of the Regional Center, dated as of March 26, 2014, a copy of which was submitted to USCIS in connection with the original Form I-924, EB5IA held eighty percent (80.0%) of the issued and

outstanding membership interests in the Regional Center. Further, you (Robert W. Dziubla), in your capacity as the "Principal" of the Regional Center, represented to USCIS in Section 1a, Part 3 of the original Form I-924 that EB5IA was an owner of the Regional Center. You further represented to USCIS that EB5IA was the Managing Company/Agency of the Regional Center in Section B, Part 3, in that certain Form I-924A, signed by you on or about November 16, 2015. As clearly set forth on the first page of the Instructions to Form I-924, OMB No. 1615-0061, which expires 12/31/2018, "[y]ou must file an amendment to…(s)eek approval for any changes to the regional center's name, ownership, or organizational structure, or any changes to the regional center's administration that affect its oversight and reporting responsibilities, or to add or remove any of the regional center's principals, immediately following the changed circumstances." Front Sight demands herein that you immediately provide evidence to us that the Regional Center has complied with the foregoing requirement, that USCIS has approved of the changes in ownership/organizational structure of the Regional Center, and that the Regional Center is in good standing with USCIS.

Conclusion

As outlined above, Front Sight is NOT in default. You have five calendar days from the receipt of this response to acknowledge that Front Sight is NOT in default, withdraw your Notice, deliver the $375,000 in investor funds you are holding, as well as any other investor funds that are now available, as well as the $36,000 you are obligated to credit back to Front Sight from the initial interest payments but have failed so to credit us, plus pay the legal fees of our counsel for having to respond to your frivolous default accusations.

Failure to do so will result in Front Sight immediately filing a lawsuit against you, Jon Fleming, EB5 Impact Advisors LLC, Las Vegas Development Fund, LLC, EB5 Impact Capital Regional Center LLC (a/k/a EB-5 Impact Capital Regional Center, LLC), and any related parties to recover the millions of dollars in damages we have incurred including, without limitation, the following causes of action: (1) detrimental reliance on your recurring and repeated intentional misrepresentation in your promises to raise and secure sufficient funds from EB-5 investors for our Project; (2) lost profits as a result of our delayed development and construction caused by your failure to perform your obligation to raise and secure sufficient funds from EB-5 investors for our Project as promised; (3) intentional misrepresentation of your alleged extensive reach in the China investment market; (4) fraud in the inducement to expend substantial amounts in marketing and promotional activities allegedly being conducted by you in China and India and other overseas markets; (5) fraud in the inducement to enter into the Construction Loan Agreement through repeated misrepresentations regarding your network of investors and capital-raising experience and ability; (6) conversion of our property in wrongfully withholding EB-5 investor funds from Front Sight; (7) breach of contract in soliciting third parties to obtain EB-5 investor funds through the Regional Center; (8) defamation; (9) business disparagement; (10) intentional interference with the contractual relations of Front Sight; amongst others.

Front Sight is more than willing to prosecute its claims against you aggressively and immediately. However, in one last demonstration of our good faith, and in the best interest of the Project and the investors, we will agree to a conference call with all parties in an attempt to move forward in an amicable manner. All parties will sign confidentiality agreements drafted by Front Sight's counsel prior to the conference call. Said conference call must occur prior to the five-calendar-day deadline to acknowledge Front Sight is not in default and deliver all funds you are wrongfully holding.

We expressly reserve all of our rights and remedies in relation to any breach on the part of Lender and/or its representatives.

Sincerely,

Dr. Ignatius Piazza
Manager

Attachments – Exhibits "A" through "E"

cc: Mr. Jon Fleming
Mr. Michael Meacher, COO, Front Sight
C. Matthew Schulz, Esq.
Michael A. Brand, Esq.
Scott A. Preston, Esq.
Letvia M. Arza-Goderich, Esq.

EXHIBIT 2

From: Mike Meacher <meacher@frontsight.com>
Sent: Mon, 03 Oct 2016 18:16:56 -0800
To: Robert Dziubla <rdziubla@eb5impactcapital.com>, "Scott A. Preston" <scott@prestonarza.com>
CC: Ignatius Piazza <Ignatius@frontsight.com>, Jon Fleming <jfleming@EB5impactcapital.com>, mikeabrand@msn.com, "Letvia M. Arza-Goderich" <letvia@prestonarza.com>
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Bob,

Naish is not currently at a computer to respond.

I respectfully request that you schedule the conference call for tomorrow morning AND answer the two questions posed by Naish below. These are both pivotal issues.

Thanks,

Mike

Meacher@frontsight.com

702-425-6550

From: Ignatius Piazza [mailto:ignatius@frontsight.com]
Sent: Monday, October 03, 2016 5:44 PM
To: 'Robert Dziubla'; 'Scott A. Preston'
Cc: 'Mike Meacher'; 'Jon Fleming'; mikeabrand@msn.com; 'Letvia M. Arza-Goderich'
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Bob,

As I told you BOTH in Oakland, the REALITY of the situation is I have wasted four years and four hundred thousand dollars following your promotion of this EB5 deal. It has gone from you providing $75 million first mortgage, to a $25 million fully subordinated second mortgage to now your best hopes of a $10 million fully subordinated second mortgage . However, you still have not provided a dime. You continue to act like you have some kind of leverage to negotiate a 10 million dollar, fully subordinated second mortgage on a completed project appraised at 84 million dollars, that already has a $25 million dollar land value and $50 million dollar business value. I have continued to work

in good faith toward salvaging this deal so you and Jon can have some upside and I can marginally justify the time and money you have pulled out of me on this wild goose chase. I thought we had it all worked out in our last conference call, and now you are right back to creating yet another standstill over the Deed of Trust. You know I am not going to walk away without recovering ALL of my damages from you and Jon if you fail to close this deal or cannot deliver the investor money. I suggest you set up a conference call tomorrow morning with you, Jon, Scott or Letvia, and Mike Brand to get these issues settled. Mike Meacher and I will be on the call to move it along. Friday is approaching rapidly. You have no time to waste.

Here's the bigger issue: NOW MANY INVESTORS HAVE AGREED TO RELEASE FUNDS NOW THAT YOU HAVE CONFIRMED THE VALIDITY OF LOI AND COMMITMENT?

Here's the next bigger issue: Are you prepared with the escrow office for closing on Friday while we complete the remaining paperwork?

Bob, you will find me much easier to deal with once you have actually delivered what was promised, even if, initially it is only a fraction of the $75 million you originally promoted. So far, the money has only flowed one way… to you. You need to change that and change it fast.

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Monday, October 03, 2016 3:46 PM
To: 'Scott A. Preston'
Cc: 'Ignatius Piazza'; 'Mike Meacher'; 'Jon Fleming'; mikeabrand@msn.com; 'Letvia M. Arza-Goderich'
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Dear Scott:

As we stated previously, your wholesale changes to the DOT materially decrease our collateral / security and increase our risks. In one of his many emails of today, Naish asked for a specific statement as to what material collateral / security has been deleted / changed.

For starters: the changes / additions / deletions to paragraphs (a), (c), 4.3, 4.4, 4.12,4.14, 4.18, 4.19, 4.20, 5.5, 5.12, 6.1, 7.2, etc., etc.

We will require a DOT substantially in the form we provided almost a year ago.

Please also inform your client that we do not appreciate unilateral overtures, threats and subornations. Jon and I have fiduciary partnership duties to each other, and you may wish to advise your client about the legal status of the same and the risk inherent in impinging on the same.

Bob

From: Scott A. Preston [mailto:scott@prestonarza.com]
Sent: Monday, October 3, 2016 12:02 PM
To: Robert Dziubla <rdziubla@eb5impactcapital.com>
Cc: 'Ignatius Piazza' <ignatius@frontsight.com>; 'Mike Meacher' <meacher@frontsight.com>; 'Jon Fleming' <jfleming@EB5impactcapital.com>; mikeabrand@msn.com; Letvia M. Arza-Goderich <letvia@prestonarza.com>
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Bob,

We are awaiting a response from our client.

In the meantime, we would remind you that the deed of trust, as revised by us, continues to provide what it was intended to provide, a lien and security interest in the real property and the improvements. We are surprised to learn that you would consider that **not** to be "meaningful security and collateral."

The issue of the pledge had been resolved back in mid-July when it was agreed that this would **NOT** constitute part of the collateral and that your investors would be notified accordingly through a supplement to the PPM.

Scott

Scott A. Preston, Esq. | **Preston Arza LLP** | 8581 Santa Monica Boulevard, #710 | West Hollywood, California 90069-4120 | Phone: 310.464.0355 | Fax: 310.943.1701 | Cell: 310.890.8727 | Skype: scott.a.preston | E-Mail: scott@prestonarza.com

PRESTON ARZA LLP

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Monday, October 03, 2016 10:15 AM
To: Scott A. Preston; mikeabrand@msn.com
Cc: 'Ignatius Piazza'; 'Mike Meacher'; 'Jon Fleming'; Letvia M. Arza-Goderich
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Dear Scott:

We have just discussed your proposed wholesale changes to the Deed of Trust with Mike Brand.

As you realize, you have completely gutted the Deed of Trust, removing all meaningful security and collateral for the loan. Those changes are utterly unacceptable to us. The DOT must be substantially in the form we presented to Front Sight almost a year ago. We urge you and Front Sight to remember that the USCIS-approved business plan and PPM that Front Sight reviewed and approved specifically contemplated that we would have a mortgage, security interest and share pledge on all assets as collateral for the EB5 loan.

Unless this matter is resolved within the next 48 hours, we will inform our investors and proceed accordingly.

Regards,

Bob

From: Scott A. Preston [mailto:scott@prestonarza.com]
Sent: Thursday, September 29, 2016 9:55 PM
To: 'mikeabrand@msn.com' <mikeabrand@msn.com>
Cc: Ignatius Piazza (ignatius@frontsight.com) <ignatius@frontsight.com>; Mike Meacher <meacher@frontsight.com>; Robert Dziubla <rdziubla@eb5impactcapital.com>; Jon Fleming <jfleming@EB5impactcapital.com>; Letvia M. Arza-Goderich <letvia@prestonarza.com>

Subject: Front Sight/EB-5 - Revised Deed of Trust

Dear Mike,

Attached please find a revised version of the deed of trust, together with a copy marked against the original draft. We have spent substantial time on the review and revision of the attached and accordingly expect that this document should be in near-final form (other than minor formatting issues, such as removing the "Draft" watermark).

Thanks,

Scott

Scott A. Preston, Esq. | **Preston Arza LLP** | 8581 Santa Monica Boulevard, #710 | West Hollywood, California 90069-4120 | Phone: 310.464.0355 | Fax: 310.943.1701 | Cell: 310.890.8727 | Skype: scott.a.preston | E-Mail: scott@prestonarza.com

PRESTON ARZA LLP

EXHIBIT 3

Robert Dziubla

From: Ignatius Piazza <ignatius@frontsight.com>
Sent: Monday, July 16, 2018 10:30 PM
To: 'Robert Dziubla'
Subject: RE: Investor update text and video

Follow Up Flag: Follow up
Flag Status: Flagged

Bob,
Mike sent this e-mail to me.
I saw Mike's suggested response and believe it is best for me to respond to you directly.
I have responded in red below.
Naish

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Monday, July 16, 2018 9:14 AM
To: 'Mike Meacher'
Cc: 'Mike Brand'
Subject: RE: Investor update text and video

Dear Mike:

Thank you for the below response and the Q2 2018 construction update. Scott Preston has still not called Mike Brand, so we will tee up the discussion points below.

We will once again ask Scott to contact Mike Brand if you feel it is necessary.

First, however, we wish to note that we have $375,000 of EB5 funds available for distribution once the issues below are resolved.

Thank you. I believe the issue are resolved in my response to you below.

1. **EB5 Documentation** – thank you for the 23.6 pounds of documents that you provided. Many of them, unfortunately, were irrelevant and non-responsive. As we explained in our email of June 27, "you don't need to provide us with invoices / receipts for pro shop supplies, Walmart or Costco. As our agreement states, we need documentation that shows FS has spent the EB5 money on constructing the project." For the period in question through July 1, 2017, we had lent to Front Sight the sum of $2,625,000. Our review of the documents provided, however, shows that FS spent only $ 1,551,900.38 on construction and construction related activities such as fees and permits. Please see the attached spreadsheet. Perhaps there were other construction expenses contained in the documents that you sent, but given the manner of presentation we could not identify them. We'd be happy to discuss this with your

accountants if that would make it easier for you. In all events, we request that FS promptly provide us with copies of your general contractor's agreement, architect's agreement, and other major contracts, plus receipts, cancelled checks, bank statements or other evidence of payment substantiating that the $1,551,900.38 and the full $2,625,000 was spent on construction. Please remember that the USCIS-approved economic impact analysis (EIA) for this project contains as its key financial input that FS would spend $49.1m on hard construction costs to build the new ranges and the new resort. As page 6 of the EIA states:

"The exemplar Project will generate EB-5 eligible jobs in four ways:

1. The expenditure of $49.1 million in hard construction costs

Eventually we will reach 49.1 million in hard costs, but that does not mean EB5 money cannot be used on expenses that further the development of the project, including payroll and marketing to name a few, as outlined in the loan agreement. We were very clear in negotiating the terms of the loan agreement with you, and the language included in the loan document supports our clarity, that the EB5 money can be used as we feel best for the development of the project. Such uses are more varied than just hard construction costs. More money has been spent on hard construction than listed , I just don't have those receipts because they were burned in the fire of my home. We have given you all the documentation we have. I suggest you pick what you feel is best to report out of the 19 million dollars in eligible expenses as our attorney has made it clear to us, that all those expenses given to you qualify as legitimate expenses under the loan agreement.

2. The creation of 408 new full-time jobs at the Front Sight Firearms Training Institute

Eventually we will reach 408 new full time jobs when the resort is completed. We have added new employees already while we are building the resort.

3. The creation of 145 new full-time jobs at the Front Sight Resort & Vacation Club

Eventually we will reach 145 new full time jobs when the resort is completed and the Vacation Club activated. Currently we are building the resort.

4. Increased tourism spending in the local economy resulting from the increase in student attendance that will be facilitated by the Project's expansion of the Front Sight Firearms Training Institute's teaching capacity."

This is already happening and will increase dramatically when the resort is built.

Therefore, documented construction expenditures are critically important. Please note that the above discussion also applies to the upcoming EB5 documentation that is due by October 31, and that as of today we have lent $6,375,000 to FS.

We will provide you with more expense documents, similar to the format we have already provided as we approach October 31, and you can cherry pick from those documents what you fell best to report. Due to our cash flowing the project, we have significantly more qualified expenses, per the loan agreement language, than you will ever fund and that will continue regardless of how much EB5 investment funds you source.

2. **Holocek Mortgage** – the Vendor Report that you provided shows that FS paid $514,483.98 **in 2016** on the Holocek mortgage, but no payments appear to have been made in 2017. We will need documentation confirming the Holocek mortgage payments were made in 2017 and that that mortgage is not in default.

Don't know why the 2017 payments are not recorded. I will contact our accountant, Leslie to get you that information. Loan payments have been current throughout entire time we have been involved with EB5

3. **Second Loan Amendment / Request for Third Extension** – we look forward to receiving copies of the two senior debt term sheets that FS rejected during the term of the second amendment and that were due during that term. We are unwilling to agree to a third extension because we simply don't believe that FS is serious about this and despite prior assurances that FS needed to have the senior debt locked into place by September. We therefore will be implementing article 5.27 of the Construction Loan Agreement.

We are serious about completing the project as you will once again witness when you come out next week to see the project with potential investors. We have also been serious about securing the first lender that was needed when you completely failed in your efforts to secure the promised 75 million in EB5 first position funding and had to request a modification of the loan agreement. However, we will NOT compromise the project in any way by signing on to a first lender mortgage that is not in the best interest of the project or the EB5 investors. Each month, as we complete more of the project with our cash flow and the occasional investment money provided by Las Vegas Development Fund, our equity position improves, and the first mortgage balance reduces, thus making us more attractive to better lending terms and reducing the size of the loan needed to complete the project. Although we would like to avoid litigation with you at this point, ANY attempt to try to paint us into a corner and leverage us with threats of implementing article 5.27 or any other onerous articles from the loan agreement, in order to get us to pre maturely sign a first mortgage before the project warrants use of such funds or demanding we sign a first mortgage with poor terms to satisfy your time line, will be met with an aggressive legal response that will not serve you well. With that said, and to show our good faith, we will send you documentation of the two deals we turned down because the terms and timing were not appropriate for the project. We will also send you a copy of the terms, once signed, on the construction financing were are currently negotiating for all the vertical construction and the letter of commitment, once signed, we are negotiating for the infrastructure financing.

We are meeting with the vertical construction company on Friday and will be having another conference call with the lender on the infrastructure financing on Thursday. We will keep you apprised of our progress with both every two weeks if not more frequently as deals move toward fruition. Please understand that although we may sign a commitment shortly with these two funding sources, we will NOT sign final documents on the infrastructure financing until all the grading of the resort side of the project (which you will see in progress on your visit next week) is completed approximately 4-5 months from now and we will not sign final document for the vertical construction financing until the underground infrastructure (water, sewer electrical) in completed approximately 3-4 months following the completion of the grading. Any acceptance of funding prior to these milestones in construction progress simply incurs unnecessary debt, points, fees, and interest charges on money we cannot yet put to work.

Bob, let's not forget that all of this unpleasantness would have been avoided had you performed on your promises and delivered the 75 million in EB5 investment money as your represented you would, inducing us to spend nearly $500,000 to establish your regional center and market the project abroad. I hate ot bring that up, but it is the reality of why the project is not yet done. So relax a bit. We are making good progress. No need to force anyone's hand, especially me, because I do not take kindly to such tactics. Forget about 4 and 5 below as you have been paid on time every month and will continue to get paid on time every month. Understand we are diligently and appropriately working on the first position funding that will benefit the EB5 investors as well as the project as a whole.

Extend the Second Loan Amendment for another 3 months because it is appropriate to do so under the time line of the project and we will continue to build the project out and provide you with the loan commitment documents as we negotiate the final terms. Upon receiving the confirmation from our accountant of the Holecek payments and the copies of the previous funding deals we turned down, release the $375,000 and we will put it to work on the project as we have done with all the other EB5 investment funds.

If you would like to call me to further discuss, please feel free to do so tomorrow afternoon.

Thanks.

Naish

4. **Interest Reserve** – per article 7 of the Construction Loan Agreement, we will implement an interest reserve.

5. **Draw Request Process** – for all future disbursements, we will require FS to comply with the draw request process per article 3.2 of the Construction Loan Agreement.

Thanks,

Bob

From: Mike Meacher <meacher@frontsight.com>
Sent: Friday, July 13, 2018 9:46 AM
To: Robert Dziubla <rdziubla@eb5impactcapital.com>
Subject: RE: Investor update text and video

Bob,

I have included the Q2 update for the EB5 investors in bold below along with an updated video link. This video has some of the same images from prior videos with updates inserted. We have begun numbering them for continuity.

Answers to your three items are in red behind each item.

Thanks,

Mike

Front Sight continues to advance the construction of the Front Sight 550 acre property. Front Sight completed the grading of 240,000 cubic yards for the Patriot Pavilion site. Front Sight also completed the grading for a substantial drainage channel on the East side of the Patriot

Pavilion 17 acre site. All engineering for this site is completed and thousands of tons of concrete and rebar will be placed in this drainage channel shortly.

Front Sight also completed the building of 25 outdoor live fire simulators on the Phase 3 range site so the 1000 students training on these ranges can walk, rather than being driven, to these simulators. All furniture, fixtures, and equipment were installed on these ranges and simulators and they are fully functional for the fall season.

The Front Sight engineers completed the grading plans for the 124-acre resort building site and they were submitted and approved by Nye County Department of Planning and Public Works. A dust control and grading permit have been issued and the grading contractor has begun this major grading project. Front Sight has projected we will grade about 700,000 cubic yards of earth to make the various building sites for the Vacation Villas, the commercial buildings, the clubhouse, the restaurant and other support buildings. This grading is anticipated to take 4-6 months. A progress video will be provided as this moves along.

Front Sight also made improvements in the utilities and infrastructure. A 10" water main has been purchased and will be installed in the next quarter to connect the multiple water wells on the property as part of the infrastructure for supplying the entire property. Two additional water well locations were designated by the well contractor and drilling for one or both of these wells later this fall.

Here is a link to the most updated construction video so you can view this progress as Front Sight begins to grade and develop the resort side of Front Sight.

https://www.dropbox.com/s/k9ge1xi07zm05nt/Construction%20Time%20Lapse%20Alt%20Final%20Edit%2004_18_18.mp4?dl=0

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Thursday, July 12, 2018 11:18 AM
To: 'Mike Meacher'
Subject: RE: Investor update text and video

Hi Mike,

As you know, Mike Brand has been trying to contact Scott for several days, but as of late yesterday there was still no response. Please do have Scott respond quickly to Mike so that we can try to get the situation sorted out on several fronts.

1. We look forward to your update on Q2 2018 construction. Attached.
2. Re your request for a third extension, as part of our consideration of the same, we will require that FS first comply with the terms of the Second Amendment and immediately provide us with term sheets, emails and other tangible evidence and confirmation of the negotiations that you represented FS was having with two competing lenders to provide

the senior debt. Naish will provide redacted copies of the terms sheets we turned down. He will not supply any documentation of the deal we are working on until it is signed.

3. As my email of Tuesday, July 10, explained, Mike Brand needs to discuss with Scott his thinking for the EB5 documents that were submitted to us, as well as the ones that were not. I spoke with Scott Preston yesterday and he said he would speak with Mike Brand immediately.

This email does not constitute a waiver of any of the terms, conditions or requirements of the Construction Loan Agreement, First Amendment or Second Amendment.

Thank you,

Bob

From: Mike Meacher <meacher@frontsight.com>
Sent: Wednesday, July 11, 2018 2:44 PM
To: 'Robert Dziubla' <rdziubla@eb5impactcapital.com>
Subject: Investor update text and video

Bob,

Please send me a copy of the last update sent to investors and I will provide a summary of the work done since then.

Mike

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Friday, July 06, 2018 4:57 PM
To: 'Mike Meacher'
Subject: RE: Commitment Letter-Friday conference call

Dear Mike:

I'm glad to hear that the Front Sight annual July 4th celebration went well, and thank you for the kind invitation. If I don't have more grandchildren born next year at this time, I'll try to take you up on it.

We have been discussing with our EB5 counsel and our real estate counsel your below request for another extension on obtaining the senior debt, your recent submission of the EB5 documentation, and other related matters.

We hope to respond sometime next week. This response does not constitute any waiver under the construction loan agreement, as amended, and related documents.

In the meantime, could you please provide a description of the construction that has occurred over the past quarter for the investor quarterly update. If you have an updated flyover video, that would be helpful too.

Regards,

Bob

From: Mike Meacher <meacher@frontsight.com>
Sent: Wednesday, July 4, 2018 5:52 PM
To: Robert Dziubla <rdziubla@eb5impactcapital.com>
Subject: Commitment Letter-Friday conference call

Bob,

Happy July 4th. You will have to come out to our annual celebration sometime. We had a great presentation by a constitutional scholar last night and then a fireworks show out on the new pad for the Patriot Pavilion. Hundreds of people had a great time. Please join us next year.

Naish Piazza came over for the last couple of days and we have working agreement from a $1.3 billion dollar manufacturing company to extend Front Sight about $40 million in construction credit to build all of the buildings on both the firearms training side and the resort side of the facility. This business is owned by one individual. He and Naish worked out the framework for this agreement on Monday and we anticipate having it finalized in the next 60 days. Because of this good news, we have elected not to take the construction loan Naish had been negotiating. This is a better deal for the project. We will now only need a smaller amount for a construction loan to cover the projected infrastructure costs.

Because of this good news, Front Sight will need an additional 90-day extension to provide you with the loan agreement and/or commitment letter we have been discussing. Please get Mike Brand to write up such an extension agreement.

Naish and I believe we have a finance professional who can assist in helping with the success of our EB5 program. He is a strong Second Amendment supporter and Front Sight member from Los Angeles named Doug Rohrer. His bio and references are attached. Mr. Rohrer has been retained by Front Sight as a financial consultant and we would like to have a conference call on Friday with you, Doug Rohrer, Naish and me. He wants to ask you a few basic structure questions so he can have a better idea of how he might assist. Can you be available for this call at 10:00 AM on Friday? Please let me know immediately and I will schedule it.

Thanks,

Mike
Meacher@frontsight.com
702-425-6550

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Monday, July 02, 2018 10:29 AM
To: Mike Meacher
Cc: linda.stanwood@eb5impactcapital.com
Subject: Commitment letter

Hi Mike,

Hope you had a good weekend. Please send the senior loan commitment letter (or even better signed loan agreement) that was due by June 30 per the second amendment.

Thanks,

Bob

EXHIBIT 4

From: Mike Meacher <meacher@frontsight.com>
Sent: Tue, 04 Oct 2016 10:14:26 -0700
To: 'Robert Dziubla' <rdziubla@eb5impactcapital.com>, 'Ignatius Piazza' <ignatius@frontsight.com>, "'Scott A. Preston'" <scott@prestonarza.com>
CC: 'Jon Fleming' <jfleming@EB5impactcapital.com>, mikeabrand@msn.com, "'Letvia M. Arza-Goderich'" <letvia@prestonarza.com>
Subject: Conference Call at 10:30

Please have everyone call into:

888-585-9008

Conference Room is 169513029#

Thanks,

Mike

Meacher@frontsight.com

702-425-6550

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Tuesday, October 04, 2016 9:40 AM
To: 'Ignatius Piazza'; 'Scott A. Preston'
Cc: 'Mike Meacher'; 'Jon Fleming'; mikeabrand@msn.com; 'Letvia M. Arza-Goderich'
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

We are available for a call at 10:30 this morning. If you have a preferred conference number, please advise. Otherwise we can use ours.

We currently have approval from four investors to release their funds, so we would be able to disburse 75% of $2m, for an initial disbursement of $1.5m. We are awaiting approvals from the other four investors, one of whom asked the question “When will FS actually start selling (not reserving or pre-reserving) the units?” Please advise.

From: Ignatius Piazza [mailto:ignatius@frontsight.com]
Sent: Monday, October 3, 2016 10:40 PM
To: 'Robert Dziubla' <rdziubla@eb5impactcapital.com>; 'Scott A. Preston' <scott@prestonarza.com>
Cc: 'Mike Meacher' <meacher@frontsight.com>; 'Jon Fleming' <jfleming@EB5impactcapital.com>; mikeabrand@msn.com; 'Letvia M. Arza-Goderich' <letvia@prestonarza.com>
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Bob,

I am back at my computer.

Regardless of what you assert and how hard you cling to your expired engagement letter, which expired well before your e-mail trail established all the promises and expectations you gave us in exchange for all the money we paid you, five years of litigation is what you are going to earn if you don't get off your high horse, reasonably look at the Deed of Trust in a new light and get this deal closed. I don't know what kind of law you practiced but I doubt it was business litigation or you would be trying to avoid it at all costs. I am not an attorney but I have been in a ton of business litigation and I know you way are out on a limb. You should know it too. Are you willing to spend (or do you have) the kind of money it is going to cost if you piss me off any further? I doubt it. Put away your sword or you will die by it. I will make sure of it should you test me. I have the litigation history to prove it, you don't.

Now with that said, here is the olive branch.

Thank you for acknowledging the agreement we already made that there would be no stock pledge.

Please schedule a conference call tomorrow morning with all parties I requested to put the Deed of Trust language to bed.

As I am sure you recognized when we had the conference call over the last three sticking points of the loan agreement, everyone on the call was reasonable and we got it done in 30 minutes. I needed explanation of the issues, we all voiced our respective positions, and decisions were made for the good of getting the deal done. It worked well, I even asked, "Why the hell did it take so long to get these three point handled when we got it done in 30 minutes on the phone?" The same needs to be done for the Deed of Trust and Promissory note.

To answer your questions of what is going on, there is nothing going on other than I am sick and tired of all the delays. We are not talking about enough money in this deal to make all that much difference in the project, for the amount of grief and money I have

already spent to this point. Week after week passes by and we still do not have a deal closed. MONTHS ago you came to us stating that if we agreed to restack the capital, and agree to secure a first mortgage in front of the EB5 raise. our project would not be an "outlier" and investors would come in more readily, and those that we already had would release their money. We agreed and I immediately created the pre reservations of the Villas ahead of schedule to give lenders a very compelling reason to provide a construction loan. The PPM was amended, we gave you another $8,000 to market more investors and we were expecting the deal to close and fund with the investors you had already secured to that point plus any others you secured during the next month. It did not close. Instead, we were told we needed an LOI (not just an amended PPM) before the investors would release their money. We found an LOI and moved it to an LOC but they would not accept an EB5 debt, subordinated or not. This would have required yet another change to the PPM and change to the overall "equity" structure of the deal and cost tens of thousands more in legal fees. So we secured a second LOI that would accept a EB5 fully subordinated debt, but it would cost me $35,000 to commit to it. I was willing to commit to it if your investors would release their money upon my paying the $35,000 commitment fee. I confirmed this with you in our call when we completed the last three points of the loan construction agreement that you stated was needed to release the funds. So we agreed on the language of the loan agreement and I paid the $35,000 fee last week, only to find out that the Deed of Trust and Promissory note had not been amended to the changes of the loan agreement and the finger pointing and rhetoric started all over again.

Nothing is going on other than I am sick and tired of all the delays. Time is up. I want a closing date and I want all parties to bust their asses to close on Friday. I secured the pay-off amount from the Class Action Settlement for the third time in this fiasco. Closing is Friday. All I am trying to do is get the current funds released so I can marginally justify, and I mean **marginally** justify, the time and money I have already spent that has resulted in nothing but more promises and delays. The urgency to close should be on both sides, especially your side Bob, to get this done. I have never felt any sense of urgency on your part other than when you wanted a check. Now it is time for YOU to genuinely show a sense of urgency to get this deal closed by Friday.

So I reiterate:

I suggest you set up a conference call tomorrow morning with you, Jon, Scott or Letvia, and Mike Brand to get these issues settled. Mike Meacher and I will be on the call to move it along. Friday is approaching rapidly. You have no time to waste.

Please answer this question at the beginning of the call tomorrow morning, How many investors have agreed to RELEASE FUNDS now that you have confirmed the validity of the LOI and commitment?

Please answer this question as well, Are you prepared with the escrow office for

closing on Friday while we complete the remaining paperwork?

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Monday, October 03, 2016 6:32 PM
To: 'Scott A. Preston'
Cc: 'Ignatius Piazza'; 'Mike Meacher'; 'Jon Fleming'; mikeabrand@msn.com; 'Letvia M. Arza-Goderich'
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Dear Scott:

We vehemently disagree with your phrase "...the original starry-eyed representations of US$75MM." We made no representations. Please refer to the signed engagement letter between ourselves and your client, which is the only contract governing our relationship, that specifically states "**Nothing** contained in this Agreement is to be construed as a commitment by EB5IA, its affiliates or its agents to lend to or invest in the contemplated Financing. This is **not** a guarantee that any such Financing can be procured by EB5IA for the Company on terms acceptable to the Company, **or** a representation or guarantee that EB5IA will be able to perform successfully the Services detailed in this Agreement." (Emphasis supplied.) That is the contract that your client signed.

And, by the way, your client has refused to pay costs that we have incurred under that contract and that are due and payable from Front Sight, as we have duly informed them, in an effort to pressure us to forsake our fiduciary duties to our investors. All of which is on top of the sordid actions of today.

We don't understand Front Sight's sudden desperation and apocalyptic assertions. Please explain to us what's going on.

In all events, the solution to Front Sight's urgency is very simple:

1. Sign the Deed of Trust that we sent to FS a year ago.

2. Sign the loan agreement in the form that we were willing to sign a week ago (but which you changed again even after that and to which we will require changes in response if there is any change to the DOT).

3. Sign the promissory note.

4. Pay our outstanding fees and costs.

We will agree to forego the share pledge.

Thanks,

Bob

From: Scott A. Preston [mailto:scott@prestonarza.com]
Sent: Monday, October 3, 2016 6:06 PM
To: Robert Dziubla <rdziubla@eb5impactcapital.com>
Cc: 'Ignatius Piazza' <ignatius@frontsight.com>; 'Mike Meacher' <meacher@frontsight.com>; 'Jon Fleming' <jfleming@EB5impactcapital.com>; mikeabrand@msn.com; Letvia M. Arza-Goderich <letvia@prestonarza.com>
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Evening Bob,

We are still at a loss to understand how your collateral has been materially decreased when you are being granted a lien and security interest in the real property and the improvements that will constitute the Front Sight Resort and Vacation Club.

With respect to the granting clauses, our client has been clear through this process that certain items would be excluded (such as the water rights and the gun inventory). Also, back in July, the parties agreed to delete the pledge.

With respect to Articles IV (affirmative covenants) and V (negative covenants), we would request that you review these against the many changes that have been agreed to in corresponding provisions of the construction loan agreement.

While our client may express himself in a more assertive tone than we might use, he is expressing his legitimate frustrations over the process of obtaining the EB-5 financing, from the time the whole process has taken, to the costs incurred both in establishing

the regional center and in keeping the marketing going, to the anticipated results of said marketing, which are much below the original starry-eyed representations of US$75MM.

Thanks,

Scott

Scott A. Preston, Esq. | **Preston Arza LLP** | 8581 Santa Monica Boulevard, #710 | West Hollywood, California 90069-4120 | Phone: 310.464.0355 | Fax: 310.943.1701 | Cell: 310.890.8727 | Skype: scott.a.preston | E-Mail: scott@prestonarza.com

PRESTON ARZA LLP

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Monday, October 03, 2016 3:46 PM
To: Scott A. Preston
Cc: 'Ignatius Piazza'; 'Mike Meacher'; 'Jon Fleming'; mikeabrand@msn.com; Letvia M. Arza-Goderich
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Dear Scott:

As we stated previously, your wholesale changes to the DOT materially decrease our collateral / security and increase our risks. In one of his many emails of today, Naish asked for a specific statement as to what material collateral / security has been deleted / changed.

For starters: the changes / additions / deletions to paragraphs (a), (c), 4.3, 4.4, 4.12,4.14, 4.18, 4.19, 4.20, 5.5, 5.12, 6.1, 7.2, etc., etc.

We will require a DOT substantially in the form we provided almost a year ago.

Please also inform your client that we do not appreciate unilateral overtures, threats and subornations. Jon and I have fiduciary partnership duties to each other, and you

may wish to advise your client about the legal status of the same and the risk inherent in impinging on the same.

Bob

From: Scott A. Preston [mailto:scott@prestonarza.com]
Sent: Monday, October 3, 2016 12:02 PM
To: Robert Dziubla <rdziubla@eb5impactcapital.com>
Cc: 'Ignatius Piazza' <ignatius@frontsight.com>; 'Mike Meacher' <meacher@frontsight.com>; 'Jon Fleming' <jfleming@EB5impactcapital.com>; mikeabrand@msn.com; Letvia M. Arza-Goderich <letvia@prestonarza.com>
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Bob,

We are awaiting a response from our client.

In the meantime, we would remind you that the deed of trust, as revised by us, continues to provide what it was intended to provide, a lien and security interest in the real property and the improvements. We are surprised to learn that you would consider that **not** to be "meaningful security and collateral."

The issue of the pledge had been resolved back in mid-July when it was agreed that this would **NOT** constitute part of the collateral and that your investors would be notified accordingly through a supplement to the PPM.

Scott

Scott A. Preston, Esq. | **Preston Arza LLP** | 8581 Santa Monica Boulevard, #710 | West Hollywood, California 90069-4120 | Phone: 310.464.0355 | Fax: 310.943.1701 | Cell: 310.890.8727 | Skype: scott.a.preston | E-Mail: scott@prestonarza.com

PRESTON ARZA LLP

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Monday, October 03, 2016 10:15 AM
To: Scott A. Preston; mikeabrand@msn.com
Cc: 'Ignatius Piazza'; 'Mike Meacher'; 'Jon Fleming'; Letvia M. Arza-Goderich
Subject: RE: Front Sight/EB-5 - Revised Deed of Trust

Dear Scott:

We have just discussed your proposed wholesale changes to the Deed of Trust with Mike Brand.

As you realize, you have completely gutted the Deed of Trust, removing all meaningful security and collateral for the loan. Those changes are utterly unacceptable to us. The DOT must be substantially in the form we presented to Front Sight almost a year ago. We urge you and Front Sight to remember that the USCIS-approved business plan and PPM that Front Sight reviewed and approved specifically contemplated that we would have a mortgage, security interest and share pledge on all assets as collateral for the EB5 loan.

Unless this matter is resolved within the next 48 hours, we will inform our investors and proceed accordingly.

Regards,

Bob

From: Scott A. Preston [mailto:scott@prestonarza.com]
Sent: Thursday, September 29, 2016 9:55 PM
To: 'mikeabrand@msn.com' <mikeabrand@msn.com>
Cc: Ignatius Piazza (ignatius@frontsight.com) <ignatius@frontsight.com>; Mike Meacher <meacher@frontsight.com>; Robert Dziubla <rdziubla@eb5impactcapital.com>; Jon Fleming <jfleming@EB5impactcapital.com>; Letvia M. Arza-Goderich <letvia@prestonarza.com>
Subject: Front Sight/EB-5 - Revised Deed of Trust

Dear Mike,

Attached please find a revised version of the deed of trust, together with a copy marked against the original draft. We have spent substantial time on the review and revision of the attached and accordingly expect that this document should be in near-final form (other than minor formatting issues, such as removing the "Draft" watermark).

Thanks,

Scott

Scott A. Preston, Esq. | **Preston Arza LLP** | 8581 Santa Monica Boulevard, #710 | West Hollywood, California 90069-4120 | Phone: 310.464.0355 | Fax: 310.943.1701 | Cell: 310.890.8727 | Skype: scott.a.preston | E-Mail: scott@prestonarza.com

PRESTON ARZA LLP

EXHIBIT 5

CONFIDENTIAL

RECIPIENT:_____ MEMORANDUM NO.:_____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

LAS VEGAS DEVELOPMENT FUND LLC

US $75,000,000

150 CLASS B MEMBERSHIP UNITS

THESE CLASS B MEMBERSHIP UNITS (THE "INTERESTS") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") AND HAVE NOT BEEN REGISTERED WITH, OR APPROVED BY, ANY FOREIGN, STATE SECURITIES OR BLUE SKY ADMINISTRATOR, OR ANY OTHER REGULATORY AUTHORITY. NO SUCH AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN, TOGETHER WITH ANY SUPPLEMENT AND ANY APPENDIX HERETO (THIS "MEMORANDUM"). ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS MEMORANDUM HAS BEEN PREPARED FOR LIMITED CIRCULATION ON A STRICTLY PRIVATE BASIS AND NO PUBLIC OFFERING OF THESE SECURITIES IS PERMITTED.

ANY DELIVERY OR REPRODUCTION OF ALL OR ANY PART OF THIS MEMORANDUM, OR THE DIVULGENCE OF ITS CONTENTS OTHER THAN AS SPECIFICALLY SET FORTH HEREIN IS UNAUTHORIZED.

INVESTING IN THE FUND INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS."

June 1, 2016

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

LAS VEGAS DEVELOPMENT FUND LLC

Minimum Offering Amount: None

Maximum Offering Amount: $75,000,000 (150 Class B Membership Units)

Minimum Investment: $500,000

Las Vegas Development Fund LLC, a Nevada limited liability company (the "Fund") is offering for sale up to 150 ($75,000,000) of its Class B Membership Units (the "Interests") at $500,000 per Interest. The Interests will represent equity interests of the Fund issued pursuant to an Operating Agreement of the Fund (the "Operating Agreement"). The Operating Agreement also provides for the issuance of Class A Membership Units, which are not being offered hereby and which are held by the Manager.

The Interests are not insured or guaranteed by any governmental agency or instrumentality, by the Borrower (as defined herein), or by any other entity, and payments with respect to the Interests will be made only from amounts received by the Fund with respect to the Loan (as defined herein), which will be secured by a first (or second) mortgage security interest in the Project (as defined herein).

For a discussion of significant matters affecting an investment in the Fund, see "RISK FACTORS."

The Interests are being offered (the "Offering") on a best-efforts basis. See "THE OFFERING – Closing Conditions."

This Confidential Private Placement Memorandum is furnished on a confidential basis to potential investors solely for the purpose of evaluating the investment offered hereby. The Interests are being offered pursuant to an exemption from registration under the Securities Act of 1933, as amended.

The date of this Confidential Private Placement Memorandum is June 1, 2016.

IMPORTANT NOTICES

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") IS CONFIDENTIAL AND PROPRIETARY TO THE FUND AND ITS AFFILIATES AND IS BEING PROVIDED TO YOU, IN CONFIDENCE, WITH THE UNDERSTANDING THAT YOU WILL OBSERVE AND COMPLY WITH THE TERMS AND CONDITIONS SET FORTH HEREIN. THEREFORE, YOU WILL PROMPTLY RETURN THIS MEMORANDUM TO US IF ANY OF THE TERMS AND CONDITIONS SET FORTH HEREIN ARE NOT ACCEPTABLE. YOUR ACCEPTANCE OF THIS MEMORANDUM WILL CONSTITUTE AN AGREEMENT TO BE BOUND BY ITS TERMS AND CONDITIONS.

THIS MEMORANDUM IS FOR YOUR EXCLUSIVE USE AND FOR USE BY YOUR LEGAL AND FINANCIAL ADVISORS FOR THE SOLE PURPOSE OF EVALUATING THE OFFERING DESCRIBED HEREIN. THIS MEMORANDUM MAY NOT BE REPRODUCED, PROVIDED OR DISCLOSED, IN WHOLE OR IN PART, TO OTHERS, OR USED FOR ANY OTHER PURPOSE, WITHOUT OUR PRIOR WRITTEN AUTHORIZATION AND UPON REQUEST MUST BE RETURNED TO US. YOU WILL BE RESPONSIBLE FOR YOUR ADVISORS' COMPLIANCE WITH THE TERMS AND CONDITIONS SET FORTH HEREIN.

AS USED IN THIS MEMORANDUM, THE TERMS "WE," "US," AND "OUR" REFER TO THE FUND, UNLESS OTHERWISE INDICATED AND THE TERMS "YOU" AND "YOUR" REFER TO THE PERSON NAMED ON THE COVER PAGE OF THIS MEMORANDUM, UNLESS OTHERWISE INDICATED. ALL "$" AND "DOLLAR" REFERENCES IN THIS MEMORANDUM ARE TO U.S. DOLLARS. CAPITALIZED TERMS USED, BUT NOT DEFINED, HEREIN HAVE THE MEANINGS SET FORTH UNDER "GLOSSARY OF DEFINED TERMS."

WE ARE OFFERING INTERESTS SOLELY PURSUANT TO THIS MEMORANDUM, AND ANY INFORMATION REGARDING US OR THE INTERESTS THAT IS NOT CONTAINED IN THIS MEMORANDUM WILL NOT CONSTITUTE AN OFFERING OF THE INTERESTS. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION THAT IS NOT INCLUDED IN OR THAT IS CONTRARY TO INFORMATION CONTAINED IN THIS MEMORANDUM, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY US, OUR MANAGER, OR ANY OF OUR OR ITS RESPECTIVE AFFILIATES (OR ANY OF OUR OR ITS RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, MANAGERS, PARTNERS, SHAREHOLDERS, OR AGENTS), OR BY FRONT SIGHT MANAGEMENT LLC DBA FRONT SIGHT FIREARMS TRAINING INSTITUTE, RESORTCOM ELITE, LLC DBA LATOUR HOTELS AND RESORTS, OR ANY OF THEIR RESPECTIVE AFFILIATES (OR ANY OF THEIR RESPECTIVE DIRECTORS, SHAREHOLDERS, OFFICERS, MEMBERS, MANAGERS, EMPLOYEES, REPRESENTATIVES, OR AGENTS). THIS OFFERING DOES NOT CONSTITUTE AN OFFER OF INTERESTS TO THE PUBLIC, AND NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT A PUBLIC OFFERING IN ANY STATE OR JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT

PURPOSE. THE INTERESTS ARE OFFERED SUBJECT TO OUR RIGHT TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART.

IT IS ANTICIPATED THAT THE OFFERING AND THE SALE OF THE INTERESTS HEREUNDER WILL BE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, AND VARIOUS FOREIGN AND STATE SECURITIES LAWS, AND THAT WE WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "ICA").

THE INTERESTS ARE OFFERED FOR INVESTMENT ONLY TO PERSONS WHO EITHER (a) QUALIFY AS "ACCREDITED INVESTORS," AS DEFINED IN RULE 501(a) OF REGULATION D OF THE SECURITIES ACT OR (b) ARE NOT "U.S. PERSONS," AS DEFINED IN RULE 902 OF REGULATION S OF THE SECURITIES ACT.

THIS MEMORANDUM DOES NOT CONSTITUTE A PUBLIC OFFER OF INTERESTS, WHETHER BY WAY OF SALE OR SUBSCRIPTION IN ANY NON-U.S. MARKET. THERE ARE RESTRICTIONS ON THE OFFERING, DISTRIBUTION, TRANSFER AND RESALE OF INTERESTS IN NON-U.S. MARKETS, AND THE INTERESTS MAY NOT BE OFFERED, DISTRIBUTED OR RESOLD TO THE PUBLIC IN NON-U.S. MARKETS, OR FOR THE BENEFIT OF LEGAL OR NATURAL PERSONS IN NON-U.S. MARKETS, WITHOUT COMPLIANCE WITH APPLICABLE LAW OR PRIOR APPROVAL FROM APPROPRIATE REGULATORY AUTHORITIES.

THE INTERESTS ARE NOT FREELY TRANSFERABLE AND INVOLVE A HIGH DEGREE OF RISK. INVESTMENT IN THE FUND WILL INVOLVE SIGNIFICANT RISKS DUE TO, AMONG OTHER THINGS, THE FACT THAT THERE WILL BE NO PUBLIC MARKET FOR THE INTERESTS. YOU MUST HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY THAT ARE CHARACTERISTIC OF AN INVESTMENT IN THE FUND, AS DESCRIBED HEREIN. NO ASSURANCE CAN BE GIVEN THAT OUR OBJECTIVES WILL BE ACHIEVED, THAT YOU WILL RECEIVE A RETURN OF YOUR INVESTMENT, OR THAT YOU WILL QUALIFY FOR AN EB-5 VISA. YOU COULD LOSE THE ENTIRE VALUE OF YOUR INVESTMENT AND YOU MAY NOT QUALIFY FOR AN EB-5 VISA. YOU ARE STRONGLY URGED TO CONSULT YOUR LEGAL, FINANCIAL, AND TAX ADVISORS TO EVALUATE THE MERITS AND RISKS OF AN INVESTMENT IN THE FUND.

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF THE INVESTMENT, INCLUDING THE MERITS AND THE RISKS INVOLVED. YOU SHOULD READ THIS MEMORANDUM CAREFULLY BEFORE YOU DECIDE WHETHER TO PURCHASE THE INTERESTS OFFERED HEREBY AND YOU SHOULD PAY PARTICULAR ATTENTION TO THE INFORMATION UNDER RISK FACTORS.

BECAUSE THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, FOREIGN SECURITIES LAWS, OR THE STATE SECURITIES LAWS, YOU MUST BEAR THE ECONOMIC RISK OF YOUR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME UNLESS THE INTERESTS ARE SUBSEQUENTLY

REGISTERED UNDER THE SECURITIES ACT OR THE APPLICABLE STATE LAWS OR AN EXEMPTION THEREFROM IS AVAILABLE. YOU WILL BE REQUIRED TO AGREE THAT THE INTERESTS WILL NOT BE TRANSFERRED WITHOUT REGISTRATION OR AN EXEMPTION THEREFROM AND UNLESS PERMITTED UNDER OUR OPERATING AGREEMENT (AS MAY BE AMENDED FROM TIME TO TIME) AND THE SUBSCRIPTION AGREEMENT AND RELATED DOCUMENTS (THE "SUBSCRIPTION DOCUMENTS"), ATTACHED HERETO AS APPENDIX A—SUBSCRIPTION DOCUMENTS. INSTRUMENTS EVIDENCING THE INTERESTS WILL CONTAIN A LEGEND TO THE EFFECT THAT THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, FOREIGN SECURITIES LAWS, OR THE STATE SECURITIES LAWS AND THAT THEY MAY NOT BE TRANSFERRED WITHOUT SUCH REGISTRATION OR AN EXEMPTION THEREFROM, AND A NOTATION TO THIS EFFECT WILL BE MADE IN THE APPROPRIATE RECORDS PERTAINING TO HOLDERS OF INTERESTS; *PROVIDED, HOWEVER,* THE INTERESTS WILL NOT LIKELY BE CERTIFICATED. YOU SHOULD REVIEW THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES OF THE COUNTRIES TO WHOSE JURISDICTION YOU MAY BE SUBJECT FOR THE ACQUISITION, HOLDING, OR DISPOSAL OF THE INTERESTS AND ANY FOREIGN RESTRICTIONS THAT MAY BE RELEVANT.

YOU WILL BE REQUIRED TO EXECUTE OUR SUBSCRIPTION DOCUMENTS, INCLUDING A JOINDER TO OPERATING AGREEMENT, TO EFFECT YOUR INVESTMENT. ALTHOUGH THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN TERMS OF THESE AND OTHER DOCUMENTS AND AGREEMENTS, YOU SHOULD REFER TO THE ACTUAL DOCUMENTS AND AGREEMENTS (COPIES OF WHICH MAY BE ATTACHED OR ARE AVAILABLE) FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF THE PARTIES THERETO. ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE TERMS OF THE ACTUAL DOCUMENTS AND AGREEMENTS. IF ANY OF THE TERMS, CONDITIONS OR OTHER PROVISIONS OF THE ACTUAL DOCUMENTS AND AGREEMENTS ARE INCONSISTENT WITH OR CONTRARY TO THE DESCRIPTIONS OR TERMS IN THIS MEMORANDUM, THE TERMS OF SUCH ACTUAL DOCUMENTS AND AGREEMENTS WILL CONTROL.

YOU SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, INVESTMENT, TAX, IMMIGRATION OR OTHER ADVICE. YOU MUST RELY ON YOUR OWN ADVISORS, INCLUDING YOUR OWN LEGAL COUNSEL AND ACCOUNTANTS, AS TO LEGAL, ECONOMIC, TAX AND RELATED ASPECTS OF THIS OFFERING.

INTERNAL REVENUE SERVICE CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (a) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY YOU FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU UNDER THE INTERNAL REVENUE CODE; (b) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY US OF THE INTERESTS DESCRIBED HEREIN; AND

(c) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE OBLIGATIONS OF OUR MEMBERS AND OUR MANAGER (AS SUCH TERMS ARE DEFINED HEREIN) ARE SET FORTH IN AND WILL BE GOVERNED BY OUR OPERATING AGREEMENT AND THE SUBSCRIPTION DOCUMENTS, WHICH ARE SUBJECT TO REVISION PRIOR TO ISSUANCE AND DELIVERY OF THE INTERESTS OFFERED HEREBY. EACH OF THE STATEMENTS AND INFORMATION CONTAINED HEREIN IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THOSE AGREEMENTS.

CERTAIN INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED OR IS DERIVED FROM SOURCES PREPARED BY THIRD PARTIES. WHILE SUCH INFORMATION IS BELIEVED TO BE RELIABLE FOR THE PURPOSES USED HEREIN, NEITHER WE, OUR MANAGER, NOR OUR OR ITS RESPECTIVE AFFILIATES (OR ANY OF OUR OR ITS RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, MANAGERS, PARTNERS, SHAREHOLDERS, OR AGENTS) ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OF SUCH INFORMATION. WE HAVE NOT INVESTIGATED THE ACCURACY OF THIS INFORMATION AND WE HAVE NOT INDEPENDENTLY VERIFIED THE ASSUMPTIONS ON WHICH SUCH INFORMATION IS BASED. THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CORRECTION, COMPLETION, VERIFICATION AND AMENDMENT.

CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM CONSTITUTES "FORWARD LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE," OR "BELIEVE," OR THE NEGATIVES THEREOF, OTHER VARIATIONS THEREON, OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, OUR ACTUAL EVENTS, RESULTS, AND PERFORMANCE MAY MATERIALLY DIFFER FROM WHAT IS REFLECTED OR FROM WHAT IS CONTEMPLATED IN SUCH FORWARD LOOKING STATEMENTS. NEITHER WE, OUR MANAGER, NOR ANY OF OUR OR ITS RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, MANAGERS, PARTNERS, SHAREHOLDERS, OR AGENTS (a) ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OF SUCH FORWARD LOOKING STATEMENTS, OR (b) UNDERTAKES ANY OBLIGATION TO UPDATE OR REVISE ANY FORWARD LOOKING STATEMENTS FOR ANY REASON AFTER THE DATE OF THIS MEMORANDUM TO CONFORM THE STATEMENTS TO ACTUAL RESULTS OR TO CHANGES IN EXPECTATIONS.

UNLESS STATED OTHERWISE, ALL TIME SENSITIVE INFORMATION IS PROVIDED AS OF THE DATE HEREOF AND ALL OTHER STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF SUCH DATE. NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, NOR ANY SALE HEREUNDER, WILL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY OTHER TIME SUBSEQUENT TO THE DATE HEREOF.

WE MAY OFFER YOU THE OPPORTUNITY TO RECEIVE CONFIDENTIAL INFORMATION, INCLUDING BUT NOT LIMITED TO, INVESTOR AND INVESTMENT INFORMATION, VIA ELECTRONIC DELIVERY. IT IS IMPORTANT TO NOTE THAT ELECTRONIC COMMUNICATIONS MAY: NOT BE SECURE; CONTAIN COMPUTER VIRUSES OR OTHER DEFECTS; NOT BE ACCURATELY REPLICATED ON OTHER SYSTEMS; BE INTERCEPTED, DELETED OR INTERFERED WITH WITHOUT THE KNOWLEDGE OF THE SENDER OR THE INTENDED RECIPIENT; NEED TO BE DISCLOSED TO THIRD PARTIES (E.G. THOSE INVOLVED WITH THE MAINTENANCE OF THE INFORMATION); AND BE ACCESSED BY UNAUTHORIZED PERSONS. YOU AGREE BY SUBSCRIBING THAT WE MAY EMPLOY ELECTRONIC METHODS OF COMMUNICATION. YOU WILL ALSO BE REQUIRED TO RELEASE US AND OUR MANAGER FROM ANY LIABILITY OR LOSS ASSOCIATED WITH THE COMMUNICATION OR PUBLICATION OF INFORMATION, INCLUDING, BUT NOT LIMITED TO, INVESTOR AND INVESTMENT INFORMATION.

ALL TRADEMARKS, SERVICE MARKS, AND COPYRIGHTS APPEARING IN THIS MEMORANDUM ARE THE PROPERTY OF THEIR RESPECTIVE HOLDERS AND ANY USE HEREIN HAS BEEN EXPRESSLY AUTHORIZED, BUT SUCH AUTHORIZATION IS LIMITED TO THE USE OF SUCH TRADEMARKS, SERVICE MARKS AND COPYRIGHTS IN THIS MEMORANDUM ONLY AND FOR NO OTHER PURPOSE.

WE HAVE ENGAGED ONE OR MORE FOREIGN PLACEMENT CONSULTANTS (THE "FPCS") IN CONNECTION WITH THE NON-U.S. PLACEMENT OF THE INTERESTS. WE WILL PAY COMMISSIONS OR OTHER FEES TO ONE OR MORE FPCS IN CONNECTION WITH THE SALE OF INTERESTS PURSUANT TO THIS OFFERING. NEITHER THE FPCS, NOR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, MANAGERS, PARTNERS, SHAREHOLDERS OR AGENTS MAKES ANY EXPRESS OR IMPLIED REPRESENTATION, WARRANTY OR UNDERTAKING WITH RESPECT TO THIS MEMORANDUM AND NONE OF THEM ACCEPTS ANY RESPONSIBILITY WITH RESPECT TO THE PROPOSED SUITABILITY OF THE INVESTMENT FOR YOU.

THIS MEMORANDUM HAS BEEN PREPARED IN THE ENGLISH LANGUAGE. IN THE EVENT ANY TRANSLATION OF THIS MEMORANDUM IS PREPARED FOR CONVENIENCE OR ANY OTHER PURPOSE, THE PROVISIONS OF THE ENGLISH VERSION SHALL PREVAIL. IF THERE IS ANY DISCREPANCY BETWEEN A TRANSLATED VERSION AND THE ENGLISH VERSION, THE ENGLISH VERSION SHALL PREVAIL.

ANY INVESTOR SEEKING AN EB-5 VISA OR CONDITIONAL OR PERMANENT U.S. RESIDENT STATUS PURSUANT TO THE EB-5 IMMIGRANT INVESTOR PROGRAM (THE "PROGRAM") SHOULD NOTE THAT THERE CAN BE NO ASSURANCE THAT AN INVESTMENT IN THE COMPANY WILL RESULT IN AN IMMIGRANT INVESTOR RECEIVING AN EB-5 VISA OR BEING GRANTED CONDITIONAL OR PERMANENT U.S. RESIDENT STATUS.

ADDITIONAL INFORMATION

DURING THE COURSE OF THIS OFFERING AND BEFORE YOU PURCHASE AN INTEREST, YOU ARE INVITED TO MEET WITH, ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM US CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THAT WE POSSESS IT OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE INFORMATION CONTAINED IN THIS MEMORANDUM. ANY SUCH QUESTIONS OR REQUESTS SHOULD BE SENT TO:

LAS VEGAS DEVELOPMENT FUND LLC
ATTN: EB5 Impact Capital Regional Center LLC
916 Southwood Blvd, Suite 1G, PO Box 3003
Incline Village, Nevada 89450, USA
(858) 699-4387 (tel)
(858) 332-1795 (fax)

See also "AVAILABLE INFORMATION."

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SUMMARY OF THE OFFERING

Summary of Principal Terms. The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum and by the terms of our Operating Agreement. This Memorandum does not purport to be, and should not be construed as, a complete description of our Operating Agreement and the ancillary documents relating to the Offering. In the event that any of the terms, conditions or other provisions of our Operating Agreement or any ancillary document are inconsistent with or contrary to the descriptions or terms in this Memorandum, our Operating Agreement or any such ancillary document will control. Unless otherwise noted, capitalized terms used in this summary or elsewhere in this Memorandum and not otherwise defined have the meanings set forth in the "GLOSSARY OF DEFINED TERMS" or if not defined therein, in our Operating Agreement and in any such ancillary document. See "APPENDIX C—OPERATING AGREEMENT." Certain terms defined herein are located in the "GLOSSARY OF DEFINED TERMS."

Fund	Las Vegas Development Fund LLC is the Nevada limited liability company and special purpose entity that was organized for the sole purpose of issuing the Interests and making the Loan.
Manager	EB5 Impact Capital Regional Center LLC is a Nevada limited liability company and the Class A Member and Manager of the Fund. See "THE FUND—Fund Manager—Principals and Advisors."
Offering	We are conducting a private offering on a best-efforts basis of a maximum of 150 Interests for investment only to persons who either (a) qualify as "accredited investors," as defined in Rule 501(a) of Regulation D of the Securities Act or (b) are not "U.S. persons," as defined in Rule 902 of Regulation S of the Securities Act at the Subscription Price. The Interests are further described in our Operating Agreement, which is attached as APPENDIX C hereto. See "THE FUND—Investment Opportunity" and "THE OFFERING—Securities Offered."
The EB-5 Program	This Offering is structured and intended such that if potential investors otherwise satisfy the non-investment criteria for an EB-5 Visa, they and their Derivative Family Members may be eligible to seek permanent residence in the United States, pursuant to the EB-5 Program administered by the U.S. Citizenship and Immigration Services. See "THE EB-5 PROGRAM AND INVESTMENT

REQUIREMENTS."

Regional Center..... EB5 Impact Capital Regional Center LLC is a Nevada limited liability company and an approved Regional Center under the EB-5 Program. See "THE FUND—Regional Center." See "THE EB-5 PROGRAM AND INVESTMENT REQUIREMENTS."

The Loan..... We will make, from the proceeds of this Offering, the Loan to the Borrower, which will be secured by a first (or second) mortgage/deed of trust and a first (or second) priority pledge and security interest in equity interests in the Borrower to secure repayment of the Loan. See "THE PROJECT—Fund Investment (Loan)." Borrower will seek bridge financing of a senior commercial loan in the amount sufficient to build the Project in accordance with the Business Plan (the "Senior Loan"). If this occurs, it is likely that the commercial lender will procure the first mortgage/deed of trust and a first priority pledge and security interest in the Borrower and that the Fund will take a second priority position until such time as the Senior Loan is paid off with the proceeds of this Offering.

The Borrower..... Front Sight Management LLC is a Nevada limited liability company which also operates DBA Front Site Firearms Training Institute and which will be the owner of the Project and the Borrower under the Loan. The Borrower will utilize the proceeds from the Loan in accordance with the objectives and strategy described in this Memorandum. See "THE PROJECT."

The Project..... The Project will be the construction of the Front Sight Resort & Vacation Club ("FSRVC") and an expansion of the facilities and infrastructure of the Front Sight Firearms Training Institute ("FSFTI") (the "Facilities") located in a 550 acre site in Pahrump, Nevada. The Facilities will include 102 timeshare residential units, up to 150 luxury timeshare RV pads, an 85,000 square foot restaurant, retail, classroom and offices building (to be known as the Patriot Pavilion) and related infrastructure and amenities, all of which will be located at One Front Sight Road, Pahrump, Nevada 89041 (the Property").

Subscription Price.....	$500,000 (one Interest). Upon receipt and acceptance of an Investor's Subscription Price, Administrative Fee (defined below), and executed Subscription Documents (see APPENDIX A), such Investor will receive his or her purchased Interest(s). The Subscription Price will be returned to an Investor only as set forth herein. There is no guarantee that the Fund shall have the ability to repay all or any portion of any Investor's Subscription Price, and Investors could lose up to the entire amount thereof. See also "Subscription" in this Section "Summary of Offering Terms," and the Sections entitled "Subscription" and "Risk Factors" in this Memorandum, below.
Administrative Fee……	$50,000 (each Investor). In addition to the subscription funds constituting the Subscription Price, the Fund will receive from each subscribing Investor an Administrative Fee of $50,000, which shall be held in a subaccount of the Escrow Account of the Fund separate from the subaccount containing the Subscription Prices of Investors. $25,000 of the Administrative Fee will be released to the Fund immediately after receipt of good funds in the Escrow Account and the remaining $25,000 will be released to the Fund after the filing of an Investor's I-526. The released funds will be used to pay organizational expenses, escrow startup expenses and marketing costs, including but not limited to payment of fees of brokers or other parties, in connection with this Offering to assure that the entire $500,000 Capital Contribution is available to be used for job creating activities. Up to the full amount of the Administrative Fee may be paid as a commission or fee to one or more FPCs, immigration consultants, brokers, or other parties in connection with the sale of interests pursuant to this Offering. In the event that any Investor's I-526 is not filed, the Manager shall use commercially reasonable efforts to return the Administrative Fee to the Investor. There is no guarantee that the Fund shall have the ability to repay all or any portion of any Investor's Administrative Fee, and Investors could lose up to the entire amount of their Administrative Fee. Once an Investor's I-526 is filed, the Administrative Fee is nonrefundable for any reason. See "Risk Factors", below.

Minimum Offering Amount…….	None
Maximum Offering Amount	$75,000,000 (150 Interests)
Plan of Distribution.....	We intend to offer and sell the Interests through FPCs and through our officers on a best-efforts basis. There can be no assurance that any or all of the Interests will be sold.
Subscription.....	To subscribe for an Interest and become a Class B Member, complete the Subscription Documents attached hereto as APPENDIX A, and submit the Subscription Price and the Administrative Fee. The full subscription procedure is described in "SUBSCRIPTION INSTRUCTIONS AND INVESTOR CHECKLIST."
Escrow Account……	The Subscription Price and Administrative Fee will be deposited into the Escrow Account in subaccounts to be established at Signature Bank, an FDIC insured commercial bank ("Escrow Agent"), which is anticipated to be administered and maintained by NESF Escrow Services Corp., a Delaware corporation, as escrow administrator ("Escrow Administrator") pursuant to the Amended and Restated Subscription and Administrative Fee Escrow Agreement dated as of June 1 , 2016 among the Fund the Manager, the Escrow Agent and the Escrow Administrator (see APPENDIX D attached hereto). The Subscription Price and the Administrative Fee should be sent in two separate wire transfer payments to the Escrow Agent, Signature Bank as further described in "THE OFFERING—Closing Conditions" and "SUBSCRIPTION INSTRUCTIONS AND INVESTOR CHECKLIST." Any and all accrued interest on the funds held in the Escrow Account, if any, will be paid to our Manager. Upon satisfaction of the Subscription Conditions, 75% ($375,000) of your Subscription Price will be released to the Fund by the Escrow Agent, pursuant to the Escrow Agreement, and made available for an advance to the Borrower as part of the Loan. At such time, you shall become a Class B Member of the Fund. The remaining 25% ($125,000) of your Subscription Price (the "Holdback") will be held in the Escrow Account for the Fund's benefit until your I-526 is either

approved or finally adjudicated and denied by the USCIS. The Holdback may be released to the Fund by the Escrow Agent, upon the Fund's written direction, after your I-526 is approved by the USCIS (the "Release Condition"), or earlier in the event it is needed to provide refunds to prior Investors entitled to refunds. At such time, the Holdback may be released and made available for an advance to the Borrower as part of the Loan. If the Release Condition is not satisfied and the Holdback otherwise remains in escrow, the Holdback will be released to the Fund and may be made available for refund to you under the circumstances and subject to the limitations otherwise described herein. See "THE OFFERING—Closing Conditions."

If the Release Condition is not satisfied for any Investor, such Investor's Holdback may be released to the Fund and combined with $375,000 of additional funds (if available) comprised of other Investors' Holdbacks released to the Fund by the Escrow Agent to refund such Investor's Subscription Price and cancel such Member's Interest. See "THE OFFERING—Closing Conditions." If the Project is not approved by USCIS and all Class B Members' I-526s are denied or if a high number of the Fund's subscribers' I-526s or conditional visas pursuant thereto are otherwise finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will not have sufficient funds to fully refund subscriptions to all such Members because the Fund will have limited or no funds available from other sources to make such refunds. Refunds will be made only if funds are available to make a full refund to a Member. If any funds are available, Members will be refunded in sequential order based upon the date of the Fund's receipt of written notice of final adjudication and rejection or denial of such Member's I-526 or conditional visa.

Notwithstanding the foregoing, the entire Subscription Price will be forfeited, a Member will not be entitled to a refund, and a Member will remain a Member of the Fund if the Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other

governmental office as a result of: (i) misrepresentation or fraud by the Member; (ii) the failure of the Member to diligently pursue the I-526 or conditional visa; or (iii) the failure of the Member to comply with any instructions or requests from the USCIS or U.S. Consulate or other governmental office, as determined by the Fund in its sole discretion (each, a "Forfeiture Circumstance"). Except as provided in the Subscription Agreement, and as described herein, the Subscription Price is not otherwise refundable for any reason, in whole or in part.

Closing..... The Offering will continue until December 31, 2017, subject to an extension at our option of up to an additional 90 days (the "Offering Period"). We will provide for multiple interim closing dates in our discretion. As described above, upon satisfaction of the Subscription Conditions, 75% ($375,000) of your Subscription Price will be released to the Fund by the Escrow Agent, pursuant to the Escrow Agreement, and made available for an advance to the Borrower as part of the Loan. At such time you shall become a Class B Member of the Fund. The Holdback will be held in the Escrow Account for the Fund's benefit. The Holdback may be released to the Fund by the Escrow Agent upon satisfaction of the Release Condition or earlier in the event funds are needed to provide refunds to prior Investors. At such time, the Holdback may be released and made available for an advance to the Borrower as part of the Loan. The Holdback will ultimately either be made available for refund to an Investor if the Release Condition is not satisfied and if funds are available to make a full refund or, (i) if the Release Condition is satisfied or (ii) if funds are not available to make a full refund, be made available for an advance to the Borrower as part of the Loan.

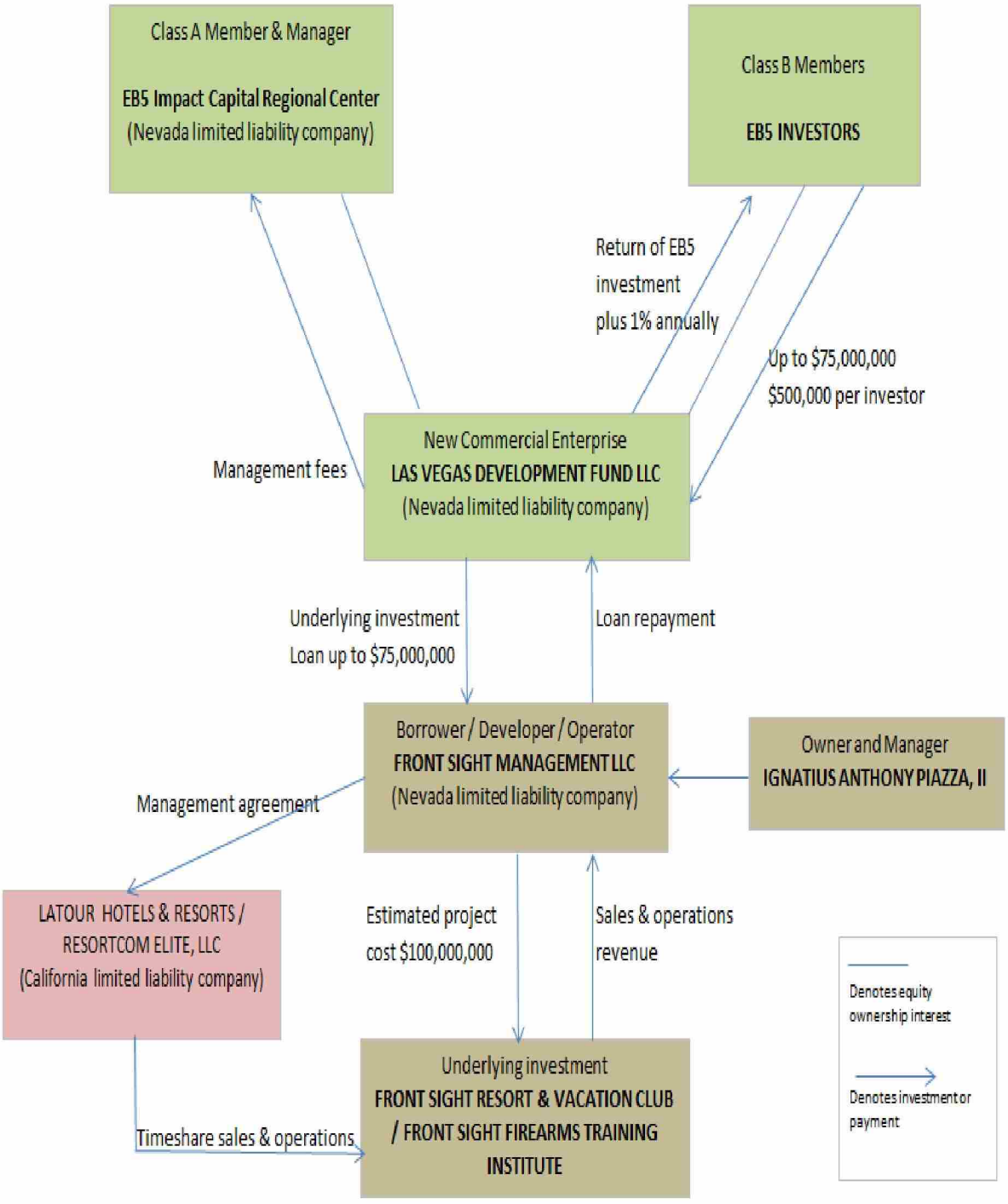
Use of Proceeds..... Subject to the Holdback described in "THE OFFERING—Closing Conditions," we will use all of the subscription proceeds from sales of Interests hereunder, to make the Loan, which amount will be used by the Borrower in accordance with the objectives and strategies described in this Memorandum, namely for the development,

	construction, and ownership by the Borrower of the Project. See "USE OF PROCEEDS."
Fees and Expenses.....	The Manager will be responsible for the payment of the reasonable expenses related to this Offering and the development, financing, management, operation, and disposition of our assets, except for expenses covered by the Administrative Fee, through the date that initial funds are released from the Escrow Account and the Loan is made. Thereafter the Manager will deduct up to $80 per month per Investor from all disbursements made to the Investors for ongoing administrative fees related to the Project and administration of the Loan. See "THE OFFERING—Fees and Expenses."
Certain U.S. Federal Income Tax Consequences.....	We believe that the Interests should constitute equity for federal income tax purposes. You should consult your own tax advisors with respect to the tax consequences of acquiring, holding, and disposing of an Interest. See "U.S. TAX CONSIDERATIONS."
Risk Factors.....	Purchase of an Interest offered hereunder involves a high degree of risk and is suitable only for persons with adequate resources who understand the long-term nature and risks associated with this investment. Among the risks described in "RISK FACTORS," it is important to note that this Offering was structured such that if you otherwise satisfy the non-investment criteria for an EB-5 Visa, you and your Derivative Family Members may be entitled to seek permanent residence in the U.S.; however, there can be no assurance that an investment will result in conditional lawful permanent resident status for you or your Derivative Family Members. You will be required to file petitions with U.S. government entities, including an I-526 and I-829, which may not be approved. Approval of an I-526 only evidences that the petitioner has established that he or she has made a qualifying investment. It does not guarantee that the U.S. Embassy or consulate will issue an EB-5 Visa. There are other requirements that must be met before an EB-5 Visa will be issued. An I-829 must be filed during the 90 days immediately before the second anniversary of the date that the petitioner obtained conditional permanent resident status, which is the date the

petitioner's conditional permanent residence expires. If the I-829 is not timely filed, the conditional permanent resident will automatically lose his or her permanent resident status as of the second anniversary of the date that he or she is granted conditional status. You will be entitled to a refund of your Subscription Price, to the extent cash is available in the Fund's account to issue such a refund, if your I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office (see "THE OFFERING—Redemption Upon I-526 Denial"). There can be no assurance that you will receive a return of your investment or that you or your Derivative Family Members will qualify for conditional lawful permanent residence in the U.S.

Parties to and Structure of the Offering ..... Set forth on the following page is a diagram of the parties to the Offering:

CONFIDENTIAL



RISK FACTORS

AN INVESTMENT IN THE FUND INVOLVES A HIGH DEGREE OF RISK AND, THEREFORE, SHOULD BE UNDERTAKEN ONLY IF YOUR FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE YOU TO ASSUME THESE RISKS AND TO BEAR THE LOSS OF ALL OR PART OF YOUR INVESTMENT. THE FOLLOWING RISK FACTORS (TOGETHER WITH OTHER FACTORS SET FORTH ELSEWHERE IN THIS MEMORANDUM) SHOULD BE CAREFULLY CONSIDERED, BUT ARE NOT MEANT TO BE AN EXHAUSTIVE LIST OF ALL POTENTIAL RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUND. YOU SHOULD CONSULT WITH YOUR OWN FINANCIAL, LEGAL, AND TAX ADVISORS PRIOR TO INVESTING IN THE FUND. UNLESS STATED OTHERWISE, ALL RISK FACTORS ARE PROVIDED AS OF THE DATE HEREOF AND NEITHER WE, OUR MANAGER, NOR ANY OF ITS OR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, MANAGERS, OR AGENTS UNDERTAKES ANY OBLIGATION TO UPDATE OR REVISE ANY RISK FACTOR AFTER THE DATE OF THIS MEMORANDUM.

Fund Investment Risks

General Risks of Investment for Non-U.S. Investors. There can be no assurance that you will receive a return of your investment or that you and your spouse and your qualified children (your "Derivative Family Members") will qualify for lawful conditional permanent residence in the U.S. This Offering was structured such that if you otherwise satisfy the non-investment requirements for an EB-5 Visa, you may be entitled to seek permanent U.S. residence with your Derivative Family Members; however, there can be no assurance that an investment in the Fund will ultimately result in conditional lawful permanent resident status for you or your Derivative Family Members. You and your Derivative Family Members will be required to file petitions with U.S. government entities, including an I-526 and an I-829, which may not be approved. See "THE FUND—Fund Manager—Strategy and Objectives." Approval of an I-526 shows only that the petitioner has established that he or she has made a qualifying investment. It does not guarantee that the U.S. Embassy or consulate will issue an EB-5 Visa. There are other requirements that must be met before an EB-5 Visa will be issued. The I-829 must be filed during the 90 days immediately before the second anniversary of the date that the petitioner obtained conditional permanent resident status (the date that the I-526 is approved), which anniversary is the date the petitioner's conditional permanent residence expires. If the I-829 is not filed or not timely filed, the conditional permanent resident will automatically lose his or her permanent resident status as of the second anniversary of the date that he or she is granted conditional status.

Translation Risk. This Memorandum and the Subscription Documents have been prepared in the English language. In the event any translation of this Memorandum or the Subscription Documents is prepared for convenience or any other purpose, the provisions of the English version shall prevail. If there is any discrepancy between a translated version and the English version, the English version shall prevail. You are solely responsible for ensuring the proper translation of this Memorandum and the Subscription Documents into your native

language, if necessary, to ensure that you understand the terms of these documents. You are responsible for fully understanding the nature and terms of these documents.

Overall Transaction Risks and Speculative Investment. Despite our efforts to design and implement an EB-5 investment opportunity, there can be no assurance that the transactions contemplated in this Memorandum will perform as anticipated. It is a desirable goal to minimize, to the extent reasonably possible, risks relating to investments in or with respect to an EB-5 investment opportunity with the understanding that is not possible to determine in advance whether the program or the Project will perform as anticipated. In addition, there is no assurance that the Loan will be repaid. This, in turn, may directly affect the amount and timing of proceeds received by us from the Loan, and our ability to make distributions on the Interests. Thus, an investment in the Interests is suitable only if you have substantial financial resources, a clear understanding of the risk factors associated with such investments, and the ability to withstand the potential loss of your entire investment.

Limited Liquidity and Restrictions on Transfers. Our Interests have not been and will not be registered under the Securities Act or any state securities laws. Any purported transfer of an Interest in violation of our Operating Agreement will be null and void and such transfer will not be given effect. Investment in the Interests is restricted to "Accredited Investors," as defined in Rule 501(a) of Regulation D of the Securities Act or persons who are not "U.S. Persons," as defined in Rule 902 of Regulation S of the Securities Act. There is currently no secondary market for the Interests. Due to strict and significant transfer restrictions (including certain tax related transfer restrictions) and limitations set forth above, it is not expected that a secondary market for the Interests will develop. You must be prepared to bear the risk of holding the Interests for an indefinite period of time.

Potential Inability to Refund if I-526 or Conditional Visa is Finally Adjudicated and Rejected or Denied. In the event a Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will use commercially reasonable efforts to issue refunds to such Members as follows: (a) the denied Member's Holdback, if it remains in escrow, will be released from escrow to the Subscriber without interest or deduction and the Escrow Agent will endeavor to release an additional amount of $375,000, comprised of Holdback Amounts of other Subscribers, to the general operating account of the Fund to enable the Fund to refund such amount to Subscriber; (b) to the extent the Subscriber's entire Subscription Price has been released to the Fund, the Fund will refund $500,000 to Subscriber without interest or deduction and cancel Subscriber's Interest to the extent such amount is available or becomes available in the Fund's account comprised of the Holdback amounts of other Subscribers or otherwise; and (c) if a refund is to be issued by the Fund, it will be issued upon the later to occur of 60 days or as cash is available in the Fund's account, without interest or deduction, to the extent there are sufficient funds in the Fund's account available to provide a full refund. NOTWITHSTANDING THE FOREGOING, A REFUND WILL BE MADE ONLY IF A MEMBER'S SUBSCRIPTION PRICE CAN BE FULLY REFUNDED. NO ASSURANCES CAN BE GIVEN THAT FUNDS WILL BE AVAILABLE TO EFFECT FULL REFUNDS. If a high number of the Fund's subscribers' I-526s or conditional visas pursuant thereto are finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will not have sufficient funds to fully refund subscriptions to all such Members because the Fund will have

limited or no funds available from other sources to affect such refunds. Refunds will be made only if funds are available to make a full refund to a Member. If any funds are available, Members will be refunded in sequential order based upon the date of the Fund's receipt of written notice of final adjudication and rejection or denial of such Member's I-526 or conditional visa. Notwithstanding the foregoing, the entire Subscription Price will be forfeited, a Class B Member will not be entitled to a refund, and a Class B Member will remain a Member of the Fund if the Class B Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office as a result of a Forfeiture Circumstance. Except as provided in the Subscription Agreement, and as described herein, the Subscription Price is not otherwise refundable for any reason, in whole or in part.

Foreign Placement Consultant Fees and Administrative Fees. The Fund has contracted with FPCs in connection with the non-U.S. placement of the Interests. From the Administrative Fee, the Fund will pay commissions or other fees to the FPCs in connection with such placement. $25,000 of the Administrative Fee will be released to the Fund immediately after good funds have been received by the Escrow Agent and the remaining $25,000 of the Administrative Fee will be released to the Fund when an Investor's I-526 has been filed. The Administrative Fee will not be refundable thereafter including under an event entitling you to a refund of the Subscription Price. In the event that you are entitled to a refund of the Administrative Fee due the failure to file an I-526 for you, the Fund will endeavor to refund to you the Administrative Fee paid to the Fund. Such refund will be subject to there being sufficient funds in the Fund's account available to effect the refund, and no assurance can be given that funds will be available to effect any such refund of any Administrative Fee.

Liability for Return of Distributions. You, as a Member of the Fund, may, under applicable law, be obligated to return, with interest, cash distributions previously received by you to the extent such distributions are deemed to have been wrongfully paid. In addition, you may be liable under applicable federal and state bankruptcy laws to return a distribution made during any insolvency.

Senior Loan and Second Mortgage Interest. Borrower will seek bridge financing of a senior commercial loan in an amount sufficient to Build out the Project("Senior Loan"). f this occurs, it is likely that the commercial lender will procure the first mortgage/deed of trust and a first priority pledge and security interest in the Borrower and that the Fund will take a second priority position. There can be no assurances given that the Senior Loan will be available or, if available, on terms favorable to the Fund.

Distributions In-Kind. Although, under normal circumstances, we will make distributions in cash, it is possible that, under certain circumstances, distributions may be made in-kind. Any such in-kind distributions made upon our liquidation could consist of assets for which there are no readily available public markets.

Limitation of Recourse and Indemnification of Our Manager. Our rights and the rights of our Members to take action against our Manager and officers are limited, which could limit your recourse in the event of actions that are not in your best interests. Our Operating Agreement requires us to indemnify our Manager and its officers for actions taken by them in

those capacities to the maximum extent permitted by Nevada law in the defense of any proceeding to which they are made a party by reason of their service to us. In addition, we may be obligated to fund the defense costs incurred by our Manager and its officers. Our rights and the rights of our Members to recover claims against our officers and our Manager are limited, which could reduce your and our recovery against them if they cause us to incur losses. Nevada law provides that our Manager has no liability in such capacity if they perform their duties in good faith and do not allow their personal interests to prevail over yours, in a manner they reasonably believe to be in your best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, subject to certain limitations set forth therein or under Nevada law, our Operating Agreement provides that neither our Manager nor any officer will be liable to us or our Members for monetary damages and requires us to indemnify our officers and our Manager and permits us to indemnify our employees and agents. Although our Operating Agreement does not allow us to indemnify or hold harmless an indemnitee to a greater extent than permitted under Nevada law, the Fund and our Members may have more limited rights against our officers, employees, agents, and Manager, than might otherwise exist under common law, which could reduce your and our recovery against them. In addition, we may be obligated to fund the defense costs incurred by our officers, employees, and agents or our Manager in some cases which would decrease the cash otherwise available for distribution to you.

Fees to Affiliates—Conflict of Interest. The compensation that we pay our Manager could result in actions that are not in the long-term best interests of our Class B Members. Under the terms of our Operating Agreement, we will pay our Manager fees. Fees and reimbursements our Manager receives in performing services for us could influence its judgment with respect to the renewal, continuation, or enforcement of agreements with it and its affiliates, including our Operating Agreement.

Additional Securities. You may be diluted if we issue or offer additional securities. You do not have preemptive rights to any securities issued by us in the future. Although we have no present plan to issue New Securities (as defined in our Operating Agreement), our Operating Agreement currently authorizes us to do so, upon approval by our Manager; *provided, however,* that the fair market value of each New Security will be determined by our Manager using a reasonable method of valuation. Subject to any limitations set forth under Nevada law, our Manager may increase the number of authorized securities, increase or decrease the number of securities of any class or series of securities designated, or reclassify any unissued securities without obtaining our Members' approval.

Recourse to the Fund's Assets. Our assets are available to satisfy all of our liabilities and other obligations. If we become subject to a liability, parties seeking to have liabilities satisfied may have recourse to our assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Reliance on Fund Management. We are dependent on our Manager and its key personnel, who provide services to us pursuant to our Operating Agreement. We may not find a suitable replacement for our Manager if key personnel leave our Manager or otherwise become unavailable to us. Our Manager has significant discretion as to the implementation of our investment and operating policies and strategies. Accordingly, we believe that its success will

depend to a significant extent upon the efforts, experience, diligence, skill, and network of business contacts of the officers and key personnel of our Manager. The officers and key personnel of our Manager will evaluate, negotiate, close, and monitor the Loan; therefore, our success will depend on their continued service. The departure of any of the officers or key personnel of our Manager could have a material adverse effect on our performance. Our Manager is not obligated to dedicate any specific personnel exclusively to us. As a result, these individuals may not always be able to devote sufficient time to the management of our business. Further, when there are turbulent conditions in the real estate markets or distress in the credit markets, the attention of our Manager's personnel and our officers may also be required by other investment entities or real estate projects.

Potential Conflicts of Interest—Manager Relationship. There are various conflicts of interest in our relationship with our Manager which could result in decisions that are not in the best interests of our Class B Members. Specifically, our Manager's key personnel may become an executive of other real estate investment funds or investments and may participate as owner, investor, manager, or otherwise be involved in other real estate investment projects. Our Manager's key personnel may have conflicts between their duties to us and their duties to, and interests in, such other investment funds and/or projects. See "AFFILIATES, RELATED PARTY TRANSACTIONS, CONFLICTS, AND CONFIDENTIALITY."

Potential Conflicts of Interest—Operating Agreement. Our Operating Agreement was not negotiated on an arm's-length basis and may not be as favorable to you as if it had been negotiated with an unaffiliated third party. Our Operating Agreement was negotiated between related parties and its terms, including fees payable, may not be as favorable to you as if it had been negotiated with an unaffiliated third party. Pursuant to our Operating Agreement, our Manager will not assume any responsibility other than to render the services called for thereunder. Under the terms of our Operating Agreement, our Manager will not be liable to us or our Members for acts or omissions performed in accordance with and pursuant to our Operating Agreement, except for acts constituting fraud or gross negligence. In addition, we have agreed to indemnify our Manager with respect to all losses, claims, demands, costs, damages, liabilities (including joint and several liabilities), expenses (including attorneys' fees and disbursements), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits, or proceedings, whether civil, criminal, administrative, or investigative arising from acts or omissions of our Manager not constituting bad faith, fraud, or gross negligence, performed in good faith in accordance with and pursuant to our Operating Agreement.

Lack of Operating History, No Assurance of Results, and Risk of Loss. We are a newly-formed entity with no operating history. No representation is or can be made to you as to future operations, cash return, tax benefits, or EB-5 qualification. You are subject to the risk of loss of all or substantially all of your investment and you should not subscribe unless you can readily bear the consequences of such loss. You should review the information contained herein with your own accountants, advisors, and attorneys and obtain such additional information concerning an investment from our Manager as you or your accountants, advisors, or attorneys may deem necessary for their independent review.

Legal, Tax, and Regulatory Risks. We must comply with various legal requirements, including those imposed by securities, tax and other laws. Should any of such laws change

during the course of your investment, the legal requirements to which we and you may be subject could differ materially from the current requirements and adversely affect you. We can also be directly or indirectly affected by new tax legislation, the expiration of existing tax laws, or the interpretation of existing tax laws worldwide. In the normal course of business, we are subject to reviews by U.S. and non-U.S. tax authorities. These reviews may result in adjustments to the timing or amount of taxes due and the allocation of taxable income among tax jurisdictions. These adjustments could affect the attainment of our financial goals. You will be subject to U.S. tax and return filing requirements as a result of an investment hereunder.

Counsel Conflicts. The Fund does not have separate counsel apart from counsel retained by our Manager and its affiliates, and if there is a conflict between us, we may both be forced to locate separate counsel, which could delay resolution and increase cost. We have not retained, and do not intend to retain, separate counsel once this Offering is completed. There is a possibility that the interests of the various parties may become adverse and, under the Code of Professional Responsibility of the legal profession, such counsel may be precluded from representing any one or all of such parties unless all parties consent to the representation. If any situation arises in which our interest appears to conflict with those of our Manager or its affiliates, additional counsel may be retained by one or more of the parties to assure that their separate interests are adequately protected. Retention of new counsel could delay resolution of the dispute and increase costs. OUR LEGAL COUNSEL DOES NOT REPRESENT YOU. OUR LEGAL COUNSEL HAS NOT ACTED FOR OR ON YOUR BEHALF, HAS NOT ADVISED AND WILL NOT ADVISE YOU IN ANY RESPECT, NOR CONSIDERED OR WILL CONSIDER ANY MATTERS THAT MAY BE RELEVANT TO YOU. YOU SHOULD CONSULT YOUR OWN LEGAL, TAX, ACCOUNTING, IMMIGRATION, AND SUCH OTHER ADVISERS WITH RESPECT TO YOUR INVESTMENT AND IMMIGRATION MATTERS.

Rescission Risk. This Offering is not registered with the SEC and is being made pursuant to certain exemptions from state and federal registration requirements. Although we will receive representations and warranties from investors to ensure compliance with such exemptions from registration and other matters, if it is later determined that this Offering did not fully comply with state or federal law, we may be required to refund capital contributions, which refund would result in a reduction in the amount of operating capital available to us and could impair our ability to operate as planned. We might be required to liquidate, with potential economic loss and tax risks to our remaining Members.

Limited Control. You and the other Class B Members will be entitled to limited management of the Fund and no management of the Borrower, or the Project. Accordingly, you must be prepared to entrust our management and the management of the Borrower, and the Project to the responsible parties. Our success and the success of the Borrower, and the Project depend in substantial part upon the quality, skill, and expertise of the individuals employed by our Manager, the Borrower, and the Project. The loss of any or all of the key personnel of our Manager, the Borrower, or the Project or an inability to attract and retain key personnel could adversely affect us.

Operational Risks. We are subject to operational risk, which represents the risk of loss resulting from human error, inadequate or failed internal processes and systems, and external

events. Operational risk also encompasses compliance (legal) risk, which is the risk of loss from violations of, or noncompliance with, laws, rules, regulations, prescribed practices, or ethical standards. Although we seek to mitigate operational risk through a system of internal controls, resulting losses from operational risk could take the form of charges, increased operational costs, harm to our reputation, or foregone opportunities, any and all of which could have a material adverse effect on us.

Investment Company Act of 1940. Your return, if any, may be reduced if we are required to register as an investment company under the ICA; if we become an unregistered investment company, we could not continue our business. We are not registered because of an exemption provided in the ICA and we do not intend to register as an investment company under the ICA. However, if we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the ICA that impose, among other things: limitations on capital structure; restrictions on specified investments; prohibitions on transactions with affiliates; and compliance with reporting, record keeping, voting, and other rules and regulations that would significantly increase our operating expenses.

Distribution Delays. To the extent that the interest reserve that will be part of the Loan becomes depleted, you may experience distribution delays or losses on the Interests because payments received by us from the Loan are our only source of distributions. There can be no assurances that any such distributions will be available at or before the end of the initial term of the Loan. Distributions on the Interests will be made out of the Loan Payments received by the Fund from the Borrower. There are no assurances that the Borrower will have the ability to pay the Loan on or after the Term or any extension thereof. Pursuant to our Operating Agreement, certain administrative expenses, and various other fees and other amounts will be paid regularly prior to the distributions on the Interests. No other assets or source of distributions other than the Loan Payments from the Loan will be available for distributions on the Interests.

Limited Recourse and Non-Petition. The sole source of payment on the Loan is revenue from the Project. Our Interests are our limited obligations and do not evidence obligations of any other person. If repayment of the Loan does not generate sufficient funds, then we will not be obligated to distribute any amounts representing such shortfall and any claims with respect to such shortfall will be extinguished, and you may lose all or part of your investment. We were formed for the sole purpose of effecting the transactions described herein and, in the event of nonpayment, you will not have recourse to any other assets or source of payment. Each of the foregoing factors may delay or reduce your return on your investment and you may suffer a loss (including a total loss) of your investment.

Legal Investment. The appropriate characterization of the Interests under various legal investment restrictions, and thus the ability of investors subject to those restrictions to purchase the Interests, may be subject to significant interpretative uncertainties. No representation is made as to the proper characterization of the Interests for legal investment purposes, for risk-weighting, valuation of the Interests, regulatory accounting, or other financial institution regulatory regimes, any state insurance commissioner, any federal or state banking authority or any other foreign regulatory body. You should consult with your own legal advisors in determining whether, and to what extent, the Interests will constitute legal investments for you and the consequences of such an investment.

Bankruptcy of the Borrower Could Delay or Reduce Distributions on Interests. If the Borrower is to become a debtor in a bankruptcy proceeding, and a creditor or bankruptcy trustee of any borrower, then delays in collections could result, causing reductions or delays on payments on the Interests. The court could reduce the amount payable to us, which could result in losses.

Bankruptcy of Borrower. The Borrower is a legal entity rather than an individual and may be engaged in other transactions, including real estate or hotel transactions. Loans made to legal entities may entail risks of loss greater than those of Loan made to individuals. A legal entity, as opposed to an individual, may be more inclined to seek legal protection from its creditors under bankruptcy laws. The Borrower's organizational documents or the terms of the Loan may limit the Borrower's ability to incur additional indebtedness. The Borrower may not always comply with these requirements. The bankruptcy of the Borrower or managing member of the Borrower may impair our ability to enforce our rights and remedies under the related Loan. A Borrower that is not a special purpose entity, structured to limit the possibility of becoming insolvent or bankrupt, may be more likely to become insolvent or the subject of a voluntary or involuntary bankruptcy proceeding. The Borrower may be an operating entity with businesses distinct from the operation of the Project which includes the associated liabilities and risks of operating an ongoing business.

EB-5 Market Competition. While we have attempted to distinguish ourselves from other opportunities in the EB-5 market, we will encounter competition from numerous other EB-5 market entities. Certain of our competitors may have greater financial and other resources than we do.

Other Unforeseen Business Risks. The foregoing risks, in addition to the other risks described below and elsewhere in this Memorandum are not an all-inclusive listing of the business and other risks facing the Fund in its plan to issue the Loan to the Borrower and Borrower's plan to develop and operate the Project. As with any business entity, we cannot predict with certainty all of the possible problems that may confront our business in future years. It is possible that events or conditions that are presently unforeseeable and that may not be subject to the control of the Fund may occur in the future and have an adverse impact on our ability to carry out our business objectives outlined in this Memorandum in a profitable manner or in any manner.

Loan, Borrower, and Market Risks

Inability of Borrower to Repay Loan. The Fund anticipates making the Loan in accordance with the Loan documents. The Loan Term will be 60 months with the Loan to mature at the end of the 60th month after the initial funding date under the Loan, unless extended for 24 months. Return on your investment is dependent on the financial ability of Borrower to repay the Loan within the Term or to refinance the Project. There is a risk that Borrower may fail to repay the balance of the Loan on the maturity date, upon an extension of the maturity date, or at any time. Failure of the Borrower to repay the Loan would affect the financial viability of the Fund. Such a delay may reduce your return on your investment and you may suffer a loss (including the potential total loss) of your investment.

Debt Covenants. The financial condition of the Borrower could be adversely affected by financial and other covenants and provisions under the agreements governing the Borrower's existing debt or any additional debt incurred if all of the Interests are not sold in the Offering.

General Business Risks. Borrower's principal business is the operation of the FSFTI. There is no assurance that the Borrower will be profitable or continue successfully to manage and operate the FSFTI, which could adversely impact Borrower's ability to repay the Loan.

General Real Estate Risks. Because real estate, like many other types of long term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the FSRVC and the Project. The marketability and value of the Project will depend on many factors beyond our control, including, without limitation: changes in general economic or local conditions and/or specific industry segments; competition from other developments; changes in supply of or demand for competing properties in an area (as a result, for instance, of overbuilding); geographic or market concentration; the ability of the Borrower or property managers to manage the FSRVC; changes in interest rates; the promulgation and enforcement of governmental regulations relating to land use and zoning restrictions; environmental protection and occupational safety; unavailability of mortgage funds which may render the refinancing of the property difficult; location of the properties; the financial condition of borrowers and of tenants, buyers, and sellers of property; changes in real estate tax rates and other operating expenses; the imposition of rent controls; energy and supply shortages; various uninsured or uninsurable risks; and natural disasters.

Less Marketable and Illiquid Assets. The Project itself will consist of assets which are illiquid or for which there currently is no well-developed secondary market. Liquidity relates to the ability of the owner to dispose of assets readily and the price to be paid for them. In addition, less marketable or illiquid assets may be more difficult to value due to the unavailability of reliable market quotes. The sale of less marketable assets may require more time and result in lower prices, due to higher brokerage charges or dealer discounts and other selling expenses, than the sale of more marketable assets. There can be no assurances that the Borrower will be able to sell the Project (or any portion thereof) at the time that it may be in the best interests of the Fund or the Borrower to sell.

Inability to Obtain Favorable Financing or Refinance Investments. There is a risk that the Borrower will be unable to successfully complete a financing or refinancing of the Project. In particular, because of the current conditions in the credit market, the Borrower may be subject to increased cost for debt, tightening underwriting standards, and reduced liquidity. These factors could result in delays in closing acquisitions, longer development times, increases in overall costs, and possibly a greater reliance on subscription-backed financing to fund investments until the debt market stabilizes. This could lead to increased risk of a longer term investment than expected.

Contractor Relationships. Successful development of the Project will rely on the Borrower's teaming relationships with contractors. The Borrower may have disputes with contractors arising from, among other things, the quality and timeliness of work performed by the contractor, failure to extend existing task orders or issue new task orders under a contract,

hiring of a contractor's personnel, and the contractor's failure to comply with applicable law. In the event of adverse economic conditions, the risk of financial stress of Borrower contractors, would be heightened and this could adversely impact their ability to meet their contractual requirements. If any contractors fail to timely meet their contractual obligations or have regulatory compliance or other problems, the Borrower's ability to fulfill its obligations may be jeopardized.

Potential Adverse Economic Conditions. General local economic conditions, and conditions of domestic and international financial markets, may adversely affect the Borrower. Unemployment, inflation, local recessions, or other economic events could have a material adverse effect on the value of the Project. Furthermore, the U.S. and other countries are or have been in a period of slow economic growth or perhaps a recession and increased volatility, and these conditions may continue for a prolonged period of time or worsen in the future. This may negatively impact the performance of the Loan.

Development and Construction Delays. The operating results of the Borrower may be negatively affected by potential development and construction delays and resulting increased costs and risks. We will use proceeds from this Offering to fund the Loan which, in turn, will be used to assist in the construction and development of the Project. The Loan may be used for development and construction of the Project and will be subject to uncertainties associated with environmental concerns of governmental entities and/or community groups, and the Borrower's ability to build in conformity with plans, specifications, budgeted costs and timetables. If the contractor selected by the Borrower fails to perform, it may resort to legal action to rescind the construction contract or to compel performance. The contractor's performance may also be affected or delayed by conditions beyond the contractor's control. These and other such factors can result in increased costs of the Project.

Development and Construction Risks. The Borrower will be subject to the risks normally associated with development and construction activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals (provided that the Project has already received developmental approval from Nye County, Nevada authorities), the cost and timely completion of construction (including risks beyond our or the Borrower's control, such as adverse weather or labor conditions or material shortages), and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Borrower's financial condition and results of operations.

Real Estate Taxes. Increases in real estate taxes could adversely affect the income from the Project and its value. Local real estate taxes are subject to increase. Tax increases may adversely affect the Borrower's income, and the cash available for payment of distributions. Further, increases in real estate taxes at the time the Borrower attempts to lease or sell a property may adversely affect the Borrower's ability to lease or sell the property at a favorable price.

Insurance Coverage. If the Borrower incurs losses not covered by insurance, or in excess of insurance coverage, distributions could be diminished and repayment of the Loan could

be jeopardized. It is not uncommon for losses, particularly catastrophic losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution, or environmental matters, to either exceed insurance coverage or to be excluded entirely from coverage. Some losses, such as losses resulting from certain acts of terror, are not insurable, or the cost of insurance is prohibitive. The Loan may not be repaid if a loss exceeds the coverage of insurance that has been procured, or if a catastrophic loss occurs that is either excluded from a policy or uninsurable.

Environmental Liabilities. The Borrower may incur environmental liabilities in connection with its ownership of the Property as a result of which liabilities, the value of the Project may be diminished. While the Borrower has exercised due diligence to discover potential environmental liabilities, hazardous substances or wastes, contaminants, pollutants, or sources thereof (as defined by state and federal laws and regulations) may be discovered. There can be no assurances that the Borrower will not incur full recourse liability for the entire cost of any removal and clean up, that the cost of such removal and clean up would not exceed the value of the Project or that the Borrower could recoup any of such costs from any third party. The Borrower may also be liable to the tenant and other users of neighboring properties. In addition, the Borrower may find it difficult or impossible to sell the property prior to or following any such clean up.

Government Regulation. The real estate industry is extensively regulated and subject to frequent regulatory change. The adoption of new legislation or changes in existing laws or new interpretations of existing laws can have a significant impact on methods of doing business, costs of doing business, and amounts of reimbursement from governmental and other agencies. The real estate industry is and will continue to be subject to varying degrees of regulation and licensing by federal and state regulatory authorities in various states and localities.

Project – Hospitality Industry Risks

Risks Related to the Hospitality Industry and the Project. The performance of the lodging industry has historically been linked to key macroeconomic indicators, such as GDP growth, employment, corporate earnings and investment, and travel demand. If there is an extended period of economic weakness, the Project occupancy rates, revenues, and profitability could be adversely affected.

Factors beyond control can adversely affect and reduce demand for hospitality products and services, including demand for rooms at the Project. These factors include:

- changes and volatility in general economic conditions, including the severity and duration of any downturn in the U.S. or global economy and financial markets;
- war, civil unrest, terrorist activities, or threats and heightened travel security measures instituted in response to these events;
- outbreaks of pandemic or contagious diseases, such as avian flu, severe acute respiratory syndrome (SARS), and H1N1 (swine) flu;

- natural or man-made disasters, such as earthquakes, tsunamis, tornados, hurricanes, floods, oil spills, and nuclear incidents;
- changes in the desirability of particular locations or travel patterns of customers;
- decreased corporate budgets and spending and cancellations, deferrals or renegotiations of group business (e.g., industry conventions);
- low consumer confidence and high levels of unemployment;
- depressed housing prices;
- the financial condition of the airline, automotive, and other transportation-related industries and its impact on travel;
- decreased airline capacities and routes;
- travel-related accidents;
- oil prices and travel costs;
- statements, actions, or interventions by governmental officials related to travel and corporate travel-related activities, and the resulting negative public perception of such travel and activities;
- domestic and international political and geo-political conditions;
- over-building in the hotel and vacation ownership industries; and
- organized labor activities, which could cause a diversion of business from hotels involved in labor negotiations and loss of group business.

These factors can adversely affect the Borrower and the Project. How the Borrower manages any one or more of these factors, or any crisis, could limit or reduce demand, or the rates the Project is able to charge for rooms or services, which could adversely affect Borrower's business, results of operations, and financial condition and impact its ability to repay the Loan.

Global Economic Conditions and Consumer Demand. Consumer demand for the Project is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Declines in consumer demand due to adverse general economic conditions, risks affecting or reducing travel patterns, lower consumer confidence and high unemployment, or adverse political conditions could lower the revenues and profitability of the Project. As a result, changes in consumer demand and general business cycles can subject Borrower's revenues to significant volatility.

Global economic downturns may also lead to a significant decline in demand for hospitality products and services, lower occupancy levels, and significantly reduced room rates,

all of which may lower Borrower's revenues and negatively affect its profitability and ability to repay the Loan.

Hospitality Industry – Business, Financial, and Operating Risks. In addition to fluctuations related to Borrower's business, the Project will be subject to various business, financial, and operating risks common to the hospitality industry, many of which are beyond control, including:

- changes in taxes and governmental regulations that influence or set wages, prices, interest rates, or construction and maintenance procedures and costs;
- the costs and administrative burdens associated with complying with applicable laws and regulations;
- the availability and cost of capital necessary for Borrower to fund capital expenditures;
- changes in operating costs, including, but not limited to, energy, food, workers' compensation, benefits, insurance, and unanticipated costs resulting from force majeure events;
- shortages of labor or labor disruptions;
- the financial condition of the Project, which may impact its ability to satisfy contractual commitments and obligations that may impact Borrower;
- dependence on business and commercial travelers and tourism, both of which vary with consumer and business confidence in the strength of the economy;
- competition from other resorts, hotels and motels located in the Las Vegas, Nevada area market;
- increases in energy and transportation costs and other expenses affecting travel, which may affect travel patterns and reduce the number of business and commercial travelers and tourists;
- increases in operating costs due to inflation and other factors that may not be offset by increased room rates; and
- changes in governmental laws and regulations, fiscal policies, zoning ordinances, and the related costs of compliance.

The occurrence of any of the foregoing factors could have a material adverse effect on Borrower's business, financial condition, results of operations, and Borrower's ability to repay the Loan.

Competition for Guests. The segments of the hospitality industry in which Borrower will operate are subject to competition. FSRVC will be principally a destination for members and

guests of the FSFTI. The principal competitors for such guests are hotels located in Las Vegas, Nevada, including major hospitality chains with well-established and recognized brands and smaller hotel chains and independent and local hotel owners and operators. The Facilities will compete for guests based primarily on location, customer satisfaction, room rates, quality of service, amenities, quality of accommodations, security, and affiliation with FSFTI. Some competitors are significantly larger and also have significantly greater financial and marketing resources than those of the Facilities. If Borrower is unable to compete successfully, its revenues or profits may decline, which may affect Borrower's ability to repay the Loan.

Information Technology. Information technology system failures, delays in the operation of information technology systems, or system enhancement failures could reduce Borrower's revenues and profits. Borrower's success depends on the efficient and uninterrupted operation of information technology systems, including a reservation system. In addition, Borrower will depend on information technology to run its day-to-day operations, including, among others, timeshare unit services and amenities such as guest check-in and check-out, housekeeping and room service as well as systems for tracking and reporting financial results and the financial results of the Project.

Information technology systems are vulnerable to damage or interruption from fire, floods, hurricanes, earthquakes, power loss, telecommunications failures, computer viruses, break-ins, and similar events. The occurrence of any of these natural disasters or unanticipated problems at any information technology facility or any call centers could cause interruptions or delays in Borrower's business, loss of data, or render Borrower unable to process reservations.

Insurance Coverage. In the event of a substantial loss, Borrower's insurance coverage may not be sufficient to cover the full current market value or replacement cost of the Project. Should an uninsured loss or a loss in excess of insured limits occur, Borrower could lose all or a portion of the anticipated future revenue from the Project. In that event, Borrower may be unable to repay the Loan. Inflation, changes in building codes and ordinances, environmental considerations, and other factors might also keep Borrower from using insurance proceeds to replace or renovate the Project if they are damaged or destroyed.

Third-Party Management. Borrower entered into the Servicing Agreement on November 11, 2013 with LaTour (the "Servicing Agreement") pursuant to which Borrower appointed LaTour and LaTour accepted the appointment to have the sole and exclusive right authority and obligation to manage and operate the FSRVC and commercial Facilities and to perform related services on behalf of Borrower for an initial term of five years, which will automatically renew for successive five year terms unless terminated for cause. Commencing on January 1, 2014, LaTour initially will provide, for a reasonable monthly fee, regulatory services relating to the process to register FSRVC with the State of Nevada and preopening services and hospitality product design services in consultation with Borrower, who will retain final approval rights for the Project through the design and construction phase of the Project. Upon completion of the FSRVC, LaTour will provide resort sales and marketing services, resort management and operations services and a wide variety of related financial services (in some cases through highly qualified subcontractors) on a commission and/or percentage of revenues and profits basis. Borrower will have a limited role in the management and operation of the

FSRVC and will be relying on LaTour adequately to manage and operate the FSRVC under the terms of the Servicing Agreement.

Members of the Fund will have no right to vote on or otherwise control the terms of any agreement between Borrower and LaTour.

Environmental Matters and Climate Change. The Project will be subject to various federal, state, and local environmental laws. Under these laws, courts and government agencies may have the authority to require Borrower, as owner of a contaminated property, to clean up the property, even if Borrower did not know of or was not responsible for the contamination. These laws also apply to persons who owned a property at the time it became contaminated. In addition to the costs of cleanup, environmental contamination can affect the value of a property and, therefore, an owner's ability to borrow funds using the property as collateral or to sell the property. Under the environmental laws, courts and government agencies also have the authority to require that a person who sent waste to a waste disposal facility, such as a landfill or an incinerator, pay for the clean-up of that facility if it becomes contaminated and threatens human health or the environment. A person who arranges for the disposal or treatment, or transports for disposal or treatment, of a hazardous substance at a property owned by another person may be liable for the costs of removal or remediation of hazardous substances released into the environment at that property.

Furthermore, various court decisions have established that third parties may recover damages for injury caused by property contamination. For instance, a person exposed to asbestos while staying in a hotel may seek to recover damages if he or she suffers injury from the asbestos. Lastly, some of these environmental laws restrict the use of a property or place conditions on various activities. For example, certain laws require a business using chemicals (such as swimming pool chemicals at a hotel) to manage them carefully and to notify local officials that the chemicals are being used.

Borrower could be responsible for the costs associated with a contaminated property. The costs to clean up a contaminated property, to defend against a claim, or to comply with environmental laws could be material and ability to repay the Loan could be adversely affected.

Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990, as amended (the "ADA"), all public accommodations must meet various federal requirements related to access and use by disabled persons. Compliance with the ADA's requirements could require removal of access barriers, and non-compliance could result in the U.S. government imposing fines or private litigants winning damages. If Borrower is required to make substantial modifications to the Project, whether to comply with the ADA or other changes in governmental rules and regulations, its financial condition, results of operations, and ability to repay the Loan could be adversely affected.

Immigration Risks

YOU SHOULD CONSULT WITH LEGAL COUNSEL FAMILIAR WITH U.S. IMMIGRATION LAWS AND PRACTICE. PURCHASE OF INTERESTS DOES NOT GUARANTEE YOU LAWFUL PERMANENT RESIDENCE IN THE U.S. THE INTERESTS

DESCRIBED IN THIS MEMORANDUM INVOLVE A SIGNIFICANT DEGREE OF RISK RELATING TO IMMIGRATION MATTERS. AMONG THE IMMIGRATION RISK FACTORS THAT YOU SHOULD CAREFULLY CONSIDER ARE THE FOLLOWING; HOWEVER, THIS LIST IS NOT EXHAUSTIVE AND DOES NOT PURPORT TO SUMMARIZE ALL RISKS ASSOCIATED WITH THE PURCHASE OF INTERESTS.

FOR FURTHER INFORMATION REGARDING THE RISK FACTORS SET FORTH BELOW SEE "THE FUND—FUND MANAGER—STRATEGY AND OBJECTIVES—THE EB-5 PROGRAM AND INVESTMENT REQUIREMENTS" AND "APPENDIX B—EB-5 FORMS AND INFORMATION."

"At Risk" Requirement. In order for an I-526 to be approved, your capital must be "at risk." If the USCIS determines that your funds are not truly at risk at the I-526 or I-829 stage, your petition will be denied. Your investment must be a two-year minimum commitment. Although there can be no guaranteed right of redemption or of a specific return, some investments offered under the EB-5 Program are riskier than others; some have a greater chance of a return and/or a possible return at a higher rate; and some are more speculative investments. The USCIS prohibits us from guaranteeing the redemption of your Interest if your I-829 is not approved. There is no assurance that the Fund's future financial performance will be sufficient to return any investor's investment in the Interests at any time, or ever.

Job Creation and Job Allocation. You will be required to demonstrate at the time of filing your I-829 that 10 direct and/or indirect and/or induced full-time equivalent positions for qualifying employees ("Jobs") have been created as a result of your EB-Investment. Jobs shall be allocated to our Class B Members based on the sequential order of the date that each of our Class B Members receives approval of his or her I-829. If two or more of our Class B Members receive approval of their I-829 on the same day, Jobs will be allocated to such Class B Members in sequential order based upon the date on which we accepted such Class B Member's Subscription Documents. We cannot guarantee that the EB-5 Program job creation requirements will be satisfied at the time you file your I-829. If you are not able to demonstrate that you have met the EB-5 Program job creation requirements when you file your I-829, you will be asked to leave the U.S. If Jobs are not created and allocated to you, you may lose your entire investment and not be granted lawful permanent residence in the U.S. The Fund is offering Interests to a maximum of 150 investors. This will require evidence of creation of a minimum of 1,500 jobs. The economic analysis commissioned by the Fund, which is available upon request, estimates that the Project will create sufficient direct, indirect, and induced jobs to remove conditions to residency for up to 150 investors. Specifically, the economic analysis projects that more than 1,500 jobs will be created by the Project. This economic analysis is based upon the Borrower's proposed activity, the amount of capital that will be spent in the local economy, general assumptions regarding the national economy, the regional economy of the geographic area, and other circumstances of this Project. However, there is no assurance that the economic analysis or the assumptions on which it is based are accurate. The Fund has also conducted due diligence and determined that a project such as this one would expect to hire at least a number of employees sufficient to remove conditions to residency for each of 150 investors.

Policymaking Position. The EB-5 Program requires immigrant investors to hold policymaking or management positions within the Fund. The Fund believes that each immigrant

investor, as a Member, is provided with powers and duties under the Operating Agreement sufficient to meet the USCIS requirement that immigrant investor is actively participating in policymaking or management of a new commercial enterprise, however there can be no assurance that the USCIS will agree.

New Commercial Enterprise. The EB-5 Program requires immigrant investors to invest in a "new commercial enterprise," which includes any for-profit activity formed for the ongoing conduct of lawful business including, but not limited to, a sole proprietorship, partnership (whether limited or general), holding company, joint venture, corporation, business trust, or other entity which may be publicly or privately owned. The commercial enterprise must be established after November 29, 1990. The Fund was formed on February 3, 2014 as a private, for-profit entity for purposes of financing the Project. It is believed that the Fund will qualify as a new commercial enterprise, but there is no guarantee that the USCIS will adjudge it to be such.

No Guarantee of Approval. This Offering was structured such that if you otherwise satisfy the non-investment requirements for an EB-5 Visa, you may be entitled to seek permanent U.S. residence with your Derivative Family Members; however, there can be no assurance that an investment in the Fund will result in conditional lawful permanent resident status for you and your Derivative Family Members. We make no representations or guarantees with respect to the ability of this investment to assure that: the USCIS will approve your application; you will qualify as an "immigrant entrepreneur;" or the USCIS will grant you and your Derivative Family Members conditional lawful permanent resident status in the U.S.

No Return of Funds if EB-5 Adjustment of Status Denied. Following Form I-526 approval, you and your Derivative Family Members must timely apply for an immigrant visa or adjustment to permanent resident status. As part of this process, you will undergo medical, police, security, and immigration history checks to determine whether you and your Derivative Family Members are admissible to the U.S. for any of the reasons mentioned above or for any other reason. The visa or adjustment of status may be denied notwithstanding the approval of your I-526. If, following Closing you or your Derivative Family Members are denied an adjustment of status to conditional lawful permanent residence such action will not entitle you to the return of your investment.

Approval of Investments in Offering. In adjudicating the I-526 that you must file with the USCIS in order to determine the suitability of the Offering for immigration purposes under the INA, the USCIS will evaluate the Project's qualification, may review proof of your source of capital invested unfavorably, and may deny your I-526.

Attaining Lawful Permanent Residence. Even if the USCIS approves your I-526, we cannot guarantee that you or your Derivative Family Members will be granted lawful permanent residence. The grant of such immigration status is dependent, among other things, upon your personal and financial history. Any one of several government agencies may determine in its discretion that your application for lawful permanent residence in the U.S. should be denied. It is not always possible to appeal such a determination. In limited instances, if facts constituting grounds to exclude you from the U.S. exist, you may be able to obtain a waiver of such grounds, but the government issues or denies such waivers in its sole discretion. Neither we nor you may appeal or request a review of a decision to deny such a waiver.

Grounds for Exclusion. In applying for lawful permanent residence, you must overcome the statutory presumption of inadmissibility by proving that you are admissible to the U.S. There are many grounds of inadmissibility that the government may cite as a basis to deny admission for lawful permanent residence. Various statutes, including for example Sections 212, 237, and 241 of the INA, The Antiterrorism and Effective Death Penalty Act of 1996 ("AEDPA"), and the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 ("IIRAIRA") set forth grounds of inadmissibility, which may prevent you from receiving an immigrant visa, entering the U.S., or adjusting to lawful permanent residence.

Reasons that may preclude you from entering the U.S. include instances where you:

(a) are determined to have a communicable disease of public health significance;

(b) are found to have, or to have had, a physical or mental disorder and behavior associated with the disorder which poses or may pose, a threat to the property, safety, or welfare of yourself or of others, or have had a physical or mental disorder and a history of behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of yourself or of others, and which behavior is likely to recur or to lead to other harmful behavior;

(c) have been convicted of a crime involving moral turpitude (other than a purely political offense), or admit having committed the essential elements of such a crime;

(d) have been convicted of violating any law or regulation relating to a controlled substance, admit to having committed such a violation, or admit committing acts which constitute the essential elements of same;

(e) have been convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude;

(f) are known to be, or there is reason to believe that you have been, a trafficker in controlled substances;

(g) are engaged in prostitution or commercialized vice;

(h) have committed certain serious criminal offenses in the U.S. (even if you were not prosecuted because of diplomatic immunity);

(i) are involved with other grounds related to national security, related grounds, or terrorist activities;

(j) are determined to be excludable by the Secretary of State of the U.S. on grounds related to foreign policy;

(k) are or have ever been a member of a totalitarian party, or have participated in Nazi persecutions or genocide;

(l) are likely to become a public charge at any time after entry;

(m) were previously deported or excluded and deported from the U.S.;

(n) seek to procure, have sought to procure, or have procured a visa, other documentation or entry into the U.S. or other benefit under the INA by fraud or willfully misrepresenting a material fact;

(o) have at any time assisted or aided any other immigrant to enter or try to enter the U.S. in violation of law;

(p) have departed the U.S. to avoid or evade U.S. Military service or training;

(q) are a practicing polygamist; or

(r) have been unlawfully present in the U.S.

Conditional Lawful Permanent Residence. Lawful permanent residence status granted initially to you and your Derivative Family Members is "conditional"; you and your Derivative Family Members must seek removal of conditions before the second anniversary of lawful permanent admission to the U.S. We cannot guarantee that the USCIS will consent to the removal of conditions as to you and your Derivative Family Members, each of whom must make a separate application to remove conditions. If you fail to have conditions removed, you and your Derivative Family Members will be required to leave the U.S. and may be placed in removal proceedings. Even if you succeed in having conditions removed, your Derivative Family Members, separately, must each have conditions removed. Failure to have conditions removed as to any of these members of your family may require some members to depart from the U.S. and such family members may be placed in removal proceedings. Examples of possible reasons for denial of your petition to remove conditions from permanent residence include:

(a) failure to maintain your investment for the required two-years, (e.g. upon distribution or return of capital before the time for removal of conditions on your residence, even if 10 jobs were created);

(b) failure of the Project to use all of your invested capital in job creating activity at risk to you, according to the technical requirements of the USCIS (some of which are not clearly articulated and which could change over time), even if 10 jobs were created;

(c) failure of the Project to show that your investment has created 10 new jobs for U.S. workers that can be allocated to you (which may result from failure to meet the Project's economic milestones that were used as assumptions in projection of the indirect jobs that would be created by your investment); and

(d) even if the required 10 jobs are created, the Project's material departure from the business plan presented to the USCIS in obtaining your initial approval of your I-526.

No Regulations Regarding Removal of Conditions. USCIS regulations governing lawful permanent residence do not specifically state the criteria that the USCIS must apply to determine eligibility for the removal of conditions to lawful permanent resident status. Courts have determined some standards to be followed by the USCIS in some, but not all, circumstances. We may make certain management decisions in the absence of these specific eligibility criteria. You should become educated about the standards that will determine your eligibility and the eligibility of your Derivative Family Members to achieve lawful permanent residence in the U.S. pursuant to this program, which currently is in a state of evolution.

Numerical Quotas. Currently, 10,000 EB-5 Visas are allocated each calendar year to immigrant investors and their Derivative Family Members, of which 3,000 are currently reserved for regional center investments. EB-5 status is available on a first come, first served basis. If the USCIS reaches the annual quota, a delay in the availability of lawful permanent resident status will result. We cannot predict if such a delay will occur, or if it occurs, how long you will have to wait before an EB-5 Visa for you and your Derivative Family Members becomes available. Also, the availability of current EB-5 Visas may end, the number of available EB-5 Visas may decrease or increase, and the time it takes to acquire an EB-5 Visa may increase significantly. Other changes in the administration of the visa preference system may affect or even preclude your ability to obtain a visa for lawful permanent residence or to adjust to lawful permanent residence.

Expiration of Regional Center Pilot Program. The Pilot Program was first created in 1992. Since then it was extended, most recently through September 30, 2015. The Project relies on the Pilot Program so that employment created indirectly by investments in the Project may be counted towards the minimum number of jobs needed to qualify you and your Derivative Family Members to have conditions removed. There is no reliable means by which to know whether or not the Pilot Program will be further extended or made permanent. The USCIS has stated that if the Pilot Program expires it may prevent the USCIS from approving I-526 petitions, and it is not clear whether EB-5 Visas or adjustment approvals will be issued, but, removal of conditions (I-829s) will not be affected. Expiration of the Pilot Program before approval of your Form I-526 and I-829 could affect your ability to obtain temporary conditional residence and lawful permanent residence in the U.S.

Risks Attendant to the EB-5 Visa. The EB-5 program has many requirements that must be met to the satisfaction of the USCIS. Failure to meet even one of these requirements to the satisfaction of the USCIS may result in the denial of an I-526.

Family Relationship – Spouse. Your spouse may accompany or follow to join you if you are granted conditional lawful permanent residence provided that you and your spouse, deemed a derivative beneficiary, were married at the time of your first admission to the U.S. as a conditional lawful permanent resident or following adjustment of status to lawful permanent residence. The USCIS will not recognize common law marriages for the purpose of permitting

your spouse to be a qualifying derivative beneficiary. If the relationship is one of common law, your spouse may not acquire lawful permanent resident status on account of the relationship.

Family Relationship – Children. Your qualifying children or step-children may accompany or follow to join you if you are granted conditional lawful permanent residence provided that you can establish parentage or step-parentage at the time of your first admission to the U.S. as a conditional lawful permanent resident or adjustment of status to lawful permanent residence. Failure to comply with all applicable requirements may result in the separation of your child or step-child for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

A "child" is someone under the age of 21 years who is unmarried. If a child becomes age 21 or marries before being admitted to the U.S. as a lawful permanent resident or adjusting to lawful permanent resident status, the former child now deemed a "son" or "daughter" may not be eligible to accompany or follow to join you. In some circumstances, the Child Status Protection Act may assist a son or daughter to qualify as a child by reducing the deemed age of the son or daughter to less than 21 years. Failure to meet the requirements of the Child Status Protection Act may result in the separation of a son or daughter (or step-son or step-daughter) from you and/or your spouse for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

Under some circumstances, a child who becomes 21 years of age or marries while holding conditional lawful permanent resident status may remain eligible to remove conditions. Failure to meet qualifying conditions, most of which are not within the child's control, will result in the child being placed in removal proceedings and may require the child to depart the U.S.

If you die before conditions are removed, your Derivative Family Members are entitled to seek removal of conditions by submission of the same evidence demonstrating compliance with required criteria that the USCIS requires of an investor seeking to remove conditions. Failure of each member of the family to establish these criteria will result in the denial of the application to remove conditions, placement of the family members in removal proceedings, and their required departure from the U.S.

It is not explicitly clear under USCIS procedures whether a child, not born within the U.S., who becomes a son or daughter before the death of an investor is entitled to seek removal of conditions. USCIS regulations are somewhat ambiguous on this matter. If USCIS does not extend this benefit, such a son or daughter may be denied an application to remove conditions and will be placed in removal proceedings and may be ordered to depart the U.S.

TEA Determination. To the extent that the Project depends upon an area's qualification as a TEA, there is a risk that the USCIS could otherwise disagree with the economic analysis and not allow the TEA designation to be applicable, in which event the $500,000 Subscription Price amount would not otherwise qualify under the EB-5 Program with respect to such area. In this case, the Project will be located within a rural area, Nye County, Nevada, which has been certified as a TEA by the Nevada Department of Employment, Training and Rehabilitation. If for any reason the TEA certification is not accepted by the USCIS, the $500,000 Subscription Price amount would not otherwise qualify under the EB-5 Program with respect to the TEA area.

Delays in Project. Delays in the development of the Project could result in jobs not being created timely enough in accordance with applicable EB-5 Program guidelines.

Insufficient Number of Investors. Regional center designations are based on the full investment of many different investors in a single project. If a regional center project does not attract a sufficient number of investors, the project may not happen or may be delayed, which could result in the original investors being unable to remove conditions.

Change in Business Assumptions. The USCIS may revisit regional center designation if business assumptions utilized in the econometric model are not realized. An I-526 may be approved based upon an economist's report using a recognized econometric model to predict the number of indirect and induced jobs that will be created based upon a specific dollar investment in a specific project in a specific geographical area in a specific industry in a specific timeframe, and other specific foundation facts. Although the USCIS is not likely to challenge the econometric report at the I-829 stage, the USCIS will want proof that the assumptions relied upon in the report have actually occurred. If these assumptions have not occurred because of economic conditions, change of plans, construction delays, etc., you would be at risk that the USCIS will deny your I-829.

Regional Center Designation. A regional center may lose its designation. The USCIS is in the process of developing standards to review regional centers. The results of any review process could lead to regional center decertification.

Risk of Inconsistent Action by the USCIS and Processing Times. Even if none of the contingencies described herein occur, you are also subject to the risk inherent in the variance among determinations by the USCIS. It is not unusual for there to be contradictory determinations on identical projects. In addition, the USCIS is known to adopt restrictive positions and to change those positions without notice. Additionally, according to the USCIS Ombudsman's Office 2013 Annual Report, the average processing time for I-526 petitions is 11.3 months. Efforts are being made by the USCIS to reduce processing time; however, there can be no assurance that this will be achieved.

Immigration-Related Expenses. You are solely responsible for paying any expenses related to your attempt to immigrate to the U.S. on the basis of your investment in the Fund (including your attempt to bring your Derivative Family Members). Because participation in the EB-5 Program is complex, you will be required to retain and pay the fees and expenses of competent and duly licensed immigration counsel to assist you with your I-526 and I-829, and any other matters related to you and your Derivative Family Members immigration to the U.S.

Active Participation in Fund's Business. You must be actively involved in the business affairs of the Fund. Your failure to be actively involved may jeopardize your EB-5 status or result in the denial of lawful permanent residence status for you and your Derivative Family Members. Our Operating Agreement, reflecting the EB-5 regulations governing what level of participation is acceptable to meet the EB-5 criteria, requires you to participate in our management to the extent reflected therein. The rights set forth in our Operating Agreement are expected to be sufficient to meet these requirements. If such rights are not sufficient, we will cause our Operating Agreement to be amended to conform to EB-5 regulations.

THE EB-5 PROGRAM AND INVESTMENT REQUIREMENTS

The fifth preference employment based visa ("EB-5 Visa") category is intended to encourage the flow of capital into the U.S. economy and to promote employment of U.S. workers. This preference category may enable a foreign national to obtain permanent residence status in the U.S. more expeditiously than with other visa options. The EB-5 category requires an investment of $1,000,000 (or $500,000 in a high unemployment or rural area) in a commercial enterprise that will employ at least 10 full-time U.S. workers. Although the investor's role cannot be completely passive, he or she does not have to be involved in the day to day management of the business. The investor must be able to document the lawful source of his or her investment funds. The permanent residence obtained by the investor is conditional for two-years and can be made permanent upon satisfying the U.S. Citizenship and Immigration Services (the "USCIS.") at the end of the two-years that the investment proceeds have not been withdrawn and that the requisite jobs have been created. Further descriptions of the EB-5 Visa, Job Creation Requirements, Capital Investment Requirements, and the Foreign Investor Process follow. See also "APPENDIX B—EB-5 FORMS AND INFORMATION."

YOU MUST INDEPENDENTLY DETERMINE WHETHER YOUR PROPOSED INVESTMENT WILL QUALIFY FOR AN EB-5 VISA AND YOU MUST INDEPENDENTLY CONSULT AN IMMIGRATION ATTORNEY. THE FOLLOWING INFORMATION HAS BEEN PREPARED BY US AND IS ONLY A SUMMARY OF APPLICABLE LAW. YOU MUST RETAIN IMMIGRATION COUNSEL TO DETERMINE YOUR ABILITY TO QUALIFY FOR THE EB-5 PROGRAM.

Change in Laws. THE IMMIGRATION LAWS AND THE CORRESPONDING RULES, REGULATIONS AND USCIS INTERPRETATIONS RELATED TO THE EB-5 PROGRAM AND THE CORRESPONDING APPLICATIONS ARE IN A CONSTANT STATE OF FLUX, AND THERE ARE NO ASSURANCES THAT NEW LAWS AND/OR INTERPRETATIONS WILL RESULT THAT WILL OTHERWISE MODIFY THE DISCLOSURES AND INFORMATION SET FORTH IN THIS MEMORANDUM.

EB-5 Visa. The USCIS administers the EB-5 Immigrant Investor Program (the "EB-5 Program"), which was created by Congress in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors.

All EB-5 investors must invest in a new commercial enterprise, which is a commercial enterprise established after November 29, 1990. A commercial enterprise is any for-profit activity formed for the ongoing conduct of lawful business including, but not limited to: a sole proprietorship, a partnership (whether limited or general), a holding company, a joint venture, a corporation, and a business trust or other entity, which may be publicly or privately owned. This definition includes a commercial enterprise consisting of a holding company and its wholly owned subsidiaries, provided that each such subsidiary is engaged in a for profit activity formed for the ongoing conduct of a lawful business. This definition does not include non-commercial activity such as owning and operating a personal residence. A summary of the EB-5 investment requirements follow.

Job Creation Requirements. The investment must create or preserve at least 10 full-time jobs for qualifying U.S. workers within two-years (or under certain circumstances, within a reasonable time after the two-year period) of the foreign investor's admission to the U.S. as a conditional permanent resident. These jobs may be either direct or indirect: direct jobs are actual identifiable jobs for qualified employees located within the commercial enterprise into which the EB-5 investor has directly invested his or her capital; and indirect jobs are those jobs shown to have been created collaterally or as a result of capital invested in a commercial enterprise affiliated with a regional center by an EB-5 investor. A foreign investor may only use the indirect job calculation if the investment is affiliated with a regional center. Foreign investors may only be credited with preserving jobs in a troubled business.

A qualified employee is a U.S. citizen, permanent resident, or other immigrant authorized to work in the U.S. The individual may be a conditional resident, an asylee, a refugee, or a person residing in the U.S. under suspension of deportation. This definition does not include the foreign investor; his or her spouse, sons, or daughters; or any foreign national in any nonimmigrant status (such as an H-1B visa holder) or who is not authorized to work in the U.S.

Full-time employment means employment of a qualifying employee by the new commercial enterprise in a position that requires a minimum of 35 working hours per week. In the case of the foreign investor Pilot Program (described below), "full-time employment" also means employment of a qualifying employee in a position that has been created indirectly from investments associated with the Pilot Program. See "THE EB-5 PROGRAM AND INVESTMENT REQUIREMENTS—The Regional Center" and "THE FUND—Fund Manager—Strategy and Objectives—The Pilot Program." A job sharing arrangement whereby two or more qualifying employees share a full-time position will count as full-time employment provided the hourly requirement per week is met. This definition does not include combinations of part-time positions or full-time equivalents even if, when combined, the positions meet the hourly requirement per week. The position must be permanent, full-time, and constant. The two qualified employees sharing the job must be permanent and share the associated benefits normally related to any permanent, full-time position, including payment of both workman's compensation and unemployment premiums for the position by the employer.

Capital Investment Requirements. Capital means cash, equipment, inventory, other tangible property, cash equivalents, and indebtedness secured by assets owned by the foreign entrepreneur, provided that the foreign entrepreneur is personally and primarily liable and that the assets of the new commercial enterprise upon which the petition is based are not used to secure any of the indebtedness. All capital will be valued at fair market value in U.S. dollars. Assets acquired, directly or indirectly, by unlawful means (such as criminal activities) will not be considered capital. Investment capital cannot be borrowed. Generally the minimum qualifying investment in the U.S. is $1,000,000. However, the minimum qualifying investment either within a high unemployment area or rural area in the U.S. is $500,000.

A targeted employment area ("TEA") is an area that, at the time of investment, is a rural area or an area experiencing unemployment of at least 150% of the national average rate.

A rural area is any area outside a metropolitan statistical area (as designated by the Office of Management and Budget) or outside the boundary of any city or town having a population of 20,000 or more according to the decennial census.

Dependents. An investor's spouse and unmarried children under the age of 21 may be admitted to the U.S. with the investor on a two-year conditional period. If the investor's I-829 is approved, the conditions will be removed from the investor's spouse and children's green card status. See "THE FUND—Fund Manager—Strategy and Objectives—I-829—Petition by Entrepreneur to Remove Conditions." As lawful permanent residents, an investor's spouse and children will be authorized to work or attend school in the U.S.

EB-5 Foreign Investor Application Process. The EB-5 foreign investor application process is summarized below. See "APPENDIX B—EB-5 FORMS AND INFORMATION" for more information, including requirements and supporting documents.

(a) file a Form I-526, Petition by Alien Entrepreneur. See "I-526—Immigrant Petition by Alien Entrepreneur;"

(b) upon approval of the Form I-526 petition, either:

(i) file a Form I-485, Application to Register Permanent Residence or Adjust Status, with the USCIS to adjust status to conditional permanent resident within the U.S. See "I-485—Application to Register Permanent Residence or Adjust Status;" or

(ii) file a D-230, Application for Immigrant Visa and Alien Registration, with the National Visa Center to obtain an EB-5 visa for admission to the U.S. See "DS-230—Application for Immigrant Visa and Alien Registration."

The EB-5 investor (and his or her Derivative Family Members) is granted conditional permanent residence for a two-year period upon the approval of the I-485 application or upon entry into the U.S. with an EB-5 Visa.

(c) File a Form I-829, Petition by Entrepreneur to Remove Conditions, 90 days prior to the two-year anniversary of the granting of the EB-5 investor's conditional resident status. If the USCIS approves this petition, the conditions will be removed from the EB-5 applicant's status and the EB-5 investor and Derivative Family Members will be allowed to permanently live and work in the U.S. See "I-829—Petition by Entrepreneur to Remove Conditions."

These forms are available in the "Forms" section of the USCIS website, by calling 1-800-870-3676, or by submitting a request through the "USCIS Forms by Mail" system.

I-526—Immigrant Petition by Alien Entrepreneur. Form I-526, the Immigrant Petition by Alien Entrepreneur is used by an entrepreneur to petition the USCIS for status as an immigrant to the U.S. under Section 203(b)(5) of the Immigration and Nationality Act (the "INA"), which pertains to immigrant visas for an investor in a new commercial enterprise. A

summary of the requirements and the documentation that will provide evidence of satisfaction of each these requirements is attached. See "APPENDIX B—EB-5 FORMS AND INFORMATION." The current filing fees can be found on the I-526, which is subject to updates. After the I-526 has been accepted, it will be reviewed for completeness, including submission of the required initial evidence. If the I-526 is not completely filled out or if it is filed without the required initial evidence, the petitioner will not establish a basis for eligibility and the I-526 may be denied. The I-526 involves a determination of whether the petitioner has established eligibility for the requested benefit and the petitioner will be notified of the USCIS decision in writing. If the petitioner has established that he or she qualifies for investor status, the petition will be approved. Approval of an I-526 shows only that the petitioner has established that he or she has made a qualifying investment. It does not guarantee that the U.S. Embassy or consulate will issue an EB-5 Visa. There are other requirements that must be met before an EB-5 Visa will be issued. The U.S. Embassy or consulate will notify the petitioner of those requirements. Immigrant status granted based on the I-526 is conditional. If the petitioner does not establish that he or she qualifies for the benefit sought, the I-526 will be denied. The petitioner will be notified in writing of the reasons for the denial. The estimated approval or denial timeframe is 11.3 months. A copy of the I-526 (current as of the date hereof) may be found in APPENDIX B—EB-5 Forms and Information. Two years after entry, the petitioner must apply for the removal of conditions based on the ongoing nature of the investment. See "I-829—Petition by Entrepreneur to Remove Conditions."

I-485—Application to Register Permanent Residence or Adjust Status. Form I-485, the Application to Register Permanent Residence or Adjust Status, is used by a person who is in the U.S. to apply to the USCIS to adjust to permanent resident status or register for permanent residence. The I-485 requires that the application be filed with evidence of eligibility. The current filing fees can be found on the Form I-485, which is subject to updates. After the I-485 has been accepted, it will be reviewed for completeness, including submission of the required initial evidence. If the I-485 is not completely filled out or if it is filed without the required initial evidence, the petitioner will not establish a basis for eligibility and the I-485 may be denied. After the I-485 is filed, the petitioner may be notified to appear at a USCIS office to answer questions about the application. The petitioner will be notified in writing of the decision on the I-485. Additional requirements will apply. The estimated approval or denial timeframe is 4-12 months. A copy of the I-485 (current as of the date hereof) may be found in "APPENDIX B—EB-5 FORMS AND INFORMATION."

DS-230—Application for Immigrant Visa and Alien Registration. Form DS-230, the Application for Immigrant Visa and Alien Registration, is used by a person who is not in the U.S. to apply to the National Visa Center for an EB-5 Visa. The estimated approval or denial timeframe is 6-9 months. A copy of the DS-230 (current as of the date hereof) may be found in "APPENDIX B—EB-5 FORMS AND INFORMATION."

I-829—Petition by Entrepreneur To Remove Conditions. Form I-829, the Petition by Entrepreneur to Remove Conditions, is used by a conditional permanent resident who obtained such status through entrepreneurship to petition to the USCIS to remove the conditions on his or her residence. The I-829 must be filed during the 90 days immediately before the second anniversary of the date that the petitioner obtained conditional permanent resident status, which is the date the petitioner's conditional permanent residence expires. Filing the I-829 extends the

petitioner's conditional permanent residence for six months. If the I-829 is not filed, the conditional permanent resident will automatically lose his or her permanent resident status as of the second anniversary of the date that he or she is granted conditional status. As a result, the conditional permanent resident will become removable from the U.S. The current filing fees can be found on the I-829, which is subject to updates. After the I-829 has been accepted, it will be reviewed for completeness, including submission of the required initial evidence. After the I-829 is filed, the petitioner may be notified to appear at a USCIS office to answer questions about the application. The petitioner will be notified in writing of the decision on the I-829. Additional requirements will apply. The estimated approval or denial timeframe is 6-9 months. A copy of the I-829 (current as of the date hereof) may be found in Appendix B—EB-5 Forms and Information.

The Pilot Program. Under the Immigrant Investor Pilot Program that was created by Section 610 of Public Law 102-395 (October 6, 1992), and that has been extended through September 30, 2015 (the "Pilot Program"), certain EB-5 Visas are set aside for foreign investors in regional centers designated by the USCIS based on proposals for promoting economic growth. The EB-5 Program requirements for a foreign investor under the Pilot Program are essentially the same as in the standard EB-5 investor program, except that the Pilot Program provides for investments that are affiliated with an economic unit known as a "regional center." Investments made through regional centers can take advantage of a more expansive concept of job creation including both "indirect" and "direct" jobs.

A regional center is defined as any economic entity, public or private, which is involved with the promotion of economic growth, improved regional productivity, job creation, and increased domestic capital investment. The organizers of a regional center seeking the "regional center" designation from the USCIS must submit a proposal, supported by economically or statistically valid forecasting tools, showing: how the regional center plans to focus on a geographical region within the U.S., including an explanation of how the regional center will promote economic growth in that region; how, in verifiable detail (using economic models in some instances), jobs will be created directly or indirectly through capital investments made in accordance with the regional center's business plan; the amount and source of capital committed to the regional center and the promotional efforts made and planned for the business project; and how the regional center will have a positive impact on the regional or national economy.

The approval of a regional center means the USCIS recognizes the economic entity as a designated participant in the Pilot Program.

The regional center designation does not mean that the regional center's capital investment projects are backed or guaranteed by the government. Further, there are no guarantees that a foreign investor may ultimately be granted permanent resident status through an EB-5 investment. For example, if it is determined that the foreign investor's money is not truly at risk or that insufficient jobs were created through the investment, then the foreign investor's petition may be denied. Foreign investors should exercise due diligence when making an EB-5 investment. USCIS approval of an EB-5 regional center application does not in any way constitute USCIS endorsement of the activities of that regional center, guarantee compliance with U.S. securities laws, or minimize or eliminate risk to the investor.

Regional Center

This Offering was structured in an effort to satisfy the requirements of the Pilot Program by providing for an investment through a USCIS-approved regional center, EB5 Impact Capital Regional Center LLC, a Nevada limited liability company ("EB5 Impact" or the "Manager"). EB5 Impact was organized on September 16, 2013, is co-managed by Robert W. Dziubla and Jon D. Fleming and has two Members, EB5 Impact Advisers LLC, a Nevada limited liability company and Impact Econometrics LLC, a California limited liability company.

Designation. EB5 Impact received its "regional center" designation pursuant to that certain USCIS approval letter dated July 27, 2015 ("Designation Letter"). Under its designation EB5 Impact is authorized to provide construction financing and/or working capital for commercial real estate and mixed-use projects. EB5 Impact is limited to qualifying investments in these approved economic sectors.

EB5 Impact is authorized to perform these activities in the Nevada counties of Nye and Clark and the California counties of San Bernardino, Riverside, San Diego, Orange, Los Angeles and Kern (See Figure 1). These counties consist of both TEA and non-TEA areas. Each investor filing an I-526 application must prove that he or she invested in a project located in a TEA area, or that the area had TEA status at the time of the investment.

EB5 IMPACT CAPITAL REGIONAL CENTER

GEOGRAPHY

Figure 1

Indicative Loan Terms. The Borrower and EB5 Impact have entered into a term sheet in connection with the proposed terms of the Loan as described herein. A definitive Loan Agreement will be entered into between Borrower and EB5 Impact before the Loan is made.

Regional Center Principals and Advisors

See "THE FUND—Fund Manager—Principal and Advisors."

Targeted Employment Area Designation

Section 204.6(i) of Title 8, Code of Federal Regulations governing the EB-5 Program authorizes the state government of any U.S. state to designate a particular geographic or political subdivision located within a metropolitan statistical area or within a city or town with a population of 20,000 or more with such state as a high unemployment area if the area

experienced an unemployment rate of at least 150% of the national average. Rural areas generally qualify as a TEA. In this case the Project is located in a rural area, Nye County, Nevada, which has been certified as a TEA in a letter dated July 26, 2011 by the Nevada Department of Employment, Training and Rehabilitation. The minimum qualifying investment within a TEA area is $500,000.

THE FUND

Investment Opportunity

Summary. The Fund was organized as a Nevada limited liability company on February 3, 2014. On March 26, 2014, upon the signing of the Operating Agreement of the Fund, we issued the Class A Membership Unit ownership interest in the Fund to EB5 Impact Capital Regional Center LLC, a Nevada limited liability company (our "Manager"). This Memorandum relates to the offering of our Class B Membership ownership interests ("Interests"). Members will not have an ownership interest in Borrower's Project.

We are seeking aggregate investment commitments in the maximum amount of $75,000,000 (the "Maximum Offering Amount") on a best-efforts basis (the "Offering"). The minimum investment amount per eligible investor is $500,000 (one Interest) (the "Minimum Subscription"). We are offering a maximum of 150 Interests (the "Maximum Interests") at a price of $500,000 per Interest (the "Subscription Price"). The Subscription Price will be a $500,000 investment and capital contribution to the Fund and each Investor will also pay a separate Administrative Fee of $50,000 to the Fund. If the Maximum Interests are sold, subscription proceeds in the amount of $75,000,000 will be raised. Subject to the Holdback described in "THE OFFERING—Closing Conditions," the aggregate amount of all of the subscription proceeds will be pooled to make the Loan (see below).

We are a special purpose entity that was organized for the sole purpose of offering the Interests and making a loan in the maximum amount of $75,000,000 (the "Loan") to Front Sight Management LLC, a Nevada limited liability company (the "Borrower"). The Loan will be used by Borrower together with other Project financing which as of the date of this Memorandum is estimated to consist of the $25,000,000 appraised value of the Property in Pahrump, Nevada ("Borrower Equity") and up to $277,000 of development and international marketing costs for the Project which the Borrower has committed to provide to our Manager and its Managers. The initial Loan proceeds when disbursed to Borrower will be used by Borrower to reimburse itself for construction costs previously incurred and related expenses as provided in the Business Plan. Borrower will initially provide a second mortgage interest in favor of the Fund to secure the Loan because a loan previously made to Borrower by a private individual in the current principal amount of $5,098,068 (the "Existing Mortgage Loan") currently holds a first deed of trust on the Property. The Borrower will seek bridge financing consisting of the Senior Loan in an amount sufficient to pay off the Existing Mortgage Loan and build out the Project. If the Senior Loan is obtained, the Existing Mortgage Loan will be paid off with the proceeds of the Senior Loan and the commercial lender of the Senior Loan will take over the first mortgage interest on the Property. The Loan will continue to have a second mortgage interest until such time as both the Existing Mortgage Loan and the Senior Loan are repaid with proceeds of the Offering. Subject to the Holdback described in "THE OFFERING—Closing Conditions," we will pool the

Subscription Price of each investor (each a "Class B Member") for the purpose of making the Loan. Accordingly, subject to the Holdback, we will use proceeds from sales of Interests hereunder to make the Loan, which will be used in accordance with the objective and strategy described in this Memorandum. See "THE PROJECT—Fund Investment (Loan)."

Upon satisfaction of the Subscription Conditions, 75% ($375,000) of your Subscription Price will be released to the Fund by the Escrow Agent, pursuant to the Escrow Agreement, and made available for an advance to the Borrower as part of the Loan. At such time, you shall become a Class B Member of the Fund. The remaining Holdback will be held in the Escrow Account for the Fund's benefit until your I-526 is either approved or finally adjudicated and denied by the USCIS. The Holdback may be released to the Fund by the Escrow Agent, upon the Fund's written direction, after the Release Condition is satisfied or in the event it is needed to provide the refund of the Subscription Price of a prior Investor. At such time, the Holdback may be released and made available for an advance to the Borrower as part of the Loan. If the Release Condition is not satisfied, the Holdback then remaining in escrow will be released to the Fund and may be made available for refund to you under the circumstances and subject to the limitations otherwise described herein. The Holdback will ultimately be released to the Fund and either be made available for refund to an investor if funds are available to make a full refund (under the circumstances and subject to the limitations otherwise described herein) or, (i) if the Release Condition is satisfied or (ii) if funds are not available to make a refund, be made available for an advance to the Borrower as part of the Loan. See "THE OFFERING—Closing Conditions."

If the Release Condition is not satisfied for any Investor and the Investor's Holdback remains in escrows the Investor's Holdback will be released to the Investor by the Escrow Argent and the Escrow Agent will release $375,000 of additional funds comprised of the Holdbacks of other subsequent Investors (if available) to the Fund's general account to enable the Fund to refund such Investor's Subscription Price in full and cancel such Member's Interest. See "THE OFFERING—Closing Conditions." If a Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will use commercially reasonable efforts to issue refunds to such Members as follows: (a) if the Holdback remains in escrow, the Holdback amount of $125,000 shall be released from escrow to the Subscriber without interest or deduction and the Escrow Agent will endeavor to release an additional amount of $375,000, comprised of Holdback Amounts of other Investors, to the general operating account of the Fund to enable the Fund to refund such amount to the Investor; (b) to the extent the Investor's entire Subscription Price has been released to the Fund, the Fund will refund $500,000 to the investor without interest or deduction and cancel Subscriber's Interest to the extent such amount is available or becomes available in the Fund's account comprised of the Holdback amounts of other Subscribers or otherwise; and (c) if a refund is issued by the Fund, it will be issued upon the later to occur of 60 days or as cash is available in the Fund's account, without interest or deduction, to the extent there are sufficient funds in the Fund's account available to provide a full refund. No assurances can be given that the funds will be available to effect full refunds. If the Project is not approved by USCIS and all Class B Member's I-526s are denied or if a high number of the Fund's subscribers' I-526s or conditional visas pursuant thereto are otherwise finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will not have sufficient funds to fully refund subscriptions to all such Members because the Fund will

have limited or no funds available from other sources to make such refunds. Refunds will be made only if funds are available to make a full refund to a Member.

Under such circumstances, Members will be refunded in sequential order based upon the date of the Fund's receipt of written notice of final adjudication and rejection or denial of his or her I-526 or conditional visa. Notwithstanding the foregoing, the entire Subscription Price will be forfeited, a Member will not be entitled to a refund, and a Member will remain a Member of the Fund if the Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office as a result of a Forfeiture Circumstance. Except as provided in the Subscription Agreement, and as described herein, the Subscription Price is not otherwise refundable for any reason, in whole or in part.

Disbursements of Loan proceeds will be made to Borrower from time to time upon request from the Borrower and agreement from the Fund, in accordance with the Loan agreement. The Borrower will issue a promissory note with full recourse to the Fund to the extent permitted by applicable law. Unless less than $37,500,000 is raised, the Loan shall be secured by a first priority deed of trust on the assets of the Borrower, including the real property and improvements thereon. On the date the Loan is made, proceeds from the Loan will be used to pay the balance of the Existing Mortgage Loan and an appropriate release document will be filed by Borrower to remove the first mortgage interest previously filed by the holder of the Existing Mortgage Loan.

Borrower will seek bridge financing of a senior commercial loan in an amount sufficient to build out the Project in accordance with the Business Plan. If this occurs, it is likely that the commercial lender will procure the first mortgage/deed of trust and a first priority pledge and security interest in the Borrower and that the Fund will take a second priority position. The Offering is structured such that if you become one of our Class B Members, you will have made an investment that may qualify as the investment component required for an EB-5 Visa. See "APPENDIX B—EB-5 FORMS AND INFORMATION." If you also satisfy the non-investment criteria for an EB-5 Visa, you may be entitled to seek permanent residence in the U.S.

Operating Agreement

Capitalization. Our Members hold either Class A Units or Class B Units. Our Class A Units are profits only interests, which means they are entitled to a share of Profits and Losses, but acquisition of our Class A Units is not conditioned upon a Capital Contribution. Each Class A Member is entitled to one (1) vote on matters on which they are entitled to vote. Initially, our Class A Member will be our Manager. The Class A Units are not being offered hereby. We will issue Class B Units in exchange for a cash payment of $500,000. Our Class B Members, except as otherwise provided by law, are not entitled to: (1) vote on matters submitted for vote; (2) receive notice of any meeting of our Class A Members; or (3) give consent with respect to any other matter submitted to vote by our Class A Members; *provided, however*, our Class B Members will have authority to terminate our Manager for Cause (as defined in our Operating Agreement).

Authorization and Issuance of Interests. Our Manager is authorized to create, issue, transfer or sell our Interests and other units of interest including otherwise exercisable options

with regard to all units that we issue. Our Manager will determine the fair market value of any newly issued or transferred units utilizing a reasonable method of valuation to arrive at a fair market value of such new units.

Distributions. Depending upon the success of the business of the Fund, subject to the establishment of any appropriate withholding for the payment of known or contingent liabilities of the Fund (which does not include any Member Distributions) as determined by the Manager, and at the sole discretion of the Manager, the Members may receive certain Distributions in the following order of priority:

Class B Distributions. At the maturity of the Loan, our Manager will cause distribution of Net Cash Flow first to our Class B Members, as further described in the Operating Agreement. To the extent that funds are available from Net Cash Flow, the Class B distributions will be equal to 1% per year payable in arrears at the maturity of the Loan.

Capital Event. Upon payment by Borrower of all or part of the unpaid principal due under the Loan ("Outstanding Balance"), as may be extended or modified by the Fund ("Capital Event"), in the Manager's discretion, funds may be made available for Distribution to the Class B Members together with any accrued and unpaid Class B Member Cash Allocations, reduced by the amount of any accrued and unpaid Fees and Expenses and appropriate withholding for the payment of known or contingent liabilities of the Fund (which does not include any Member Distributions) established by the Manager.

Limitation on Distributions. In no event will we pay to our Class B Members Distributions pursuant to Section 5.1(b) of the Operating Agreement within sixty (60) months of the Closing (defined below), unless otherwise agreed as further described in the Operating Agreement; *provided, however,* that no Distribution shall be made pursuant to Section 5.1(b) of the Operating Agreement until such Class B Member's I-829 petition has been adjudicated.

Tax Distributions. Our Manager may, but is not required to, make tax Distributions to our Members. Tax Distributions are treated as an advance against Distributions payable to a Member and are intended to allow the Members to pay their U.S. federal and state income tax liabilities as a result of income to our Fund that is allocated to our Members.

Liquidating Distributions. Upon our liquidation, any proceeds will be distributed in the following order of priority: (1) to pay our creditors; (2) for the establishment of appropriate reserves for our contingent liabilities; (3) to each Class B Member, in the amount of any accrued and unpaid Class B Member Cash Allocations; (4) to each of our Class B Members in accordance with Section 5.1(b) of the Operating Agreement; and (5) in proportion to each of our Class B Member's remaining positive Capital Account balance to the extent such Distribution would not result in a negative Capital Account balance.

Allocations. We will allocate Profits in the following order of priority to: (1) our Class B Members in the amount of their actual Class B Member Cash Allocations; (2) reverse previously allocated Losses; and (3) our Class A Member(s). We will allocate Losses in the following order of priority to (1) the Class A Members to the extent of such previous unreversed Profits

Allocations and (2) our Members in accordance with their positive Capital Account balance, but not beyond the extent that would decrease a Capital Account below zero (0).

Payment of Certain Expenses. The Manager shall receive a Guaranteed Payment equal to the sum of (i) the Draw Fees actually received by the Fund; and (ii) an amount equal to 83.33% of Borrower Cash Receipts during the first 60 months following the Loan Date (as defined in our Operating Agreement); *provided, however*, the amount equal to 83.33% shall increase to an amount equal to 85.71% of Borrower Cash Receipts pursuant to an agreement between the Fund and the Borrower to extend the term of the Loan beyond sixty (60) months ("Management Fees"). Management Fees will be used in part to reimburse the Manager for the payment of certain expenses concerning the administration of the Fund which are the sole responsibilities of the Manager, including, but not limited to: (1) costs of personnel employed by the Fund or performing services for the Fund; (2) legal, audit, accounting, and other fees and expenses; (3) expenses and taxes incurred in connection with the issuance, distribution, transfer, registration, and recording of documents evidencing ownership of Units of the Fund or in connection with the business of the Fund; (4) expenses in connection with the acquisition, preparation, operation, improvement, development, disposition, replacement alteration, repair, remodeling, refurbishment, leasing, financing, and refinancing of Fund property; (5) the cost of insurance obtained in connection with the business of the Fund; (6) expenses of organizing, revising, amending, converting, modifying, or terminating the Fund; (7) expenses in connection with distributions made by the Fund to and communications, bookkeeping, and clerical work necessary in maintaining relations with Members; (8) expenses in connection with preparing and distributing reports to Members for required tax purposes or otherwise; and (9) costs incurred in connection with any litigation, including any examination or audits by regulatory agencies. Management Fees shall accrue as of the end of each month and be payable monthly on the fifth (5th) business day following the end of each calendar month. Accrued and unpaid Management Fees shall be payable in arrears. Additionally, FPCs shall receive commissions or fees for the non-U.S. placement of our Class B Units.

Meetings and Actions. Our Class B Members do not have the right, except as may otherwise be provided by law, to vote on our matters except the removal of our Manager for Cause.

Power of Attorney. Upon execution of our Operating Agreement, our Class B Members will irrevocably appoint our Manager as their true and lawful attorneys-in-fact to act on their behalf and to make, execute, consent to, swear to, acknowledge, publish, record, and file our documents and instruments. Our Manager will have full power of substitution.

Management. Our Manager will manage our business and affairs, and except as otherwise provided under our Operating Agreement or the Nevada Limited Liability Company Act, will have full and complete authority, power, and discretion to make any and all decisions and to do all things that our Manager deems reasonably required to accomplish our business and objectives. Our Class B Members will not have the authority to bind us. Our Manager is appointed by a majority of the Class A Members. Initially, our Manager will be EB5 Impact Capital Regional Center LLC, a Nevada limited liability company (the "Manager" or "EB5 Impact").

Manager Duties. Our Manager has the duty of day-to-day control and management of the Fund and of all of the Fund's business affairs.

General Restriction on Transfer. Unless otherwise approved by our Manager, no Member may transfer any Interest unless such transfer is made in accordance with the provisions of our Operating Agreement. An attempt to transfer any Interest other than in accordance with the provisions of our Operating Agreement will be void ab initio and of no force or effect, and we will not make any transfer on our records of any Interest so transferred nor will the transferee of any such Interest be entitled to vote. In addition, there are transfer restrictions required by the Securities Act.

Tax Matters. EB5 Impact will be our Tax Matters Partner pursuant to Section 6221 of the Internal Revenue Code of 1986, as amended. We agree to file all tax returns consistent with our treatment as a partnership.

Dissolution. Our Manager has the sole power to terminate and dissolve the Fund, but only to the extent that such dissolution is in compliance with the EB-5 Program. We may also be judicially dissolved.

Indemnification. To the fullest extent not prohibited by law, we will indemnify and hold harmless our Manager from and against all losses, claims, demands, costs, damages, liabilities, expenses, judgments, fines, settlements, and other amounts arising from all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative, or investigative, in which our Manager may be involved, or threatened to be involved, as a party or otherwise, by reason of its status as our Manager. However, no such indemnification will apply unless: (1) our Manager acted in good faith and in a manner our Manager reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct was unlawful; (2) our Manager's conduct did not constitute fraud or gross negligence; and (3) our Manager's conduct was not intentionally and knowingly in violation of a material provision of our Operating Agreement. For purposes of our Operating Agreement, any act or omission, if done or omitted to be done in reliance, in whole or in part, upon the advice of independent legal counsel or public accountants selected with reasonable care, will be presumed to have been done or omitted to be done in good faith and will not constitute gross negligence or an intentional or knowing violation of a material provision of our Operating Agreement.

Term. The term of our Operating Agreement begins on the Effective Date (as defined in our Operating Agreement) and continues until termination by a vote of our Class A Members or dissolution by judicial authority.

Fund Manager

Our Manager is EB5 Impact Capital Regional Center LLC, a Nevada limited liability company. Our Manager is also the Class A Member of the Fund.

Fund Management. Pursuant to our Operating Agreement, our Manager will be responsible for loaning the pooled subscription proceeds, managing our business and affairs, and handling our day to day operations. Except as otherwise specifically provided under our Operating Agreement, our Manager will have full and complete authority, power, and discretion

to make any and all decisions and to do any and all things that our Manager deems to be reasonably required to accomplish our business and objectives. Except as otherwise provided in our Operating Agreement, our Manager will hold office until the earlier to occur of its resignation, replacement, or removal. Our Manager will receive Management Fees.

Fund Principals and Advisors

EB5 Impact Capital Regional Center LLC – Robert W. Dziubla (President and CEO).

Robert Dziubla is the President and CEO of EB5 Impact Advisors LLC and Kenworth Capital, Inc. He has over 35 years of professional experience as an investor, investment banker, owner, operator and attorney. Mr. Dziubla has handled over $10 billion worth of real estate and financial transactions during his career and has extensive experience with hotel and hospitality transactions. His current responsibilities for this transaction are to exercise general oversight and supervision in all regards, with special attention to application of the loan proceeds to the construction and operation of the Facilities.

Prior to establishing EB5 Impact Advisors, Mr. Dziubla served as the Co-Chairman and General Counsel of Guggenheim Sovereign, LLC, a joint venture with Guggenheim Partners, a $130 billion financial services firm, where he advised sovereign countries and state-owned enterprises on large, complex economic development transactions; before that, he served as an international partner at two of the world's largest law firms, Baker & McKenzie and Jones Day where he specialized in international finance, real estate and joint venture.

Mr. Dziubla earned his J.D. (juris doctor) and B.A. degrees from Northwestern University, his M.A. in political science (Chinese politics) from the University of Chicago, and his LLM in Asian Law from the University of Washington. He was a Senior Fulbright Fellow at the University of Kyoto, Japan, where he specialized in Japanese corporate and securities law. He has been listed in "Who's Who in the World," "Who's Who in America," Who's Who in American Law," and "America's Leading Lawyers." He has published numerous articles and presented seminars on international business, financial and legal issues. Mr. Dziubla has also taught International Finance and International Business Transactions courses at the USC Law School and the University of San Diego Law School.

EB5 Impact Capital Regional Center LLC – Jon D. Fleming (Senior Vice President).

Jon Fleming is the Senior Vice President of EB5 Impact Advisors LLC and the President and CEO of Legacy Realty Capital, Inc. Mr. Fleming has over 32 years of business experience as an investor, lender, and investment banker of commercial real estate properties. He began his career in commercial real estate as a broker in Calgary, Canada in 1980, and then he immigrated to the United States in 1983. Mr. Fleming moved to Los Angeles and became active in the lending industry in 1984 while working as a loan officer for Security Pacific National Bank. In 1987 he became a senior lender for HomeFed Bank in San Diego. During his career with HomeFed he financed various major commercial real estate construction projects throughout California, Nevada, and Arizona. Mr. Fleming serves as the President of Legacy Realty Capital Inc. (LRC), a company established to acquire and oversee non-performing commercial real estate notes and properties. His responsibilities include negotiating and underwriting loan purchases,

bridging loan funding, and managing the assets to maximize profitability. In addition, LRC provides high-quality court-appointed third-party receivership services for financial institutions and secured lenders. During his career he has completed over $500 million in project financing and investment transactions. He has held a California real estate broker's license since 1995. Mr. Fleming earned a Bachelor of Arts degree in Economics from the University of Western Ontario. In 2007, Mr. Fleming became a proud U.S. citizen.

THE PROJECT

Fund Investment (Loan)

Secured Loan. Subject to the Holdback described in "THE OFFERING—Closing Conditions," we will pool the aggregate amount of all of the subscription proceeds to make the Loan to the Borrower. See "THE FUND—Investment Opportunity." The Loan shall bear interest ("Loan Interest") at an annual rate of 6%, subject to an increase to 7% during any extension of the Term (60 months). The Loan may be extended at the option of Borrower for one 24-month period. Loan Interest will be computed on a 365-day calendar year basis for the actual number of days for which Loan Interest is being determined on the unpaid principal balance of the Loan.

Borrower. The Borrower is Front Sight Management LLC, a Nevada limited liability company that is the successor to the FSFTI business originally organized on September 10, 1991. The principal office of the Borrower is 1645 Village Center Circle, Suite 170, Las Vegas, Nevada 89134. The principal business of Borrower is to operate and manage FSFTI located on a 550 acre site in Pahrump, Nevada, which will be the site of the Project. FSFTI is the largest, most highly acclaimed and successful private firearms training institute in the world, with an established membership of 150,000 annual dues paying members. FSFTI has been operating for approximately 17 years and provides classes and instruction annually to 40,000 gun and weapons enthusiasts at its Pahrump, Nevada facilities. FSFTI is considered the leader in its field and provides additional training to numerous city and state agencies seeking to improve performance of their various law enforcement departments through the training programs offered by FSFTI.

Borrower Principal. Ignatius Anthony Piazza, II is the founder, owner, President and Manager of Front Sight Management LLC which also operates FSFTI. Dr. Piazza has been in the firearms training industry for over 20 years and is actively involved in all aspects of managing and supervising FSFTI.

In 1993, Dr. Piazza became the second individual in the world to secure the "Four Weapons Combat Master" certification. He is the writer, producer and online narrator of the Telly Award Winning DVD, "Front Sight Story Chapter One: Your Legacy." Dr. Piazza also wrote, produced and hosted a reality television show, "Front Sight Challenge," which was aired for 26 episodes on the Versus Network in 2006-2007.

In 2006, Dr. Piazza authored Gun Training Reports, which have over 700,000 subscribers and the subscriber base has been growing at the rate of 10,000 subscribers per month.

Dr. Piazza holds a Bachelor of Science degree from California State University Hayward and a Doctor of Chiropractic degree from Palmer College of Chiropractic West.

Borrower Management. Supporting Dr. Piazza in his role as the President of Borrower, Michael G. Meacher serves as the Vice President and Chief Operating Officer of Borrower. Before taking on this role, Mr. Meacher was the Resort Development Consultant to Borrower's predecessor entities and FSFTI from 1996 to 2010.

Mr. Meacher worked as the National Accounts Manager at Bankgroup Financial Services (BFS) from 1984 to 2010. BFS is a group of banks that collectively provides development capital to recreational resort properties.

Mr. Meacher is a distinguished Graduate of the Front Sight Handgun, Rifle and Shotgun course. He holds a Doctorate of Dental Surgery degree and a Bachelor of Science degree from the University of Southern California.

Project Description. The Project will include the construction of the Front Sight Resort & Vacation Club ("FSRVC") and an expansion of the facilities and infrastructure of the Front Sight Firearms Training Institute ("FSFTI") (the "Facilities") located in a 550 acre site in Pahrump, Nevada. The Facilities will include 102 timeshare residential units, up to 150 luxury timeshare RV pads, an 85,000 square foot restaurant, retail, classroom and offices building (to be known as the Patriot Pavilion) and related infrastructure and amenities, all of which will be located at One Front Sight Road, Pahrump, Nevada 89041 (the Property").

Several computer-generated renderings of the Project are set forth in Figure 2 below.

Figure 2

Total Project expenditures are estimated at $75,000,000. The Borrower will secure any Other Financing as needed to complete the Project.

LaTour. LaTour will manage the FSRVC and commercial Facilities of the Project and receive a management fee in accordance with the Servicing Agreement. LaTour is a management company that was founded over 6 years ago but which has over 150 years combined experience in resort management and over 50 years of specific experience in mixed use resort development and management. LaTour is associated with ResortCom International, a large financial services and sales and marketing organization that has been in business over 30 years and currently serves approximately 250,000 individual timeshare, fractional and condominium owners and represents over 40 large clients who operate in those disciplines.

THE OFFERING

Fund Investment Structure

We are seeking up to the Maximum Offering Amount on a best-efforts basis. Subject to the Holdback described in "THE OFFERING—Closing Conditions," the aggregate amount of all of the subscription proceeds will be pooled to make the Loan.

The Offering is structured such that if you become a Member of the Fund you will have made an investment that may qualify as the investment component required for an EB-5 Visa. See "APPENDIX B—EB-5 FORMS AND INFORMATION." If you also satisfy the non-investment criteria for an EB-5 Visa, you and your Derivative Family Members may be entitled to seek permanent residence in the U.S.

The Loan will be for an initial term of 60 months (the "Term") beginning the month following the month in which the Loan is made and may be extended at the option of Borrower for one 24-month period. It is anticipated that the Loan will generate cash in the form of principal and interest payments on the Loan (the "Loan Payments"). See "THE PROJECT—Fund Investment (Loan)—Secured Loan."

In no event will we repay the Subscription Price to our Class B Members until: (a) on or after 60 months from the initial date of the investment; or (b) prior to that date, at the option of the Borrower and the Class B Member, in exchange for the Class B Member's interest upon the approval of the Class B Member's I-829. There can be no assurance that the Subscription Price will ever be repaid. Repayment is subject to the availability of funds based on the performance of the Loan and the success of the Project.

Securities Offered

Key Features. An Interest will be issued to a subscriber only after (a) we have accepted Subscription Documents for such subscriber, and (b) the Subscription Price funds have been paid for such subscriber. Investors who become Class B Members and hold the Interests will have limited voting rights and may only vote on a removal of our Manager for Cause (as defined in our Operating Agreement). See "THE FUND." Our Interests are generally not transferable and any attempt to transfer the Interests other than in accordance with our Operating Agreement will be void and of no effect. Other characteristics of the Interests, including Allocations and Distributions (as defined in our Operating Agreement) are set forth above. See "THE FUND—Operating Agreement."

Restrictions. Except as set forth in our Operating Agreement, our Class B Members will not take part in the management of our affairs or control our business. Our Class B Members may under no circumstances sign on behalf of or bind us. Subject to the limitations set forth in our Operating Agreement, by non-waivable provisions of the Act (as defined in our Operating Agreement), or by the EB-5 Program, our Manager will have complete authority and exclusive control to conduct business on our behalf, in its sole and absolute discretion, without the consent of our Class B Members. Except as may be expressly provided for in our Operating Agreement, no Class B Member will have the actual or apparent authority to bind us to any contract, agreement, or obligation, and no Class B Member will purport to take any action on our behalf.

Registration Exemptions

Regulation S. Our Interests are being offered pursuant to an exemption from registration under the Securities Act. The Offering is intended to comply with the provisions of Rule 903(b)(3) of Regulation S promulgated by the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act, and exemptions from registration provided by various state laws or regulations. Rule 903(b)(3) requires that all its provisions be met in order for exemption from registration to be available thereunder. If that exemption is not available, it is still intended that the Interests will be offered under an exemption from registration under the Securities Act. By investing, you acknowledge that you must: (a) be domiciled and have your principal place of business outside the U.S.; (b) certify that you are not a U.S. person as defined under Rule 902 of Regulation S and are not acquiring the Interests for the account or benefit of any U.S. person; (c)

at the time of the Offering to and communication of your order to subscribe for the Interests and at the time of your execution of the Subscription Documents, be located outside the U.S.; and (d) at the time of the Closing be located outside the U.S. See "REGULATORY CONSIDERATIONS—The Securities Act of 1933."

Regulation D. Our Interests are also being offered pursuant to an exemption from registration under the Securities Act. The Offering is intended to comply with the provisions of Section 4(2) of the Securities Act and Regulation D as promulgated by the SEC under the Securities Act, and exemptions from registration provided by various state laws or regulations. See "REGULATORY CONSIDERATIONS—The Securities Act of 1933."

Minimum Subscription

The minimum investment amount per eligible investor is the Subscription Price. The Subscription Price will be $500,000, which will be your capital contribution to the Fund if you are accepted as a Class B Member. See "THE FUND—Investment Opportunity—Summary." Expenses will be borne by our Manager.

Refund Upon I-526 or Conditional Visa Denial

If a Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will use commercially reasonable efforts to issue refunds to such Members as follows: (a) if the full Subscription Price remains in escrow the full amount of $500,000 shall be released from escrow to Investor by the Escrow Agent without interest or deduction; (b) if the Holdback only remains in escrow, the Holdback amount of $125,000 shall be released from escrow to the Investor without interest or deduction and the Escrow Agent will endeavor to release an additional amount of $375,000, comprised of Holdback Amounts of other Investors, to the general operating account of the Fund to enable the Fund to refund such amount to Investor; (c) to the extent the Investor's entire Subscription Price has been released to the Fund, the Fund will refund $500,000 to Investor without interest or deduction and cancel Investor's Interest to the extent such amount is available or becomes available in the Fund's account comprised of the Holdback amounts of other Investors or otherwise; and (d) if a refund is issued by the Fund, it will be issued upon the later to occur of 60 days or as cash is available in the Fund's account, without interest or deduction, to the extent there are sufficient funds in the Fund's account available to provide a full refund. No assurances can be given that funds will be available to effect full refunds.

If the Project is not approved by USCIS and all Class B Member's I-526s are denied or if a high number of the Fund's Investors' I-526s or conditional visas pursuant thereto are otherwise finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will not have sufficient funds to fully refund subscriptions to all such Members because the Fund will have limited or no funds available from other sources to make such refunds. Refunds will be made only if funds are available to make a full refund to a Member. If any funds are available, Members will be refunded in sequential order based upon the date of the Fund's receipt of written notice of final adjudication and rejection or denial of such Member's I-526 or conditional visa. Notwithstanding the foregoing, the entire Subscription Price will be

forfeited, a Class B Member will not be entitled to a refund, and a Class B Member will remain a Member of the Fund if the Class B Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office as a result of a Forfeiture Circumstance. Except as provided in the Subscription Agreement, and as described herein, the Subscription Price is not otherwise refundable for any reason, in whole or in part.

If you receive a refund, while you were a Member of the Fund, note that Losses may have be generated and allocated to you pursuant to Section 4.3 of the Operating Agreement. To the extent Losses are allocated to you, there will be a reduction of your Capital Account balance and you may receive tax losses for U.S. federal income tax purposes. If you dispose of your Interest before you are allocated Profits to offset the amount of Losses previously allocated to you, disposal of your Interest may result in taxable income. Note that this is a general summary of one of the U.S. federal income tax consequences to our Members that would result in the event of disposal of an Interest. It is not intended to be a complete analysis of all possible tax considerations in acquiring, holding, and disposing of an Interest and, therefore, is not a substitute for careful tax planning by you, particularly because the federal, state, and local income tax consequences of an investment in a partnership like the Fund will not be the same for all taxpayers.

Offering Price Determination

The price of the Interests was established by our Manager in an aggregate amount to fund all or part of the Loan taking into account a number of factors, including the capital needs of the Fund and the requirements of the EB-5 Program. The Offering price, except for the amount of the Loan, bears little relationship to our assets, valuation, business plan, net worth, or any other objective criteria of value.

Plan of Distribution

This Offering will be conducted on a best-efforts basis domestically by our officers and internationally by FPCs in accordance with Regulation S and Regulation D, as applicable. Other than this Memorandum, we have not made, used, prepared, authorized, approved, or referred to and will not make, use, prepare, authorize, approve, or refer to any written communication that constitutes an offer to sell or a solicitation of an offer to buy the Interests. FPCs will not prepare any supplemental materials without our express prior written consent and approval. FPCs will not have the authority to bind us with respect to any prospective offer to purchase Interests. We retain the sole and absolute right to accept or reject your subscription. No offer and sale will be made for the Interests unless it is in compliance with the securities and related laws of the country in which you reside and/or are a citizen. No Interests will be deemed to have been purchased and paid for, or sold by us to you, until your Subscription Documents have been approved and accepted by us and notification of same has been delivered to you.

We will review your Subscription Documents for completeness, due execution, and investor suitability. We have the sole and absolute right to reject any subscription that is tendered but has not closed or to waive any defect in any Subscription Document. If we reject a subscription, the Subscription Price will be returned without interest or deduction.

Notwithstanding the foregoing, our acceptance of any subscription is contingent upon payment of the full Subscription Price. If we have accepted your subscription, you may not cancel, terminate, or revoke the subscription.

Closing Conditions

Subscriptions

The subscription period will begin on the date of this Memorandum and the Offering will continue until the Maximum Interests are sold or the Offering is terminated by the Fund. All subscription proceeds received from subscribers for Interests shall be deposited in the Escrow Account established for subscription funds. By subscribing for an Interest, you recognize and agree that the Fund will immediately commence operations and that the Fund needs the capital contributions of its Members before such Members' I-526s are likely to be approved by the USCIS. Therefore, a portion of each Member's capital contribution will be released from escrow before his or her I-526 is approved, in accordance with the following procedure:

1. 75% Subscription Price Release. Upon satisfaction of the Subscription Conditions, 75% ($375,000) of each subscriber's Subscription Price will be released to the Fund by the Escrow Agent, pursuant to the Escrow Agreement, and made available for an advance to the Borrower as part of the Loan. At such time, each such subscriber shall become a Member of the Fund and the capital accounts attributable to each such Member shall be deemed fully funded so that the Fund can commence operations.

2. 25% Holdback. The remaining Holdback will be held in the Escrow Account for the Fund's benefit until such Member's I-526 is either approved or denied, unless it is released earlier as provided herein. The Holdback will ultimately either be made available for refund to a Member if the Release Condition is not satisfied and if funds are available to make a full refund or (i) if the Release Condition is satisfied or (ii) if funds are not available to make a full refund, be made available for an advance to the Borrower as part of the Loan. See "THE OFFERING—Closing Conditions." If the Release Condition is met, the Holdback shall be immediately released from the Escrow Account and disbursed to the Fund. At such time, the entire $500,000 Subscription Price is non-refundable

3. Refunds. If a Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will use commercially reasonable efforts to issue refunds to such Members as follows: (a) if the full Subscription Price remains in escrow the full amount of $500,000 shall be released from escrow to Investor by the Escrow Agent without interest or deduction; (b) if the Holdback only remains in escrow, the Holdback amount of $125,000 shall be released from escrow to the Investor without interest or deduction and the Escrow Agent will endeavor to release an additional amount of $375,000, comprised of Holdback Amounts of other Investors, to the general operating account of the Fund to enable the Fund to refund such amount to the Investor; (c) to the extent the Investor's entire Subscription Price has been released to the Fund, the Fund will refund $500,000 to the Investor without interest or deduction and cancel the Investor's

Interest to the extent such amount is available or becomes available in the Fund's account comprised of the Holdback amounts of other Investors or otherwise; and (d) if a refund is issued by the Fund, it will be issued upon the later to occur of 60 days or as cash is available in the Fund's account, without interest or deduction, to the extent there are sufficient funds in the Fund's account available to provide a full refund. No assurances can be given that funds will be available to affect full refunds.

4. Insufficient Available Funds for a Refund. If the Project is not approved by USCIS and all Class B Member's I-526s are denied or if a high number of the Fund's subscribers' I-526s or conditional visas pursuant thereto are otherwise finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office, the Fund will not have sufficient funds to fully refund subscriptions to all such Investors because the Fund will have limited or no funds available from other sources to make such refunds. Refunds will be made only if funds are available to make a full refund to an Investor. If any funds are available, Members will be refunded in sequential order based upon the date of the Fund's receipt of written notice of final adjudication and rejection or denial of such Investor's I-526 or conditional visa. Notwithstanding the foregoing, the entire Subscription Price will be forfeited, a Class B Member will not be entitled to a refund, and a Class B Member will remain a Member of the Fund if the Class B Member's I-526 or conditional visa pursuant thereto is finally adjudicated and rejected or denied by the USCIS or U.S. Consulate or other governmental office as a result of a Forfeiture Circumstance. Except as provided in the Subscription Agreement, and as described herein, the Subscription Price is not otherwise refundable for any reason, in whole or in part.

5. Substitute Members. In the event the Fund is unable to fully refund a denied Member's Subscription Price, the Fund shall use commercially reasonable efforts to substitute the denied Member with a new Member, as and when such substitute Member's I-526 is approved. Notwithstanding the foregoing, no such substitution shall be made after the Loan has been fully funded.

Subscription Conditions. Issuance of an Interest to you is conditioned upon: (a) our receipt of completed Subscription Documents; (b) deposit of the entire Subscription Price and the Administrative Fee into the Escrow Account; (c) proof of I-526 filing with the USCIS; and (d) your receipt of notice of our acceptance of your subscription ("Subscription Approval Notice") (together, the "Subscription Conditions"). NOTE TO SUBSCRIBERS: DO NOT TRANSFER THE SUBSCRIPTION PRICE OR THE ADMINISTRATIVE FEE TO ANY THIRD PARTY. DEPOSIT OF THE SUBSCRIPTION PRICE AND THE ADMINISTRATIVE FEE MUST BE IN ACCORDANCE WITH THE ESCROW AGREEMENT.

Escrow Account. All subscription payments for Interests and administrative fees must be deposited into the Escrow Account that will be established by the Fund at Signature Bank, an FDIC insured commercial bank ("Escrow Agent"), which is anticipated to be administered and maintained by NESF Escrow Services Corp., a Delaware corporation, as escrow administrator ("Escrow Administrator"). Escrow administration services are expected to be provided by the Escrow Agent and the Escrow Administrator pursuant to that certain Amended and Restated Subscription and Administrative Fee Escrow Agreement among the Escrow Agent, the Escrow

Administrator, the Fund and the Manager dated as of June 1, 2016 ("Escrow Agreement") (see APPENDIX D).. See "THE OFFERING – Closing Conditions."

Closing

Timing. The Offering will begin on the date hereof and continue until December 31, 2017, subject to an extension at our option of up to an additional 90 days (the "Offering Period"). We will provide for multiple interim closing dates in our discretion.

Issuance of Interest. Upon satisfaction of the Subscription Conditions, you will become a Class B Member of the Fund and, except as otherwise described herein, your investment will be final and irrevocable.

Closing Conditions. The Interests are offered on a best efforts basis up to the Maximum Offering Amount. The Offering is subject to our right to withdraw the Offering at any time without notice and further subject to our right to reject any subscription. We may terminate this Offering if events occur that in our Manager's judgment make it impracticable or inadvisable to proceed with, continue or consummate the Offering described herein. There is no assurance that all or any of the Interests will be sold.

Fees and Expenses

Our Manager will be responsible for various administrative and operational fees and expenses.

Organization, Offering, and Operating Expenses. Except for fees and expenses covered by the Administrative Fee, our Manager will bear all of our ongoing Offering expenses including, without limitation: investment expenses (e.g. expenses that we determine to be related to the Loan, costs and charges for equipment or services used in communicating information); professional fees (e.g. fees of consultants and experts) relating to the Loan; costs relating to the organizational documents, corporate agreements, and any modification to or supplement of such documents, and any distribution of such documentation to our Members; legal expenses; accounting, auditing, and tax preparation expenses; econometric expenses; administrative expenses; expenses of the Fund agents; taxes and governmental fees; printing, translation, and mailing expenses; fees and out-of-pocket expenses of any service company retained to provide accounting and bookkeeping services; quotation or valuation expenses (e.g. fees and expenses of any third parties engaged to provide valuation services to the Fund); insurance premiums; and extraordinary expenses (e.g. costs incurred in connection with any litigation, government investigation, or dispute in connection with our business and the amount of any judgment or settlement paid in connection therewith, or the enforcement of our rights against any person, costs, and expenses for indemnification, or contribution payable by the Fund to any person, and all costs and expenses incurred as a result of our reorganization, dissolution, winding-up, or termination); provided that after initial funds are released from the Escrow Account and the Loan is made, our Manager will deduct up to $80 per month per Investor from disbursements made to the Investors for ongoing administrative fees related to the Loan administration and the Project..

USE OF PROCEEDS

In order to achieve the objectives described herein, we are seeking equity investment under the EB-5 Program to finance the Loan to Borrower to develop the Project. Subject to the Holdback described in "THE OFFERING—Closing Conditions," we will pool the aggregate amount of all of the subscription proceeds to make the Loan to the Borrower, which will be used for the development of the Project and to reimburse Borrower for hard construction costs and related expenses of the Project, together with the Other Financing, including the Senior Loan which the Borrower will seek and which, if obtained, will be used to pay off the approximately $5,096,068 current balance of the Existing Mortgage Loan. The Fund anticipates that the proceeds of this Offering together with the Other Financing will satisfy the capital requirements for development of the Project such that other sources of capital will not be necessary to successfully develop the Project.

Although our Manager has broad discretion to adjust the application and allocation of the net proceeds of this Offering in order to address changed circumstances and opportunities, all proceeds from this Offering are intended to be used for the Loan to Borrower.

AFFILIATES, CONFLICTS AND RELATED PARTY TRANSACTIONS, AND CONFIDENTIALITY

Affiliates

Manager. Our Manager is EB5 Impact Capital Regional Center LLC.

From time to time our Manager may, subject to the terms of our Operating Agreement, cause us to enter into transactions with affiliates. We will not necessarily derive a benefit from each such transaction, and we and the other party to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions. Our Members may have no opportunity to participate in the evaluation of the terms or merits or valuation of any such transactions.

Conflicts and Related Party Transactions

The interests of our Manager, its affiliates, and its principals ("Manager Entities") may conflict with the interests of our Class B Members in various ways. Our transactions may result in the immediate realization by Manager Entities of substantial commissions, fees, and compensation, and other income or expense reimbursements, which may not be subject to arm's length negotiations. Subject to the fiduciary duties and specific restrictions set forth in our Operating Agreement, our Manager has considerable discretion with respect to all decisions relating to the terms and timing of such transactions. The Manager Entities may have an interest in taking, or not taking, certain actions on behalf of us that an independent manager would not have.

The Manager Entities may invest in a project or fund in which the Manager Entities or another fund managed by, or another client of, a related entity (such other funds and clients, collectively, "Other Clients") invests or holds a debt or equity interest or in which one or more of our Manager Entities is a developer, operator, director, manager, administrator, or custodian or

may otherwise be involved. Conflicts may arise between the economic interests of us and those of our Manager Entities, and actions which our Manager Entities take or omit to take to protect their own interests therein may have an adverse effect upon your interests. In the event of a conflict of interest, our Manager will endeavor to ensure that it is resolved fairly.

Our Manager and its management personnel will devote only so much of their time to the Fund's business as in the judgment of our Manager are reasonably required. Our Manager and its management personnel may be engaged in substantial activities other than on the Fund's behalf, and may have conflicts of interest in allocating time and activity between us and its other activities. The employees of our Manager also hold comparable positions with the entities providing services to existing funds and our Manager Entities expect to have Other Clients, therefore our Manager's employees may have conflicts of interest in allocating management time, services, and functions among us, existing funds, and any existing or future partnerships or other ventures that may be organized.

Our Manager Entities may form, manage and advise, directly or through affiliates, additional funds, investment partnerships, or other entities, and our Manager Entities may have Other Clients, some of which have investment objectives similar or identical to ours, and which may compete with us for, among other things, available investment, financing, and disposition opportunities.

Any transactions between us and any Other Clients or any Manager Entity may not be the result of arm's length negotiations. In such cases, conflicts of interest may arise in determining the price and terms of the transaction. Our Manager Entities may have information about our investment policies and strategy that would be of assistance to Other Clients or Manager Entities in transactions with us.

The Fund and our Manager Entities are not represented by separate counsel. The attorneys, accountants, and other experts performing services for us also perform services for certain Manager Entities. You should not construe the contents of this Memorandum as legal, tax, regulatory, or accounting advice.

Confidentiality

We and our Manager, as well as our and its affiliates, employees, agents, officers, and directors, will not disclose and will keep confidential all of your confidential or proprietary information of which we become aware in connection with your investment in the Fund, except when and to the extent that: (a) you release us in writing from such obligation of confidentiality; (b) the information to be disclosed is publicly known at the time of proposed disclosure; (c) the information otherwise is or becomes legally known other than through disclosure by you or by another party known to be bound by an obligation of confidentiality; and (d) such disclosure is required by law or requested by any regulatory authority or self-regulatory organization, counterparty, or required by statute, rule, regulation, subpoena, regulatory examination request, or court order; provided that such agency, counterparty, regulatory authority, or association is made aware of the confidential nature of the information disclosed.

LEGAL PROCEEDINGS

There are no material legal proceedings by or against the Fund or our Manager and we have been advised that there are no material legal proceedings by or against the Borrower as of the date of this Memorandum.

REGULATORY CONSIDERATIONS

The Securities Act of 1933

Our Interests will not be registered under the Securities Act, or any other securities law, including foreign and state securities or blue sky laws. Our Interests are offered without registration in reliance upon the exemption contained in Section 4(2) of the Securities Act and rules enacted thereunder for transactions not involving a public offering.

The Subscription Agreement will require you to make customary private placement representations, including: (a) that you are either an "accredited investor," as defined in Rule 501(a) of Regulation D of the Securities Act or that you are not a "U.S. person," as defined in Rule 902 of Regulation S of the Securities Act; (b) that you are acquiring the Interests for your own account, for investment purposes only, and not with a view to its distribution; (c) that you have received or had access to all information you deem relevant to evaluate the merits and risks of the prospective investment and that you have reviewed and understood all such information; (d) that you have the ability to bear the economic risk of an investment in the Fund for an indefinite period of time; and (e) that you have such knowledge and experience of financial and business matters that you are capable of evaluating the merits of an investment in the Fund.

During the course of the Offering, and prior to a purchase of Interests, you are invited to meet with, ask question of, and receive answers from us concerning the terms and conditions of the Offering, and to obtain any additional information, to the extent that we possess such information or can acquire it without unreasonable effort or expense, necessary to verify the information contained in this Memorandum.

Investment Company Act

While we may be similar in some ways to be an investment company, we are not required and do not intend to register as such under the ICA. We rely on the exemption contained in Section 3(c)(5)(C) and/or Section 3(c)(1) of the ICA. Section 3(c)(5)(C) excludes from the definition of "investment company" an issuer that is both (1) not engaged in the business of issuing redeemable securities, installment-type face-amount certificates, or periodic payment plan certificates and (2) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate. An issuer seeking to rely on Section 3(c)(5)(C) must hold the mortgages and other liens on and interests in real estate directly. Section 3(c)(1) excludes from the definition of "investment company" any issuer whose outstanding securities are beneficially owned by not more than one hundred (100) persons (as defined in Section 3(c)(1)) after giving effect to certain attribution rules, and which does not engage and does not intend to engage in a public offering of its securities. By virtue of being exempt from registration, neither our Manager, nor any of its respective affiliates, nor any of their respective directors, officers,

employees, members, managers, partners, shareholders, or agents, will be subject to certain restrictions contained in the ICA. Therefore, you will not be afforded the protections of the ICA.

Investment Advisors Act

Neither our Manager, nor the Fund, nor any of its respective directors, officers, employees, members, managers, partners, shareholders or agents, is currently registered as an investment adviser under the Investment Advisors Act of 1940 ("IAA"). By virtue of being exempt from registration at this time, neither our Manager, nor the Fund, nor any of our or its respective directors, officers, employees, members, managers, partners, shareholders, or agents will be subject to certain restrictions contained in the IAA. Further, you will not be afforded the protections of the IAA.

Neither our Manager, nor us, nor any of our or its respective directors, officers, employees, members, managers, partners, shareholders, or agents makes any express or implied representation, warranty, or undertaking with respect to this Memorandum and we do not accept any liability with respect to the proposed suitability of the investment for you.

Anti-Money Laundering

Many jurisdictions are in the process of changing or creating anti money laundering requirements, 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, "AML Requirements"). We could be requested or required to obtain certain assurances from investors, 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 our policy to comply with AML Requirements to which it is or may become subject and to interpret them broadly in favor of disclosure. You will be required to agree in the Subscription Documents as soon as reasonably practicable, any information or representations that are required to comply with any AML Requirements and will take reasonable steps to provide, as soon as reasonably practicable, any reasonable information or representations which our Manager reasonably deems necessary to comply with such AML Requirements from time to time.

By executing the Subscription Documents, you consent to disclosure by us and our agents to relevant third parties of information pertaining to us in respect of AML Requirements or information requests related thereto. Your failure to honor any such request from us may result in one or more of the following consequences: refusal to accept your Subscription Documents, a return of your investment (without interest), or a forced sale of the Interests to another investor (the "Consequences"). We also reserve the right to refuse to make any distribution to you, if our Manager suspects or is advised that the payment of any distribution proceeds to you might result in a breach or violation of any applicable anti money laundering or other laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by us or our Manager with any such laws or regulations.

In addition, to the extent applicable, we intend to comply with the U.S. Bank Secrecy Act, the USA Patriot Act, and other anti-money laundering, anti-terrorism, and similar laws (more fully discussed below), and rules and regulations to the extent such laws, rules, and regulations are applicable and intend to disclose any information required or requested by authorities in connection therewith.

Anti-Terrorism Act

By signing the Subscription Documents, you also certify that you are not in violation of any laws relating to terrorist acts, acts of war and/or money laundering (the "Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing (effective September 24, 2001) (the "Executive Order"), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107 56, the "Patriot Act"), and/or the Bank Secrecy Act, 31 U.S.C. §5311 et seq. (the "Bank Secrecy Act"). It is our policy to comply with all Anti-Terrorism Laws. You also covenant that you will not violate any of the Anti-Terrorism Laws, or assist anyone else in so doing.

Your failure to comply with Anti-Terrorism Laws may result in one or more of the Consequences. We also reserve the right to refuse to make any distribution to you, if our Manager suspects or is advised that the payment of any distribution proceeds to you might result in a breach or violation of any applicable Anti-Terrorism Law, or other laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by us with any such laws or regulations.

By signing the Subscription Documents, you certify that you are not a Prohibited Person and are not in violation of any of the laws relating to Prohibited Persons. A "Prohibited Person" is: (a) a person designated as a "specially designated national and blocked person" on the most current list published by the U.S. Department of the Treasury Office of Foreign Assets Control ("OFAC List") at its official website http://www.treas.gov/ofac/t11_sdn.pdf or at any replacement website or other replacement official publication of such list, or any person owned or controlled by or acting for or on behalf of such a person; (b) an agency of the government of a country, or an organization controlled by a country, or a person resident in a country that is subject to trade restrictions or a sanctions program under any of the economic sanctions of the U.S. administered by the U.S. Department of the Treasury's Office of Foreign Assets Control; or (c) a person (including a country or government) with whom a lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Laws. You will at all times comply with all laws relating to Prohibited Persons.

You covenant that any distribution received from us will not be used for any illegal purposes and no portion of your investment has been acquired with funds derived from illegal activities.

U.S. TAX CONSIDERATIONS

YOU SHOULD CONSULT YOUR TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES (INCLUDING STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES) OF AN INVESTMENT IN THE FUND. THE INTERESTS ARE BEING SOLD TO INVESTORS WHO HAVE REPRESENTED THEY ARE EITHER SOPHISTICATED IN THESE MATTERS OR ARE ABLE TO RETAIN AND CONSULT WITH KNOWLEDGEABLE TAX ADVISORS.

U.S. Federal Income Tax Considerations

The following is a general summary of certain U.S. federal income tax consequences to our Members. It is not intended to be a complete analysis of all possible tax considerations in acquiring, holding, and disposing of an Interest and, therefore, is not a substitute for careful tax planning by you, particularly because the federal, state, and local income tax consequences of an investment in a partnership like the Fund will not be the same for all taxpayers. This discussion is limited to investors who will hold their interests as capital assets.

This discussion of the U.S. federal income tax consequences of an investment in the Fund is based upon existing law contained in the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated under the Code (the "Regulations"), administrative rulings and other pronouncements, and court decisions as of the date hereof. Existing law is subject to change by either new legislation, or by differing interpretations of existing law and regulations, administrative pronouncements or court decisions, any of which could, by retroactive application or otherwise, adversely affect your investment in the Fund. No rulings have been sought or will be sought from the Internal Revenue Service (the "IRS") regarding any matter discussed in this Memorandum and our counsel has not rendered any legal opinion regarding any U.S. federal income tax consequences. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax considerations set forth below.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (a) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES SET FORTH IN THIS MEMORANDUM IS BEING USED IN CONNECTION WITH THE PROMOTION AND MARKETING OF THE INTERESTS; (b) SUCH DISCUSSION IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING ANY U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON; AND (c) YOU SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Classification as a Partnership

We intend to conduct our affairs such that we will be treated as a partnership and not as an association or a publicly traded partnership subject to tax as a corporation for U.S. federal income tax purposes.

Taxation of Members on Income or Losses of the Fund

Each Member will be required to report on its U.S. federal income tax return for each year during which the Member is a member of the Fund its distributive share of the items of income, gain, loss, deduction, and credit of the Fund, whether or not cash is distributed to that Member during the taxable year. Thus, in any year, our Members may be allocated taxable income from us without receiving sufficient cash distributions from us to pay the tax owed on such income.

Allocations of Income and Loss

A Member's distributive share of our income, gain, loss, deduction, or credit for U.S. federal income tax purposes is generally determined in accordance with the provisions of our Operating Agreement. Pursuant to Regulations issued under Section 704(b) of the Code, the allocations contained in our Operating Agreement generally will be respected if they have "substantial economic effect" or are in accordance with the Members' respective interests in the Fund. Our Manager believed that such allocations will comply with the Regulations. There can be no assurance, however, that the IRS would not take a contrary position and seek to reallocate our income and losses among our Members in accordance with the determination of the IRS as to the Members' respective interests in the Fund.

Determination of Fund Income and Loss

We will determine income and loss in accordance with our accounting method, on a calendar year basis.

Limitations on Deduction of Losses and Expenses

In general, you may deduct your distributive share of our losses only to the extent of your tax basis in your Interest at the end of a taxable year. Any capital losses generated by us and allocated to you will generally be deductible by you only to the extent of your capital gains for the taxable year plus up to $3,000 of ordinary income ($1,500 in the case of a married individual filing a separate return). Excess capital losses may be carried forward by individuals indefinitely.

In addition, the deduction of net losses and expenses by individuals, trusts, or certain types of corporations is subject to a number of limitations, including the "risk" limitations, the limitation on the deductibility of passive losses, the investment interest limitation, and the limitations on miscellaneous itemized deductions. You are advised to consult your tax advisors regarding the potential application of these limitations in connection with an investment in the Fund.

Elections as to Basis Adjustments

Our Operating Agreement provides that our Manager, as "tax matters partner," may make an election as to basis adjustments under Section 754 of the Code.

Additional Tax Consequences for Foreign Members

Non-U.S. investors in the Fund ("Foreign Members") should be aware an investment in the Fund will raise unique tax planning concerns. We believe that we will likely be considered engaged in a U.S. trade or business. The "portfolio debt investment" rules may exempt certain interest income allocable to Foreign Members from U.S. taxation and withholding. Income earned by us, such as income from rental property in the United States, is expected to be effectively connected with a U.S. trade or business, requiring Foreign Members to file U.S. federal income tax returns in connection with this investment. These and other types of our income allocable to Foreign Members will be subject to withholding tax on a net or gross income basis, subject to reduction in some cases by tax treaties. It is also anticipated the Interests may be "real property interests" under the Foreign Investment in Real Property Tax Act, which is treated as income from a trade or business and generally subjects Foreign Members to tax, withholding, and return filing requirements upon sale or exchange of the Interests and sale, exchange, or redemption of the Interests. Any amounts withheld by us with respect to a Foreign Member will be considered distributed to the Foreign Member and will be charged to its capital account and deducted from distributions and other payments due to such Member. Each prospective Foreign Member should consult his or her tax advisor concerning the consequences of this investment and the availability of exemptions and tax elections that may reduce or ameliorate those consequences.

Fund Tax Returns and IRS Audits

EB5 Impact will be our "tax matters partner" and as such will represent us in all tax audits. You should consult your tax advisor concerning the application of any potential penalties and interest on deficiencies in connection with this investment.

Backup Withholding

Members may, under certain circumstances, be subject to "backup withholding" with respect to (a) distributions; or (b) the proceeds of a sale or redemption of the Interests. This withholding generally applies if you: (i) fail to furnish us with your taxpayer identification number ("TIN"); (ii) furnish an incorrect TIN; (iii) fail to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fail to provide us with a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that you are not subject to backup withholding. We will report to the Members and to the Internal Revenue Service for each calendar year the amount of any "reportable payment" during such year and the amount of tax withheld, if any.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. investors that participate in "Reportable Transactions" (as defined in the Regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. U.S. investors considering an investment in the Fund should consult their own tax advisors as to the possible obligation to file Form 8886 with respect to their ownership or disposition of the Interests.

State and Local Income Tax Considerations. Each of our Members (including Foreign Members) may also be liable for state and local income taxes payable in the state or locality in which it is a resident or doing business or in a state or locality in which we conduct or are deemed to conduct business. The income tax laws of each state and locality may differ from the above discussion of U.S. federal income tax laws so you should consult your own tax counsel with respect to potential state and local income taxes payable as a result of an investment in the Fund.

SUBSCRIPTION INSTRUCTIONS AND INVESTOR CHECKLIST

To subscribe for an Interest, deliver by certified U.S. mail or other nationally recognized tracking delivery services, the following items to:

LAS VEGAS DEVELOPMENT FUND LLC
ATTN: EB5 Impact Capital Regional Center, LLC
916 Southwood Blvd, Suite 1G, PO Box 3003
Incline Village, Nevada 89450, USA
(858) 699-4387 (tel)
(858) 332-1795 (fax)

To subscribe, please complete the Subscription Documents (attached as APPENDIX A) and submit two wire transfers in the amount of $500,000 (Subscription Price) and $50,000 (Administrative Fee), respectively, to the Escrow Agent in accordance with the Escrow Agreement pursuant to the following wire transfer instructions:

WIRING INSTRUCTIONS FOR DEPOSITING FUNDS INTO

Las Vegas Development Fund, LLC **ESCROW ACCOUNT**

Escrow Agent:	Signature Bank
Administrative Agent:	NESF Escrow Services Corp.
Subscriber Representative:	EB5 impact Capital Regional Center, LLC
LLC/LP:	Las Vegas Development Fund, LLC

Funds should be wired directly pursuant to the following instructions:

Beneficiary Bank:	Signature Bank 200 Park Avenue S, Suite 501 New York, NY 10003
ABA#:	026013576
SWIFT CODE:	SIGNUS33
Beneficiary Name:	EB5 impact Capital Regional Center, LLC FBO Las Vegas Development Fund, LLC Signature Bank as Escrow Agent Attn: R. Sloposky 200 Park Ave S Ste. 501 New York, NY 10003
Beneficiary Account Number:	1502391026
Remittance Information (required):	Investor Name: _____

The execution of the Subscription Documents constitutes a binding commitment to purchase an Interest. The Subscription Documents contain important acknowledgments and representations and are irrevocable. Accordingly, you should carefully review the Subscription Documents before you sign them.

We have the right to reject any subscription in whole or in part for any reason. If you become a Class B Member, you will agree to abide by the terms and provisions of our Operating Agreement. Therefore, it is important that you carefully review and understand our Operating Agreement before you sign it.

AVAILABLE INFORMATION

IT IS EXPECTED AND STRONGLY URGED THAT PROSPECTIVE INVESTORS WILL REVIEW THE OPERATING AGREEMENT AND ALL OTHER DOCUMENTS RELATING TO AN INVESTMENT IN THE FUND AND THE PROJECT PRIOR TO MAKING ANY DECISION TO ACQUIRE AN INTEREST.

Without limiting the generality of the foregoing, the following information is available for review by prospective investors:

(a) Market Demand Study and Appraisal Report for the Proposed Front Sight Timeshare Resort Development, Nye County, Nevada prepared by Hospitality Real Estate Counselors dated September 27, 2013;

(b) The Economic Impact of Building and Operating the Front Sight Resort Project - Pahrump, NV prepared by Impact Econometrics LLC dated November 18, 2013;

(c) Business Plan – Front Sight Resort & Vacation Club and Las Vegas Development Fund LLC dated March 2014;

(d) Foreign Placement Consultant Agreement for the country in which the Investor is located;

(e) EB5 Impact Capital Regional Center Designation Letter dated July 27, 2015; and

(f) Target Employment Area (TEA) Certification Letter of the Nevada Department of Employment, Training and Rehabilitation dated June 2, 2015.

Copies of all transaction documents that are made available as described above will be distributed only to prospective investors on a confidential basis solely for the purpose of evaluating an investment in the Fund. The information contained in the documents related thereto may not be reproduced or used in whole or in part for any other purpose or made available to any other person not directly concerned with the decision regarding such investment.

I. GLOSSARY OF DEFINED TERMS

"*Accredited Investors*" has the meaning given to it in Rule 501(a) of Regulation D promulgated under the Securities Act.

"*ADA*" means the Americans with Disabilities Act of 1990, as amended.

"*ADR*" means Average Daily Rate.

"*AEDPA*" means The Antiterrorism and Effective Death Penalty Act of 1996.

"*AML Requirements*" means anti-money laundering requirements, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies.

"*Anti-Terrorism Laws*" means any law relating to terrorist acts, acts of war, and/or money laundering including the Executive Order, the Patriot Act, and the Bank Secrecy Act.

"*Bank Secrecy Act*" means the Bank Secrecy Act, 31 U.S.C. §5311 et seq.

"*Borrower*" means Front Sight Management LLC, a Nevada limited liability company.

"*Borrower Cash Receipts*" means income in the form of Loan Interest, Unused Credit Line Fees (as defined in the Loan), and other fees and expenses (as defined in the Loan); it specifically excludes any Draw Fees (as defined in the Loan) and any repayment of principal under the Loan received by the Fund from the Borrower.

"*Borrower Equity*" means the $25,000,000 appraised value of the land on which the Facilities will be constructed.

"*Capital Event*" means payment to us of all or part of the unreturned principal of the Loans.

"*Class B Member*" means each owner of an Interest.

"*Closing*" means the end of the Offering Period.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Consequences*" means refusal to accept your Subscription Documents, a return of your investment (without interest), or a forced sale of the Interests to another investor.

"*Derivative Family Members*" means the spouse and qualified children of the Foreign Members.

"*Designation Letter*" means EB5 Impact Capital Regional Center LLC's regional center designation letter from the USCIS dated July 27, 2015.

"*Distribution*" means a transfer of the Fund's cash or other assets from the Fund to a Member by check, bill of sale, assignment, or otherwise, except: (a) payments to a Member relating to transactions covered by Section 707(a) of the Code (concerning transactions of the Fund with Members acting in capacities other than as Members); (b) payments to a Member under Section 707(c) of the Code (concerning guaranteed payments to a Member for services to or for the Fund or for the Fund's use of a Member's capital); and (c) reimbursements of expenses to a Member under Section 1.14 of our Operating Agreement.

"*Draw Fees*" has the meaning ascribed to it in the Loan.

"*EB-5 Impact*" means EB5 Impact Capital Regional Center LLC, a Nevada limited liability company.

"*EB-5 Program*" means the EB-5 Immigrant Investor Program administered by the USCIS, which was created by Congress in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors.

"*EB-5 Visa*" means the fifth preference employment-based visa category.

"*Escrow Account*" means the account that has been established by the Escrow Agent for the benefit of the Fund at Signature Bank, an FDIC insured commercial bank, for the deposit of the Subscription Price and the Administrative Fee.

"*Escrow Administrator*" means NESF Escrow Services Corp., a Delaware corporation.

"*Escrow Agent*" means Signature Bank, an FDIC insured commercial bank.

"*Escrow Agreement*" means that certain Amended and Restated Subscription and Administrative Fee Escrow Agreement dated June 1, 2016 among the Escrow Agent, the Escrow Administrator, the Fund and the Manager attached hereto as APPENDIX D.

"*Executive Order*" means Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001.

"*Existing Mortgage Loan*" means that certain existing loan made to the Borrower in the current principal amount of $5,096,068, which holds a first deed of trust in the Property and which will be paid off with the initial proceeds of the Loan and/or Senior Loan.

"Facilities" means the FSRVC and expansion and infrastructure improvements of the FSFTI facilities to be constructed in Pahrump, Nevada in connection with the Project.

"*Foreign Members*" mean Non-U.S. investors who acquire Interests.

"*Forfeiture Circumstance*" means the final adjudication and rejection or denial of a Member's I-526 or conditional visa pursuant thereto by the USCIS or U.S. Consulate or other governmental office as a result of: (i) misrepresentation or fraud by the Member; (ii) the failure of the Member to diligently pursue the I-526 or conditional visa; or (iii) the failure of the

Member to comply with any instructions or requests from the USCIS or U.S. Consulate or other governmental office, as determined by the Fund in its sole discretion.

"*FPCs*" means Foreign Placement Consultants.

"FSFTI" means the Front Sight Firearms Training Institute currently operated by Borrower on the Property.

"FSRVC" means the Front Sight Resort & Vacation Club which will be part of the Project.

"*Fund*" means Las Vegas Development Fund LLC, a Nevada limited liability company.

"*Guaranteed Payment*" means regular payment of cash from the Fund to the Manager, determined without regard to Fund income as defined in Section 707(c) of the Internal Revenue Code.

"*Holdback*" means 25% ($125,000) of each Member's Subscription Price held in the Escrow Account for the Fund's benefit, which will ultimately either be made available for refund to an investor if the Release Condition is not satisfied or, if the Release Condition is satisfied, be made available for an advance to the Borrower as part of the Loan.

"*IAA*" means the Investment Advisers Act of 1940, as amended.

"*ICA*" means the Investment Company Act of 1940, as amended.

"*IIRAIRA*" means the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as amended.

"*INA*" means the Immigration and Nationality Act, as amended.

"*Interests*" means Class B Membership Units in Las Vegas Development Fund LLC.

"*IRC*" means the U.S. Internal Revenue Code.

"*IRS*" means the U.S. Internal Revenue Service.

"*LaTour*" means ResortCom Elite, LLC dba LaTour Hotels and Resorts, a California limited liability company, which will be the Manager of the FSRVC and commercial Facilities of the Project.

"*Loan*" means the Loan to the Borrower by Las Vegas Development Fund LLC.

"*Loan Interest*" means initially 6%, subject to an increase to 7% during any extension of the Term (60 months); the Loan may be extended at the option of Borrower for one 24-month period.

"*Loan Payments*" means the principal and interest payments made under the Loan by the Borrower to Las Vegas Development Fund LLC.

"*Management Fees*" means Guaranteed Payments payable to our Manager equal to the sum of (i) the Draw Fees actually received by the Fund; and (ii) an amount equal to 83.33% of Borrower Cash Receipts during the first 60 months following the Loan Date; *provided, however*, the amount equal to 83.33% shall increase to an amount equal to 85.71% of Borrower Cash Receipts pursuant to an agreement between the Fund and the Borrower to extend the term of the Loan beyond sixty (60) months.

"*Manager*" means EB5 Impact Capital Regional Center LLC, a Nevada limited liability company.

"*Manager Entities*" means the Manager, its affiliates, and their principals.

"*Maximum Interests*" means a maximum of 150 Interests.

"*Maximum Offering Amount*" means $75,000,000.

"*Members*" means Class B Members and the Manager as a Class A Member.

"*Minimum Subscription Amount*" means $500,000 (one Interest).

"*OFAC List*" means the most current list published by the U.S. Department of the Treasury Office of Foreign Assets Control at its official website http://www.treas.gov/ofac/t11_sdn.pdf.

"*Offering*" means the offering of Interests pursuant to this Memorandum.

"*Offering Period*" means the period beginning on the date hereof and continuing until December 31, 2017, subject to an extension at our option of up to an additional 90 days.

"*Operating Agreement*" means the Operating Agreement of Las Vegas Development Fund LLC dated March 26, 2014.

"*Other Clients*" means funds and clients of our Manager Entities other than the Fund.

"*Other Financing*" means collectively, the Borrower Equity, Existing Mortgage Loan and the Senior Loan.

"*Outstanding Balance*" means payment of all or part of the unpaid principal due under the Loan.

"*Patriot Act*" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56).

"*Pilot Program*" means the Immigrant Investor Pilot Program that was created by Section 610 of Public Law 102-395 (October 6, 1992) and that has been extended through September 30, 2015.

"*Prohibited Person*" means: (a) a person designated as a "specially designated national and blocked person" on the most current list published by the U.S. Department of the Treasury

Office of Foreign Assets Control ("OFAC List") at its official website http://www.treas.gov/ofac/t11_sdn.pdf or at any replacement website or other replacement official publication of such list, or any person owned or controlled by or acting for or on behalf of such a person; (b) an agency of the government of a country, or an organization controlled by a country, or a person resident in a country that is subject to trade restrictions or a sanctions program under any of the economic sanctions of the U.S. administered by the U.S. Department of the Treasury's Office of Foreign Assets Control; or (c) a person (including a country or government) with whom a lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Laws.

"*Project*" means construction of the Front Sight Resort & Vacation Club ("FSRVC") and an expansion of the facilities and infrastructure of the Front Sight Firearms Training Institute ("FSFTI") (the "Facilities") located in a 550 acre site in Pahrump, Nevada. The Facilities will include 102 timeshare residential units, up to 150 luxury timeshare RV pads, an 85,000 square foot restaurant, retail, classroom and offices building (to be known as the Patriot Pavilion) and related infrastructure and amenities, all of which will be located at One Front Sight Road, Pahrump, Nevada 89041.

"*Property*" means the 550 acre site on which the Project will be developed at One Front Sight Road, Pahrump, Nevada 89049.

"*Regulations*" means the Treasury regulations promulgated under the IRC.

"*Release Condition*" means approval of a Member's I-526 by the USCIS.

"*RevPAR*" means revenue per available room.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Servicing Agreement*" means that certain Servicing Agreement dated as of November 11, 2013 between FSFTI (Borrower's DBA) and ResortCom Elite, LLC dba LaTour Hotels and Resorts as Manager whereby FSFTI has appointed LaTour as the Manager of the FSRVC and the commercial Facilities of the Project for a term of five years.

"*Senior Loan*" means the bridge financing that will be sought by the Borrower in an amount sufficient to build out the Project in accordance with the Business Plan.

"*Subscription Approval Notice*" means notice of acceptance of your subscription by the Fund.

"*Subscription Conditions*" means the following conditions: (a) our receipt of completed Subscription Documents; (b) deposit of the entire Subscription Price into the Escrow Account; (c) proof of I-526 filing with the USCIS; and (d) your receipt of notice of our acceptance of your subscription.

"*Subscription Documents*" means the Subscription Agreement and the Joinder to Operating Agreement attached hereto as APPENDIX A.

"*Subscription Price*" means a price of $500,000 per Interest.

"*TEA*" means targeted employment, which is an area that, at the time of investment, is a rural area or an area experiencing unemployment of at least 150% of the national average rate.

"*Term*" means 60 months following the month in which the Loan is made.

"*TIN*" means taxpayer identification number.

"*Units*" means Class A Units and the Interests.

"*USCIS*" means the U.S. Citizenship and Immigration Services.

APPENDIX A

Subscription Documents

JOINDER TO OPERATING AGREEMENT

LAS VEGAS DEVELOPMENT FUND LLC

The undersigned hereby acknowledges that he or she has read the Operating Agreement of Las Vegas Development Fund LLC, a Nevada limited liability company (the "Company"), effective as of March 26, 2014, as it may be further amended and supplemented (the "Agreement"), and hereby agrees to become a Class B Member and a party to the Agreement and agrees to adhere to and be bound by all of the terms and conditions set forth in the Agreement as if an original party thereto. The undersigned further acknowledges that he or she has received and reviewed the Confidential Private Placement Memorandum dated June 1, 2015, which sets forth certain facts, terms and conditions of the offering of the Class B Units of the Company. The undersigned hereby makes the following Capital Contribution to the Company. This Joinder to Operating Agreement shall become a part of the Agreement and be attached to the Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Joinder to Operating Agreement effective as of _____, 201_.

Subscribed Amount: $500,000

Number of Units: 1

Print Name (under which Unit(s) will be held):

Mailing Address:

Telephone Number:

E-mail Address:

By: _____

Print Name: _____

Date: _____

ACCEPTED as of above date:

CLASS A MEMBER AND MANAGER:

EB5 Impact Capital Regional Center LLC

By: _____
Robert Dziubla, Manager

APPENDIX B

EB5 Forms and Information

APPENDIX C

Fund Operating Agreement

APPENDIX D

Amended and Restated Subscription and Administrative Fee Escrow Agreement

EXHIBIT 6

EB5 Impact Advisors LLC

EB5 IMPACT ADVISORS LLC
916 SOUTHWOOD BOULEVARD, SUITE 1G
P.O. BOX 3003
INCLINE VILLAGE, NEVADA 89450

Telephone: (858) 699-4367
Facsimile: (858) 699-4367

February 14, 2013

By Email

Mr. Mike Meacher
Chief Operating Officer
Front Sight Management Inc.
7975 Cameron Drive, #900
Windsor, CA 95492

Re: EB-5 debt financing of $75m for Front Sight

Dear Mike:

This letter agreement will confirm the discussions that we have had with you and Ignatius Piazza, the owner of Front Sight, over the past few months about our raising $75 million of debt financing for Front Sight to expand its operations through the EB-5 immigrant investor program supervised by the US Customs & Immigration Service (USCIS) (the "Financing"). The expansion includes building 100 timeshare units; 200 RV pads and supporting facilities such as a clubhouse and swimming pool; a combined conference, retail and restaurant center; and related infrastructure as part of the over-all expansion of Front Sight's current training facility located in Pahrump, Nevada (the "Project").

A summary of indicative terms for the Financing is attached as Schedule A. The projected budget and timeline for this transaction are attached as Schedule B; the parties acknowledge and agree that the budget and timelines are the best current estimates for both and that they may change in response to actions by USCIS and market conditions..

The Company hereby engages EB5 Impact Advisors LLC ("EB5IA"), as the Company's exclusive Financial Advisor with respect to the Financing, and EB5IA accepts such engagement.

Scope of Assignment; Services

As Financial Advisor to the Company, EB5IA will perform the following services (the "Services"):
(a) EB5IA will promptly engage Baker & McKenzie as its legal counsel to establish the"EB5 Impact Capital Regional Center" ("RC") approved by USCIS to cover at a minimum Nye County, Nevada, and to have approved job codes that will encompass the Project. EB5IA shall also engage a business plan writer and an economist (Professor Sean Flynn) to prepare the business plan and economic impact analysis for both the RC and the Project as the exemplar transaction for the RC;
(b) Advise the Company on the appropriate markets in which to obtain the contemplated Financing, especially China;
(c) EB5IA will assist the Company in making appropriate presentations to relevant parties concerning the contemplated Financing, and will prepare an offering memorandum for the Financing (the "Memorandum"). The Company shall approve the Memorandum prior to its use and will advise

EB5IA in writing that it has so approved the Memorandum and that the Company represents to EB5IA that the Memorandum does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided however, that the Company need not make any representation with respect to (i) matters specified in the Memorandum that are based on a source other than the Company or (ii) any projections as to the Company's financial results, other than that the projections were prepared in good faith and with a good faith belief in the reasonableness of the assumptions on which the projections were based;

(d) EB5IA will endeavor to obtain commitment(s) for the contemplated Financing that will accomplish the Company's objectives;

(e) If so requested, EB5IA will work with the Company, its counsel and other relevant parties in the structuring, negotiation, documentation and closing of the contemplated Financing; and

(f) EB5IA will render such additional advisory and related services as may from time to time be specifically requested by the Company, and agreed to by EB5IA. If the parties deem it advisable to do so, the scope and fees for any such additional services shall be set forth in an addendum to this Agreement (an "Addendum").

Nothing contained in this Agreement is to be construed as a commitment by EB5IA, its affiliates or its agents to lend to or invest in the contemplated Financing. This is not a guarantee that any such Financing can be procured by EB5IA for the Company on terms acceptable to the Company, or a representation or guarantee that EB5IA will be able to perform successfully the Services detailed in this Agreement.

Certain Obligations of EB5IA

EB5IA is prohibited from making any illegal payment from the fees paid under this engagement letter pursuant to applicable laws, including but not limited to the Foreign Corrupt Practices Act of the United States.

Certain Obligations of the Company

(a) The Company hereby engages EB5IA on an exclusive basis as its Financial Advisor for the Financing.

(b) The Company shall provide full cooperation to EB5IA as may be necessary for the efficient performance by EB5IA of its Services, including but not limited to the following. The Company will:

(1) Keep EB5IA fully and accurately informed as to the status and progress of all important matters related to the Project and the Financing;

(2) Respond promptly to EB5IA's suggestions for changes to the indicative terms of the Financing so as to make it more attractive to the EB-5 immigrant investors; and

(3) Make one or more senior management personnel available to participate in presentations as may be reasonably required;

(c) The Company acknowledges that EB5IA is making no independent investigation of the accuracy or completeness of the information to be included in the Memorandum with regard to the Project and that EB5IA makes no representation or warranty with respect thereto. Furthermore, the Company agrees to advise EB5IA immediately of the occurrence of any event or any other change known to the Company which results in the Memorandum containing an untrue statement of a material fact or

omitting to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading.

Compensation

(a) Fee. The Company shall pay EB5IA a total fee of $36,000 as per the attached budget, which fee will be offset against the first interest payments made on the Financing. Each payment due EB5IA shall be paid promptly by check or by wire transfer of next-day funds into such bank account(s) as are nominated by EB5IA.
(b) If the Company accepts a term sheet or letter of intent for the Financing substantially on the terms of Schedule A and then refuses to complete the Financing transaction, the Company shall pay EB5IA a break-up fee equal to 2% of the Financing amount.

Right of First Refusal for Refinancing

EB5IA shall have the right of first refusal for a period of five (5) years after the completion of the Financing to provide EB-5 immigrant investor financial advisory and placement services for any projects the Company may undertake.

Expenses

The Company will pay for or reimburse EB5IA, as billed periodically, for its expenses, which are detailed to the extent possible as this time on the attached budget, regardless of whether or not the contemplated Financing is completed. If any of such expenses have not previously been reimbursed at the time this Agreement terminates, the Company shall promptly reimburse EB5IA for any such expenses incurred or accrued prior to termination.

Indemnification

In connection with EB5IA's engagement hereunder, the Company and EB5IA mutually agree to indemnify and hold harmless the other party, and its affiliates, the respective directors, partners, officers, agents, representatives and employees of EB5IA and its affiliates and each other person, if any, controlling EB5IA and its affiliates (each an "Indemnified Party") to the full extent lawful, from and against any losses, claims, damages or liabilities (or actions, including shareholder actions, in respect thereof) and will reimburse any Indemnified Party for all costs and expenses (including counsel fees and disbursements) as they are incurred by such Indemnified Party in connection with investigating, preparing or defending any such action or claim, whether or not in connection with pending or threatened litigation in which either party or any other Indemnified Party is a party, caused by or arising out of any transaction contemplated by this Agreement or EB5IA's performing any service contemplated hereunder with regard to the Project. The indemnifying party will not, however, be liable to the extent that any claims, liabilities, losses, damages, costs or expenses of any Indemnified Party are judicially determined by a court of final jurisdiction to have resulted solely from the gross negligence or willful misconduct of such Indemnified Party. In no event shall either party be liable to the other party for any special, consequential or punitive damages arising under or related to this Agreement.

The foregoing agreements shall be in addition to any rights that either party or any Indemnified Party may have at common law or otherwise.

No compromise or settlement by the indemnifying party of any action or proceeding related to the transactions contemplated hereby shall be effective unless it also contains an unconditional release of each Indemnified Party. Notwithstanding anything to the contrary herein, the indemnification obligations under this section shall survive the termination of this Agreement for a period not to exceed the statute of limitations under applicable law.

Termination

The engagement of EB5IA pursuant to this Agreement shall terminate on the earliest of (i) the Financing closing date, or (ii) twenty-four (24) calendar months from the date of this Agreement. This Agreement may be extended if agreed to in writing by both parties.

General Matters

(a) This Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and supersedes and cancels any prior communications, understanding and agreements between the parties. This Agreement cannot be modified or changed, nor can any of its provisions be waived, except in writing signed by both parties.

(b) The Company acknowledges that EB5IA may carry out its Services hereunder through or in conjunction with one or more consultants or affiliates. The contracting parties, however, shall be and remain the Company and EB5IA.

(c) Any term or condition of this Agreement which is prohibited or unenforceable in any applicable jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof; and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by any applicable law, the Company hereby waives any provisions of such applicable law which render any provisions hereof prohibited or unenforceable in any respect.

Governing Law

This Agreement shall be governed by and construed in accordance with the substantive laws of Nevada, excluding choice of law provisions.

***

If the foregoing is in accordance with your understanding, please confirm your acceptance by signing and returning the enclosed copy of this letter, which upon execution will constitute an agreement between us.

We look forward to working with you on the Services detailed in this Agreement.

Very truly yours,

Robert W. Dziubla
President & CEO

Cc: Mr. Jon Fleming
Professor Sean Flynn

AGREED AND ACCEPTED:

Front Sight Management, Inc.

By: _____
Ignatius A. Piazza II
President & Owner

SCHEDULE A

SUMMARY OF INDICATIVE TERMS FOR EB-5 FINANCING OF FRONT SIGHT TRAINING FACILITY IN PAHRUMP NEVADA

Borrower:	Front Sight Management Inc.
Development Budget/ Capital Stack:	1) $75m – EB-5 debt financing 2) $35m – Borrower's equity investment into the Project
Loan amount:	$75m subject to acceptable economic analysis supporting requisite job creation, i.e. 1,500 direct, indirect and induced jobs
Term:	5 years with a 2-year extension
Interest rate:	6% per year
Accrual:	Interest on the loan will accrue monthly and shall be payable on the first day of each month. The loan includes an interest reserve of $10m.
Expenses:	Borrower shall be responsible for payment of lender's reasonable expenses, which are estimated to be $277,230 as per the expense budget and timeline attached hereto.

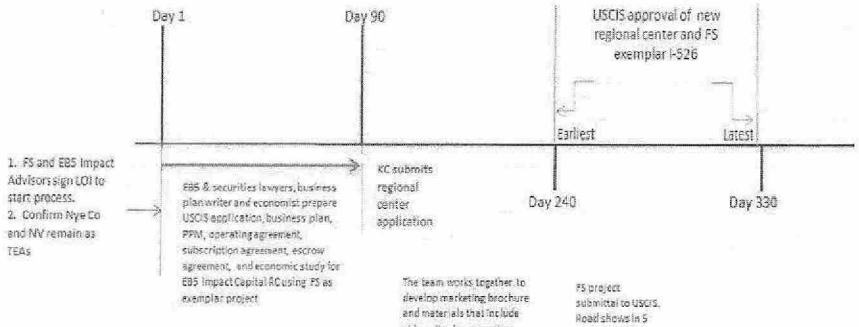
SCHEDULE B

Budget and Timeline
(attached)

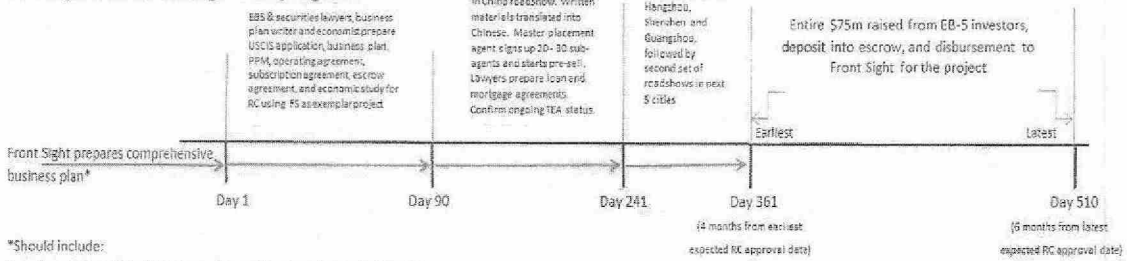
Regional Center & Front Sight Project Cost

Category	Budget	EB5IC	Front Sight	Payor / Est. pymt date
Economist	$ 20,000		$ 20,000	FS - 50% on Day 1 and balance on Day 45
SEC Attorney	$ 45,000	$ 22,500	$ 22,500	Split 50 / 50; 50% due on Day 1 and balance over 90 days per milestones
EB-5 Attorney	$ 25,000	$ 12,500	$ 12,500	Ditto
Business Plan (USCIS Format)	$ 15,000	$ 7,500	$ 7,500	Split 50 / 50; 50% on Day 45 & balance at Day 90
Market Study (independent - HVS)	$ 20,000		$ 20,000	50% on Day 1, and 50% on Day 45. USCIS is now requiring that the business plan be supported by a 3rd party valuation
Exemplar I-526	(Included in line 10)			
USCIS Fee	$ 6,230	$ 6,230		EB5IC - due on Day 90 for RC application
USCIS Fee	$ 6,230		$ 6,230	FS - due on Day 241 for Front Sight project application
Website	(included in line 16)			
International Marketing in China	$ 96,000		$ 96,000	FS - approximately Day 150 to Day 361
Marketing/Brochures	(included in line 16)			
Staffing	$ 2,000	$ 2,000		EB5IC - ongoing
Translations	$ 8,000		$ 8,000	FS - Day 241 and later
Travel	$ 15,000		$ 15,000	FS - Day 241 and later
EB5 Impact Advisors Fee	$ 36,000		$ 36,000	50% on RC submittal; 50% on FS project submittal; offset against success payment
Escrow Fee	$ 3,500		$ 3,500	FS - Day 241 and later
Real estate mortgage loan docs	$ 30,000		$ 30,000	Given how far out this will be, the $30k is a best guess at this point
Total Expenses	**$ 327,960**	**$ 50,730**	**$ 277,230**	
Month 1			$ 37,500	1/2 econ fee, 1/2 SEC atty split, 1/2 EB5 atty split, 1/2 market study
Month 2			$ 32,500	1/2 econ fee, 1/4 SEC atty split, 1/4 EB5 atty split, 1/2 market study, 1/2 biz plan
Month 3			$ 12,500	1/4 SEC atty, 1/4 EB5 atty, 1/2 biz plan
Month 4			$ 18,000	1/2 EB5IC fee
Month 5			$ -	
Month 6			$ 32,000	1/4 intl marketing fee (line 17), and translations
Month 7			$ -	
Month 8			$ 48,230	USCIS fee, 1/4 intl marketing fee, 1/2 EB5IC fee
Month 9			$ 85,000	Escrow fee, 1/2 travel costs, 100% mortgage loan docs, 1/4 intl marketing costs
Month 10			$ 31,500	1/4 intl marketing fee, 1/2 travel costs
TOTAL			$ 277,230	

New regional center establisment for Front Sight project



Raising of $75m through EB-5 program



*Should include:

1. A description of the FS business, its products, services and objectives
2. A market analysis, including names of competitors and relative strengths and weaknesses.
3. A comparison with competitors' products and pricing structures
4. A list of the required permits and licenses obtained
5. A list of any contracts signed for the proposed development
6. A discussion of the marketing strategy of FS, including pricing, advertising & servicing
7. A discussion of FS's organizational structure and its personnel's experience
8. An explanation of FS's staffing requirements and a timetable for hiring, as well as job descriptions for all positions
9. Pro forma projections for sales, costs, and income projections
10. Letters of support from city, county and state officials / agencies

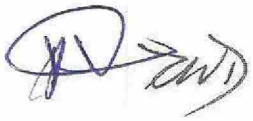


EXHIBIT 7

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Attorneys for Las Vegas Development Fund, LLC, EB5 Impact Capital Regional Center, LLC, EB5 Impact Advisors, LLC, Robert W. Dziubla, Jon Fleming and Linda Stanwood

JONES LOVELOCK
6600 Amelia Earhart Ct., Suite C
Las Vegas, Nevada 89119

DISTRICT COURT

CLARK COUNTY, NEVADA

FRONT SIGHT MANAGEMENT LLC, a Nevada Limited Liability Company, Plaintiff, vs. LAS VEGAS DEVELOPMENT FUND LLC, a Nevada Limited Liability Company; et al., Defendants.	CASE NO.: A-18-781084-B DEPT NO.: XVI **FINDINGS OF FACT AND CONCLUSIONS OF LAW AND ORDER GRANTING IN PART AND DENYING IN PART LAS VEGAS DEVELOPMENT FUND LLC'S MOTION TO DISSOLVE TEMPORARY RESTRAINING ORDER**
AND ALL RELATED COUNTERCLAIMS	

This matter initially came before the Court on January 12, 2022 at 9:00 a.m. on Las Vegas Development Fund LLC's ("LVD Fund") Motion to Dissolve Temporary Restraining Order on

JONES LOVELOCK
6600 Amelia Earhart Ct., Suite C
Las Vegas, Nevada 89119

Application for Order Shortening Time (the "Motion") and Plaintiffs' Countermotion to Re-Calendar the Evidentiary Hearing (the "Countermotion"), with John P. Aldrich, Esq. appearing on behalf of Plaintiff/Counterdefendant Front Sight Management, LLC ("Borrower") and Nicole E. Lovelock, Esq., Andrea M. Champion, Esq., appearing on behalf of Defendants/Counterclaimants Las Vegas Development Fund, LLC ("Lender" or "LVD Fund"), EB5 Impact Capital Regional Center, LLC, EB5 Impact Advisors, LLC, Robert W. Dziubla, Jon Fleming, and Linda Stanwood (collectively, "Lender Parties"). Following the January 12, 2022 hearing, on February 4, 2022, the Court entered an initial Findings of Fact and Conclusions of Law and Order Granting in Part and Denying in Party the Motion, granting Lender's request to increase the bond and requesting supplemental briefing regarding the appropriate amount of the bond.

On January 26, 2022, Lender filed its Supplemental Brief in Support of its Motion ("Lender's Supplement"). On February 7, 2022, Borrower filed its Supplemental Opposition to the Motion.

This matter came before the Court again on February 10, 2022 on the Motion, with John P. Aldrich, Esq. appearing on behalf of Borrower and Nicole E. Lovelock, Esq. and Andrea M. Champion, Esq. appearing on behalf of the Lender Parties. Having considered the pleadings on file herein, the supplemental briefs, having heard oral argument by the parties, and for good cause appearing therefor, the Court makes the following Findings of Fact and Conclusions of Law. These Findings of Fact and Conclusions of Law are meant to supplement the Findings of Fact and Conclusions of Law from the February 4, 2022 Order ("the February 4, 2022 Order") and are meant to be the final disposition of the Motion.

Insofar as any conclusions of law are deemed to have been or include a finding of fact, such a finding of fact is hereby included as a factual finding. Insofar as any finding of fact is deemed to have been or to include a conclusion of law, such is included as a conclusion of law herein.

FINDINGS OF FACT

1. The Findings of Fact and Conclusions of Law from the February 4, 2022 Order stand.

2. Specifically, on October 4, 2016, Borrower executed and delivered a Construction Loan Agreement ("Original Loan Agreement") and a Promissory Note dated October 6, 2016

("Original Note"). The Original Note Loan Agreement and Original Note evidence a loan ("Loan") made from Lender to Borrower.

3. The Original Note was secured by a Construction Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing ("Original Deed of Trust") dated October 6, 2016, and recorded October 13, 2016, as Document No. 860867, in the Official Records, Nye County, Nevada encumbering certain real property located in Nye County, Nevada (the "Property").

4. On July 1, 2017, Borrower executed and delivered a First Amendment to the Loan Agreement ("First Amended Loan Agreement") whereby the Original Loan Agreement was amended to reduce the maximum loan amount from seventy-fix million dollars ($75,000,000) to fifty-million dollars ($50,000,000), among other things. An Amended and Restated Promissory Note ("Amended Note") and First Amended to Construction Deed of Trust, Security Agreement, and Fixture Filing ("Amended Deed of Trust") were executed to modify the rights and obligations of the parties. The Amended Deed of Trust was recorded January 12, 2018, as Document No. 886510, in the Official Records, Nye County, Nevada encumbering the Property.

5. On February 28, 2018, Borrower executed and delivered a Second Amendment to the Loan Agreement ("Second Amended Loan Agreement") to allow time for Borrower to obtain senior debt.[1]

6. Pursuant to the Loan Documents, Lender loaned Borrower six million three-hundred thousand and seventy-five dollars ($6,375,000.00).

7. Pursuant to the unambiguous terms of the Loan Documents, Borrower was to make full repayment of all amounts due and owing under the Loan Documents on or by October 4, 2021 ("Maturity Date").

8. The Initial Maturity Date, as defined in the Loan Agreement, is "the date sixty (60) months after the first disbursement of funds by Lender to Borrower under this Agreement."

[1] The Original Loan Agreement, First Amended Loan Agreement, and the Second Amended Loan Agreement shall hereinafter be referred to collectively as the "Loan Agreement").

JONES LOVELOCK
6600 Amelia Earhart Ct., Suite C
Las Vegas, Nevada 89119

JONES LOVELOCK
6600 Amelia Earhart Ct., Suite C
Las Vegas, Nevada 89119

9. The first disbursement occurred on October 4, 2016, making October 4, 2021 the Initial Maturity Date.

10. The Initial Maturity Date was never extended, thus, making the Initial Maturity Date the Maturity Date.

11. Borrower failed to pay back the money owed pursuant to the Loan Documents on the Maturity Date or at any time thereafter.

12. Borrower had been making monthly interest payments on the Loan until September 3, 2021, but no money had been paid by Borrower to Lender since the payment of $36,604.17 on September 3, 2021. The parties dispute whether said interest payments satisfy the amount of interest payments that were due and owing pursuant to the Loan Documents.

13. Following Borrower's failure to repay the loan in its entirety upon the Maturity Date set forth in the Loan Documents, Lender made demand upon Borrower.

14. Despite the demand, Borrower has not made any additional payment and Borrower's counsel confirmed during the hearing on the Motion that Borrower did not intend to make any additional payments until final judgment is rendered in this case.

15. Section 6.1 of the Loan Agreement defines an "Event of Default" as follows:

> (a) Borrower shall default in any payment of principal or interest due according to the terms hereof or of the Note, and such default shall remain uncured for a period of five (5) days after the payment became due, provided, however, there is no cure period for payments due on the Maturity Date.

16. Upon an Event of Default, Section 6.2 provides the following remedies for Lender:

> (e) exercise any or all remedies specified herein and in the other Loan Documents, including (without limiting the generality of the foregoing) the right to foreclose the Deed of Trust, and/or any other remedies which it may have therefor at law, in equity or under statute;

17. The Deed of Trust also provides that Borrower's failure to repay the amounts due and owing on the Maturity Date is "Event of Default" and allows the Lender to foreclose on the Property.

18. The Court's November 5, 2019 Order Granting in Part and Denying in Part Plaintiff's Second Motion for Temporary Restraining Order and Setting Preliminary Injunction Hearing ("TRO") prevents Borrower from conducting a non-judicial foreclosure sale.

19. In filing the Motion, Lender requested that the Court dissolve the TRO and allow the Lender to proceed with a non-judicial foreclosure of the Property. Alternatively, Lender requested that the Court set a bond amount for the payment of such costs and damages as may be incurred or suffered by Lender if found to have been wrongfully enjoined or restrained.

20. Borrower opposed Lender's Motion and countermoved to continue the evidentiary hearing on Borrower's pending Motion for Permanent Injunction.

21. After finding that Borrower's failure to pay any payments under the Loan Agreements, and the passage of the Maturity Date, constitute a significant change in the facts warranting an increase in the bond to secure the TRO, the Parties submitted supplemental briefing, at the Court's request, regarding the appropriate amount of the bond.

22. There is no dispute in this case that Lender loaned Borrower the principal amount of six million three-hundred thousand and seventy-five dollars ($6,375,000.00) and no amount of principal has been repaid.

23. Pursuant to the Loan Documents, interest accrues on the loan at 6% during the Initial Term for all advances made prior to July 1, 2017, and accrues at 7% during the Initial Term for all advances made after July 1, 2017.

24. If Borrower defaults under the Loan Documents, then the default interest rate applies at five percent (5%) per annum "in excess of the Loan Rate or the maximum lawful rate of interest which may be charged, if any." In another words, 11% during the Initial Term for advances made prior to July 1, 2017 and 12% during the Initial Term for advances made after July 1, 2017.

25. Lender declared Borrower in default on July 31, 2018. As a result, the default interest rate has applied since July 31, 2018.

26. The Loan Documents also provide that in the event Borrower fails to make any required payment of principal or interest payments on the Note, then Borrower shall also pay to

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6600 Amelia Earhart Ct., Suite C
Las Vegas, Nevada 89119

Lender, "in addition to interest at the Loan Rate, a late payment charge equal to three percent (3%) of the amount of the overdue payment."

27. Attorneys' fees and costs advance against the Loan and become part of the secured indebtedness and incur interest pursuant to Section 4.7 of the Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing.

28. Lender has submitted documentation to the Court that demonstrates that the interest currently due and owing and past due on the Loan is $1,584,225.18.

29. Lender has submitted documentation to the Court that demonstrates that the late fees currently due and owing on the Loan is $806,314.42.

30. Lender has submitted documentation to the Court that demonstrates that Lender has incurred $1,586,967.49 in attorneys' fees and $121,756.15 in litigation costs.

CONCLUSIONS OF LAW

1. As addressed in the February 4, 2022 Order, the Court previously DENIED Lender's request to dissolve the TRO. Specifically, while the Court does not make any findings about Borrower's likelihood of success on the merits of Borrower's claim, in light of Borrower's pending fraudulent inducement claims, the Court finds that the TRO should stay in place.

2. The Court does, however, GRANT Lender's request to increase the bond.

3. Pursuant to NRCP 65, "The court may issue a preliminary injunction or a temporary restraining order only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." NRCP 65(c). "The expressed purpose of posting a security bond is to protect a party from damages incurred as a result of a wrongful injunction." *American Bonding Co. v. Roggen Enterprises*, 109 Nev. 588, 591, 854 P.2d 868, 870 (1993).

4. Courts should err on the high side when setting bond. *See Manpower, Inc. v. Mason*, 405 F. Supp. 2d 959, 976 (E.D. Wis. 2005) ("Because the damages caused by an erroneous preliminary injunction cannot exceed the amount of the bond posted as security, and because an error in setting the bond too high is not serious, district courts should err on the high side when setting bond.") (internal citation omitted); *see also Guzzetta v. Serv. Corp. of Westover Hills*, 7 A.3d 467,

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Las Vegas, Nevada 89119

469 (Del. 2010) (stating that district courts should set a bond "at a level likely to meet or exceed a reasonable estimate of potential damages" to the enjoined party). A wrongfully enjoined party is "entitled to recover the actual expense and loss occasioned by the writ of injunction[,] [which] would include the costs of the original proceeding, the reasonable counsel fee paid for setting aside the injunction, and such other damage as the *natural and proximate consequence of the issuance and enforcement of the writ, and no more.*" *American Bonding Co. v. Roggen Enterprises*, 109 Nev. 588, 591, 854 P.2d 868, 870 (1993) (quotation marks and citations omitted) (emphasis in original).

5. The Court shall set the bond consistent at "the actual expense and loss occasioned by the writ of injunction[,] which [ ] include[s] the cost of the original proceeding, the reasonable counsel fee paid for setting aside the injunction, and such other damage as the natural and proximate consequence of the issuance and enforcement of the writ." *See e.g., Megino v. Linear Financial*, No. 2:09-CV-00370, 2011 U.S. Dist. LEXIS 1872, 2011 WL 53086 at *5 (D. Nev. Jan. 6, 2011); *see also Renteria v. United States*, 452 F. Supp. 2d 910, 922-23 (D. Ariz. 2006).

6. While the bond securing the TRO is currently set at the nominal amount of one-hundred dollars ($100), there is a significant change in facts warranting an increase in that bond amount; namely, borrower's failure to pay any payments under the Loan Agreements and the passage of the Maturity Date, both of which constitute a significant change in the facts and circumstances relating to the adequacy of the bond amount.

7. The TRO shall now be secured at a bond amount of $9,741,657.57.

8. The bond amount is calculated as follows:

a. Principle sum pursuant to the Loan Documents: $6,375,000.00

b. Interest: $1,484,225.18

c. Late Fees: $806,314.42

d. Litigation Costs: $121,756.15

e. Attorneys' Fees: $854,361.82.

9. "The granting of a temporary restraining order without a proper bond is a nullity." *State ex rel. Hersh v. First Judicial Dist. Court In and For Ormsby County*, 86 Nev. 73, 77, 464 P.2d 783, 785 (1970).

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6600 Amelia Earhart Ct., Suite C
Las Vegas, Nevada 89119

10. The bond shall be posted no later than April 22, 2022.

11. If Borrower fails to post the bond by April 22, 202, the TRO shall be automatically dissolved and rendered null and void, at which time, Lender may immediately proceed with a non-judicial foreclosure of the collateral.

12. The parties will appear for a status check on April 25, 2022 at 9:30 a.m. to discuss the status of the bond and, if the bond is not posted by Borrower, what additional discovery is needed.

IT IS SO ORDERED.

Dated this 7th day of April, 2022

MH

1D9 309 E6A5 1521
Timothy C. Williams
District Court Judge

Respectfully submitted by:

JONES LOVELOCK

/s/ Andrea M. Champion, Esq.
Nicole E. Lovelock, Esq.
Nevada State Bar No. 11187
Sue Trazig Cavaco, Esq.
Nevada State Bar No. 6150
Andrea M. Champion, Esq.
Nevada State Bar No. 13461
6600 Amelia Earhart Court, Suite C
Las Vegas, Nevada 89119

Attorneys for Defendants/Counterclaimant

Approved as to form and content:

ALDRICH LAW FIRM, LTD.

/s/ Competing Order Being Submitted
John P. Aldrich, Esq.
Nevada State Bar No. 6877
Jamie S. Hendrickson, Esq.
Nevada Bar No. 12770
7866 West Sahara Avenue
Las Vegas, Nevada 89117

Attorneys for Plaintiff/Counterdefendants

JONES LOVELOCK
6600 Amelia Earhart Ct., Suite C
Las Vegas, Nevada 89119

CSERV

DISTRICT COURT
CLARK COUNTY, NEVADA

Front Sight Management LLC, Plaintiff(s) vs. Las Vegas Development Fund LLC, Defendant(s)	CASE NO: A-18-781084-B DEPT. NO. Department 16

AUTOMATED CERTIFICATE OF SERVICE

This automated certificate of service was generated by the Eighth Judicial District Court. The foregoing Order was served via the court's electronic eFile system to all recipients registered for e-Service on the above entitled case as listed below:

Service Date: 4/7/2022

Traci Bixenmann	traci@johnaldrichlawfirm.com
Nicole Lovelock	nlovelock@joneslovelock.com
Kathryn Holbert	kholbert@farmercase.com
Lorie Januskevicius	ljanuskevicius@joneslovelock.com
Keith Greer	keith.greer@greerlaw.biz
Dianne Lyman	dianne.lyman@greerlaw.biz
John Aldrich	jaldrich@johnaldrichlawfirm.com
Mona Gantos	mona.gantos@greerlaw.biz
Stephen Davis	sdavis@joneslovelock.com
Kenneth Hogan	ken@h2legal.com

Jeffrey Hulet	jeff@h2legal.com
Julie Linton	jlinton@joneslovelock.com
Georlen Spangler	jspangler@joneslovelock.com
Andrea Champion	achampion@joneslovelock.com

EXHIBIT 8

CONFIDENTIAL

Las Vegas Development Fund, LLC

Las Vegas Development Fund, LLC

916 SOUTHWOOD BOULEVARD, SUITE 1G
P.O. BOX 3003
INCLINE VILLAGE, NEVADA 89450
Telephone: (844) 889-8028
Facsimile: (858) 332-1795

February 16, 2017

By FedEx
(Email courtesy copy)

Front Sight Management LLC
1 Front Sight Road
Pahrump, NV 89061

Re: Inspection of Front Sight books and records

Dear Gentlemen:

Pursuant to article 5.4 of the Construction Loan Agreement ("Loan Agreement") dated October 6, 2016, this letter shall serve as notice that we wish to inspect your books and records on March 2 and 3, 2017, from 9 a.m. – 5 p.m., commencing on March 2nd and continuing through the 3rd if necessary. We assume that your books and records are maintained at your principal office as noted above. If that is not the case, please advise the appropriate address where your books and records are kept.

We especially wish to review: (a) all documents and other materials that you may have, including emails or notes of phone conversations, with US Capital Partners with regard to the status of the LOI dated September 30, 2016, or with other lenders whom you have contacted concerning your obligation to use best efforts to obtain the Senior Debt as per article 5.27 of the Loan Agreement; and (b) all receipts, check copies / stubs, invoices and other materials showing that the Loan proceeds have been expended as per the Loan Agreement.

We also wish to have discussions with either or both of Mike Meacher, COO, and / or Ignatius Piazza, your Manager, concerning the above and as stipulated in article 5.4 of the Loan Agreement.

If the above dates are not convenient for you, please advise alternative dates before March 15, 2017

Very truly yours,

RWDziubla

Robert W. Dziubla
President

Cc: Scott A. Preston, Esq. (By FedEx; email courtesy copy)
Preston Arza LLP
8581 Santa Monica Blvd., #710
Los Angeles, CA 90069

Michael Brand, Esq. (By email)

Las Vegas Development Fund, LLC

Las Vegas Development Fund, LLC

916 SOUTHWOOD BOULEVARD, SUITE 1G
P.O. BOX 3003
INCLINE VILLAGE, NEVADA 89450
Telephone: (844) 889-8028
Facsimile: (858) 332-1795

February 16, 2017

By FedEx
(Email courtesy copy)

Front Sight Management LLC
1 Front Sight Road
Pahrump, NV 89061

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We also wish to have discussions with either or both of Mike Meacher, COO, and / or Ignatius Piazza, your Manager, concerning the above and as stipulated in article 5.4 of the Loan Agreement.

If the above dates are not convenient for you, please advise alternative dates before March 15, 2017

Very truly yours,

Robert W. Dziubla
President

Cc: Scott A. Preston, Esq. (By FedEx; email courtesy copy)
Preston Arza LLP
8581 Santa Monica Blvd., #710
Los Angeles, CA 90069

Michael Brand, Esq. (By email)

FedEx

February 21,2017

Dear Customer:

The following is the proof-of-delivery for tracking number **785636232100**.

Delivery Information:

Status:	Delivered	**Delivered to:**	Shipping/Receiving
Signed for by:	S.SUE	**Delivery location:**	Pahrump, NV
Service type:	FedEx Express Saver	**Delivery date:**	Feb 20, 2017 10:10
Special Handling:	Deliver Weekday		

Signature image is available. In order to view image and detailed information, the shipper or payor account number of the shipment must be provided.

Shipping Information:

Tracking number:	785636232100	**Ship date:**	Feb 16, 2017
		Weight:	0.5 lbs/0.2 kg

Recipient:
Pahrump, NV US

Shipper:
Incline village, NV US

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February 21,2017

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Signed for by:	A.ALLAN	**Delivery location:**	Los angeles, CA
Service type:	FedEx Express Saver	**Delivery date:**	Feb 21, 2017 10:27
Special Handling:	Deliver Weekday		

Signature image is available. In order to view image and detailed information, the shipper or payor account number of the shipment must be provided.

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Tracking number:	785636256563	**Ship date:**	Feb 16, 2017
		Weight:	0.5 lbs/0.2 kg

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Shipper:
Incline village, NV US

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Total Due: $15.50

(S) CreditCard: $15.50
**********6935

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EXHIBIT 9

Las Vegas Development Fund LLC

Las Vegas Development Fund, LLC
916 SOUTHWOOD BOULEVARD, SUITE 1G
P.O. BOX 3003
INCLINE VILLAGE, NEVADA 89450
Telephone: (844) 889-8028
Facsimile: (858) 332-1795

July 30, 2018

Via FedEx and Email

Mr. Ignatius Piazza
Manager
Front Sight Management LLC
1 Front Sight Road
Pahrump, NV 89061

With a copy to:

Scott A. Preston, Esq.
Preston Arza LLP
8581 Santa Monica Boulevard, #710
West Hollywood, CA 90069

Re: Notice of Multiple Defaults / Notice of Inspection / Monthly Proof of Project Costs

Dear Mr. Piazza:

Capitalized terms used herein shall have the meaning ascribed to them in that certain Construction Loan Agreement dated October 6, 2016 ("Loan Agreement") between us as Lender and Front Sight Management LLC, as the Borrower.

Pursuant to the following contracts, namely: Loan Agreement, First Amendment to Loan Agreement dated July 1, 2017 ("First Amendment"), and the Second Amendment to Loan Agreement dated February 28, 2018 ("Second Amendment"), Borrower was required to do the following:

1. Obtain the Senior Debt by June 30, 2018 and, prior to that date, provide to Lender copies of term sheets, emails and other materials related to the Senior Debt Term Sheets and periodically, but no less than monthly, update the same.
2. Submit EB-5 documentation proving that Borrower had invested into construction of the Project at least $2,625,000, which is the amount of EB-5 funds that Lender had lent to Borrower by July 1, 2017. Such documentation was to include receipts, cancelled checks, bank statements or other evidence of payment reasonably acceptable to Lender.

Borrower has failed to comply with these requirements, which we will discuss below.

Senior Debt by June 30, 2018

Under the Loan Agreement, article 5.23, Borrower was to obtain the Senior Debt by March 31, 2017. Borrower failed to do so and requested Lender to grant an extension until December 31, 2017, with a 60-day extension if Borrower so chose. Lender acceded to this request, and the parties signed the First Amendment. Borrower then obtained a loan commitment from US Capital Partners dated November 3, 2017.

Borrower, however, declined to proceed with the USCP commitment because the terms were onerous and, therefore, asked Lender for another extension to find a more favorable commitment, saying that Borrower could always go back to USCP if nothing better could be found. Lender again agreed with Borrower's request, and the parties executed the Second Amendment extending the date to obtain the Senior Debt until June 30, 2018.

During the term of the Second Extension (March 1, 2018 to June 30, 2018), Borrower represented to Lender that it had two senior lenders who were offering terms substantially more favorable than USCP and was jockeying to obtain the best terms, as Borrower would need the Senior Debt in place in order to begin vertical construction no later than September 2018. Borrower, however, failed to provide to Lender any of the term sheets, emails or other materials related to these two Senior Debt term sheets as was required under the Second Amendment prior to the June 30, 2018, deadline.

In an effort to remedy this failure, Borrower's legal counsel, Scott Preston, sent an email to our legal counsel, Michael Brand, on July 19, 2018, with several attachments purporting to be evidence of two potential lenders sourced during the term of the Second Amendment. That, however, was grossly misleading, as all of the attached lender term sheets were from long ago, and the only documents relevant to the Second Amendment term were (1) the USCP Release Agreement that **terminated** the USCP term sheet from November 2017, and (2) an engagement letter for Innovation Capital to act as a financial advisor to Borrower, not a term sheet for a $25 million loan as represented by Borrower and its counsel.

This intentional misrepresentation and failure to provide term sheets or other documentation confirming Borrower's good faith efforts to obtain the Senior Debt constitutes an event of default under the Loan Agreement and Second Extension.

EB-5 Documentation

Article 6 of the First Amendment states in relevant part that "on or before June 30, 2018 , Borrower shall provide Lender with copies of major contracts, bank statements, receipts, invoices and cancelled checks or credit card statements or other **proof of payment reasonably acceptable to Lender that document that Borrower has invested in the Project at least the amount of money as has been disbursed by Lender to Borrower on or before the First Amendment Effective Date.** [emphasis added]"

The First Amendment Effective Date was July 1, 2017, and Lender had disbursed $2,625,000 of EB-5 funds to Borrower by said date.

Under cover letter dated June 20, 2018 ("Cover Letter"), Borrower delivered to Lender eight binders of documents ("EB-5 Documents") entitled:

1. Account Report (27 pages)
2. Vendor Report (30 pages)
3. Credit Cards (hundreds of pages)
4. Payroll 2015 (77 pages)
5. Payroll 2016 (hundreds of pages)
6. Payroll 2017 (hundreds of pages)
7. Invoices (hundreds of pages)
8. Invoices 2015 – 2018 (hundreds of pages)

Borrower's cover letter stated that its attorneys had reviewed "all the USCIS guidelines for qualified expenses" as well as the underlying documents between Lender and Borrower and, based thereon, compiled guidelines for Borrower's CPAs "as to the expenses that would be allowable for purposes of your compliance with USCIS."

Attached to this Cover Letter was a letter from Borrower's CPAs dated June 20, 2018, stating that "Enclosed please find the following documents which the Management of Front Sight (FS) believes will be considered a valid use of funds from EB-5 investors. FSM's management identified expenses which are 'includable as inputs to demonstrate job creation' as specified by FSM's legal counsel for purposes of USICIS [sic]."

All of that, however, is utterly irrelevant, as Borrower failed to provide proof of payment. Nowhere in the EB-5 Documents could we find major contracts, bank statements, receipts or canceled checks proving that Borrower had invested $2,625,000 into building the Project.

The Vendor Report, which appears to be a simple summary of Borrower's internal journal entries, indicates that Borrower spent only $1,551,900.38 on construction payments to such vendors as All American Concrete & Masonry, Civilwise Engineering, Morales Construction and others but several of those payments were outside the period of time in question. Schedule A attached hereto summarizes those payments, including the ones that were outside the time period applicable. The deficit on construction spending, therefore, appears to be well over $1,000,000.

Borrower appears to believe that its spending on purchases of guns, ammunition, internet hosting services, data centers, FedEx, Google, sanitation and other similar operating expenses qualifies as an EB-5 expenditure under the First Amendment. That belief, however, is completely erroneous as those are mere operating expenses.

Borrower has failed to prove that its expenditures on construction equaled or exceeded $2,652,000. That is an Event of Default under the Loan Agreement as amended, and Lender hereby issues this Notice of Default requiring Borrower to remedy the same within 30 days as stipulated in article 6.1 of the Loan Agreement.

Notice of Inspections

Pursuant to articles 3.3 and 5.4 of the CLA, we hereby serve you notice that we and our representatives will inspect the Project and your books and records on Monday, August 27 commencing promptly at 9 a.m. We of course know where the project is. Please immediately inform us the location of your corporate books and records.

Notice of Default - Monthly Evidence of Project Costs

Pursuant to section 3.2(a) of the Loan Agreement, you have failed to provide us on a monthly basis with "evidence of the Project costs funded during the preceding month (whether from Loan proceeds or otherwise)." That failure constitutes a default under the Loan Agreement, and we demand that you remedy this default within thirty (30) days for all months since our first disbursement of loan proceeds through July 31, 2018.

Notice of Default – Completing Construction, Section 5.1 of Loan Agreement

Based on Borrower's statements to Lender over the past sixty days, including as recently, as last week Tuesday, July 24, when we visited the Project with two potential EB-5 investors, Borrower has failed to meet multiple requirements of article 5.1 of the Loan Agreement. For example, Mr. Michael Meacher stated that completion of the Project is now planned for "three or four years from now." Another example, Borrower has also failed to provide to Lender the quarterly list of all Contractors, any updated Plans, and other required documents. A third example: based on statements by Borrower to Lender, the Project will not be completed by the Completion Date. These multiple failures constitute Events of Default under the Loan Agreement, and we demand that you remedy them within thirty (30) days for all months since our first disbursement of loan proceeds through July 31, 2018.

Notice of Default – Changing Costs, Scope or Timing of Work, Section 5.2 of Loan Agreemen

Borrower is in default of multiple provisions of section 5.2. For example, but without limitation:

a. On July 24 during the aforementioned property tour, Mr. Meacher stated that the Patriot Pavilion will no longer be 85,000 square feet as represented in the USCIS-approved Business Plan but instead will be "25,000 to 30,000 square feet, and because of recent developments we don't have to have a foundation and will install steel structures that we [Borrower] will lease on a lease-to-own basis payable over 10 – 20 years."
b. Borrower has failed to deliver revised, estimated costs of the Project.
c. Borrower has failed to deliver the revised construction schedule when the Project has been delayed by more than 20 days.
d. Borrower has made multiple changes to the Plans without the prior written consent of Lender.

Notice of Default – Defaults, Section 5.10(d) of Loan Agreement

Borrower is in default of section 5.10(d) because Borrower knew of a Default or Event of Default and failed to notify Lender of same and failed to take the corrective actions required.

Notice of Default – Work on the Project, Section 6.1(f) of Loan Agreement

Given Borrower's delays in constructing the Project, Borrower is in default of section 6.1(f) of the Loan Agreement.

Payment of Legal Fees

Pursuant to article 8.1(a) of the Loan Agreement and article 7 of the First Amendment, all legal fees incurred by Lender in connection with the Events of Default detailed in this letter shall be at Borrower's expense.

***

The above list of defaults or events of default may not be complete, and Lender may supplement the same after the inspections on August 27 and based on further developments.

You are required to correct the Events of Default noted above no later than 30 days from the date first written above.

We hereby notify you that our preferred physical delivery address is:

Las Vegas Development Fund, LLC
16870 West Bernardo Drive
Suite 400
San Diego, CA 92127-1677

Sincerely,

Robert W. Dziubla
President & CEO

Attachment – Schedule A (Construction vendor summary)
cc: Mr. Michael Meacher, COO, Front Sight
C. Matthew Schulz, Esq.
Michael Madda, Esq.
Michael A. Brand, Esq.
Ms. Linda K. Stanwood, Senior Vice President

EXHIBIT 10

August 2021

A Rebuttal to the Evans, Carroll & Associates, Inc. Economic Impact Report for the Front Site Management EB-5 Project

Prepared For:
EB5 Impact Capital Regional Center LLC
P.O. Box 3003
916 Southwood Boulevard, Suite 1G
Incline Village, NV 89450

Prepared by:
Performance Economics LLC
Somerville, MA 02144
(617)-821-0415

Purpose of the Report

This report is a rebuttal to the "Addendum to the Report The Economic and Jobs-Creation Impacts of the Exemplar Front Sight Firearms Training Institute Expansion Project in the Applicant EB5 Impact Capital Regional Center LLC" dated September 19, 2019, authored by Evans, Carroll & Associates, Inc. There was a follow up addendum published by Evans in October of 2019. The two reports share the same deficiencies, so for sake of brevity this report will address the September 2019 report with the same comments applicable to both reports.

Overview of Planned Project and Timeline

According to a March of 2014 business plan and the parties construction loan agreement, Las Vegas Development Fund, LLC was to loan an undetermined sum not to exceed $75 million dollars (the "EB-5 capital") to Front Sight Management, Inc (FSM). The EB-5 capital was to be raised from up to 150 qualified foreign investors. The purpose of the loan was to allow FSM to expand their current facilities by adding:

- 102 condominium ("condo") units
- 150 recreational vehicle ("RV") pads
- Patriot Pavilion --- An 86,000 square foot instructional, food---service, and retail facility that will house two separate 1,000---student classroom
- 28 new firing ranges (22 originally)
- A pool, spa and clubhouse for the condominium and RV guests
- A training facility for evasive-driving courses
- New paving, sewage and electrical infrastructure

Most of these project components hadn't materialized by the time the Evans report was authored in September of 2019. There is no description in the report of what was constructed for the approximately $7 million claimed to have bent spent on construction activities (soft and hard costs). The table below outlines the amount forecasted to be spent developing each component as it was cited in the original business plan for the project and the actual amount spent through 2019 on the individual components.

Table 1. Planned Hard Cost Expenditures versus Actual Expenditures on Project Components

Project Item	Total Per Item	Morales July 2015 – October 2019
Condos & Retail Design	$11,906,730	$0
Patriot Pavilion Center and Constitution Concourse Development	$15,035,983	$1,064,959
RV Resort	$2,339,724	$1,628,428
Phase 3 Range Expansion	$6,121,807	$2,036,536
Sitewide Improvement	$13,690,864	$0
Total	**$49,095,108**	**$4,729,923**

Source: Architecture3 Inc.

Several of the project components that were forecasted to generate many jobs have had little to no spending on the development of them. This casts doubt on the operational jobs claimed in the Evans report, which will be addressed later in the report.

The claims made in the Evans report will be compared to criteria applied to an investor applicant at the I-829 stage of the EB-5 process. At this stage the investor is asking for the conditional status of his or her residency to be changed to permanent residency status. The U.S. Customs and Immigration Service (USCIS) when reviewing these petitions wants to see whether the project outlined in the original business plan actually occurred and the job creation promised actually materialized. The petitioner must provide evidence that the components outlined in the original business plan were achieved in order to get job creation credit. These criteria are not met entirely in the Evans' report.

The next sections will compare each job creation activity in the Evans' report separately against the I-829 criteria required by USCIS for petition approval.

Construction Activity

Conservatively speaking, approximately 80% of EB-5 projects contain a construction component. Because of this, the USCIS has very specific requirements for construction activity inside an EB-5 project.

Construction Timeline

One of the main regulations for the EB-5 program pertaining to construction jobs created is the timeline of the construction phase. If the construction phase is longer than 24 continuous months, then all the jobs created (direct, indirect and induced) by that construction spending can be counted for EB-5 job creation purposes. If the construction activity is less than 24 continuous months, then only the indirect and induced jobs can be counted.

The original business plan cited the firm Architecture3 of providing a work and time flow analysis that indicated the construction timeline would be 30 months. That 30-month timeline was predicated on the hard construction spend in Table 1. The construction spend to date indicates that approximately only 10% of that original hard construction spend has materialized. It is not reasonable to believe that expenditures representing 10% of original hard construction spend of a 30-month proposed construction period would produce more than 24 months of actual continual construction activity.

EB-5 projects with construction expenditures 5x-10x the spend to date of this project have been completed in 18 months and less, and on structures much more sophisticated than the firing ranges built in this project. **USCIS would not give this project credit for the 24- month timeline needed to get credit for all jobs arising from these expenditures. Therefore, only indirect and induced jobs created by qualified expenditures would be credited.**

Expenditures Deemed Eligible

Normally at the I-829 stage a very detailed accounting of expenditures is required, supported by a detailed financing paper trail, i.e. third party documentation of expenditures such as statements directly from the bank and invoices matching the payments. The original business plan for the project spells this out under its Job Verification section, "Financial records and accounting statements detailing the amount of funds paid out during construction of the vacation club) will verify job creation." The Appendix of the Evans report contains Table 4 which is a list of invoices numbers and payments purportedly generated by the project. There is no description for what the money was spent on our if it was even for the FSM project. USCIS would require more detail around these expenditures before granting legitimacy.

The expenditure estimates present in Table 5 of the same document are not backed up by any objective third-party evidence. We are expected to take the

word of Evans and FSM. USCIS will not take their word for it, they need to present objective evidence.

Table 6 of the Evans report also only contains transaction numbers and amounts. There is no description of what the expenditures were for so there is no way to make a judgement on whether they are eligible expenditures. Table 7 contains some descriptions but no evidence that expenditures were even made. Many Expenditures such as "computer networking and expansion + support" and "programming" are not construction hard costs and should not be modeled under construction activity.

Overall, the evidence of the construction expenditures would not meet the criteria set down by USCIS for job creation credit. All expenditures must be for specific items not just dollar amounts, backed up by an objective third-party source that they are eligible and were actually spent.

Construction Job Creation

Assuming FSM can provide adequate objective third-party evidence on the construction expenditures outlined in the Evans report, the estimate below represents the eligible construction jobs that could be expected to be claimed by I-829 petitioners of the project.

Evans takes the construction expenditures in their report and deflates them by 10% using the same deflator as the original report, but a majority of the expenditures take place from 2015 to Present, which at the time was September of 2019. The Chain-Type Price Index for Construction published by the Bureau of Economic Analysis shows an average price index of 20.8% above 2010 levels for the period 2015-2019, which is the year for the RIMSII model used to estimate job impacts. Therefore the $7.7 million of eligible costs cited in the Evans report would be $6.35 million in 2010 dollars.

This $6.35 million of deflated construction costs would be applied to the final demand construction multiplier for the project of 16.98. This produces a total job creation of 107.8 jobs during construction. Because the timeline is not more than 24 continuous months only the 57.7 indirect jobs may be counted for I-829 petition purposes. Claiming these 57.7 indirect and induced jobs is predicated on FSM providing adequate documentation on the construction expenditures to USCIS.

Operational Jobs Claimed

The EB-5 program regulations stipulate that operational jobs may only be counted if they would not exist but for the EB-5 project. Evans' assertion that they should start counting an increase in direct jobs from 2013 is not correct. The construction spending happened, for the most part, after 2015. And in reality, none of that spending would result in usable new physical plant until after construction is completed. Any operational staff expansion happening prior to that construction spending is the result of filling capacity of physical plant already in place and would happen without the EB-5 project and shouldn't be counted.

In the original economic impact report, the below direct jobs and resulting total jobs were projected to be created by the Project.

Table 2. Projected Number of Total Jobs Arising from an Additional 408 Front Sight Direct Employees

Front Sight Job Category	Best Fitting RIMS II Industry and Industry Number	Number of Newly Created Direct Jobs in Category	RIMS II Direct Effect Employment Multiplier for the Category	Total Jobs Created Across All Categories
Range Staff	Educational Services, 52	260	1.6046	417.2
Maintenance Staff	Educational Services, 52	80	1.6046	128.4
Office Staff	Administrative and Support Services, 50	30	1.5197	45.6
Retail Staff	Retail Trade, 28	18	1.6177	29.1
Patriot Pavilion Staff	Educational Services, 52	20	1.6046	32.1
Job Totals		**408**		**652.4**

Source: The Economic and Jobs Creation Impacts of the Exemplar Front Sight Firearms Training Institute Expansion Project in the Applicant EB-5 Impact Capital Regional Center LLC

Under Job Verification in the original business plan, the means of verifying the creation of these 408 direct jobs was stated as, "Audited or unaudited evidence of annual vacation club revenues through financial, accounting, or other customary similar records will verify job creation." If verification of this manner was chosen at the I-829 stage to claim operational jobs, then tax returns showing a marginal increase in revenue commiserate with projected job creation would be required to claim these jobs. The revenue figure cited in the original business plan tied to the creation of these 408 direct jobs is $180.5 million in project revenue in Year 3 of operation.

The other method of proving direct job creation to the USCIS at the I-829 stage is by providing hiring records such as W-2s that would provide proof or employment and timing of hiring. The project could also provide evidence of hiring 408 employees by producing records of these employees hiring and employment by the company. Similarly, payroll records may be used to provide evidence of direct hiring.

The Evans report states that they are conservatively estimating that 81 new jobs have been added since 2013. They state that it is a conservative estimate because they are only counting employees that work at least 35 hours a week. This is not

conservative: this is the program regulation as set forth by USCIS. You are not allowed to count any employees working less than 35 hours a week. Evans however never provides any concrete proof of this "conservative" estimate of 81 new employees having been actually hired.

Without proof of increased revenues to support these hires or documentation to provide proof of hiring, USCIS will not grant eligibility of these jobs at the I-829 stage. W2s will be needed to show the hiring after the expansion of the physical plan or revenue commiserate with creation of those 81 jobs in the RIMSII model. To use revenue to claim these 81 hires, FSM would need to show an increase in revenue of $6.65 million between 2015 and 2019, the year of the Evans report to justify claiming 81 new operational jobs. This $6.65 million figure is arrived at by taking the change in total output the new 81 employees were estimated to have created in the local economy, which is cited as $12.2 million on page 5 of the Evans report. This is total output/revenue (direct, indirect and induced). For purposes of this exercise, only the direct output/revenue generated by the new 81 employees is relevant.

To calculate this, the $12.2 million in total additional revenue generated in the local economy must be divided by the final demand output multiplier, which is 2.2523. This yields $5.42 million in 2010 dollars of direct revenue generated by FSM to support 81 new hires. This direct revenue estimate needs to be inflated to 2019, the PPI from Bureau of Labor Statistics for Educational Services (NAICS 61) is used. Applying the deflator of 1.23 for 2019 to the 2010 estimate of $5.42 million produces a 2019 marginal increase in revenue estimate of $6.6 million. This means to claim the 81 new jobs in the Evans report using the revenue method, the project would need to show an operational increase in revenue between 2015 and 2019 of at least $6.6 million.

This does not seem to be the case. According to financial data appearing in JDP Forensic Accounting's report dated May 27, 2021, investigating the solvency of

FSM, the operations of the facility have produced a continually decreasing topline between 2015 and 2019. The revenue generated by the facility has gone from $26.0 million in 2015 to $19.4 million in 2019.[1] Not only has FSM not shown the required increase in revenue between 2015 and 2019 needed to support the claim of 81 additional employees, they have actually lost revenue. There is an easier case to be made that staffing decreased during this period rather than increased.

Conclusion

The claims about job creation put forth in the Evans report do not hold up under scrutiny. These job creation claims would not be approved by USCIS at the I-829 stage of the EB-5 program. The claimed construction timeline of over 24 months does not appear feasible given the small percentage spent of the total 30 month budget. Given this fact, only the 57.7 indirect and induced jobs may be claimed from the construction activity. Even these jobs are predicated on FSM providing USCIS with much more detailed objective third-party evidence about these expenditures.

The 81 additional operation jobs claimed to have been created during the project appear to have no credibility. The two methods of proving this job creation at the I-829 stage are proof of hire such as W2s and payroll records or increase in revenue that when plugged into the RIMSII model would show the creation of 81 direct jobs. Evidence for either method does not exist. Therefore, these jobs cannot be claimed.

The Evans report does not meet the regulatory standard to be considered evidence of job creation at the I-829 stage. It lacks the basic requirements needed to meet this standard. Primarily there is no third-party objective party to verify the inputs into the model. The reader is assumed to take FSM and Evans word for it. That

[1] JDP Forensic Accounting, Solvency Report on Front Sight Management, Attachment 2, May 27, 2021.

is not enough. The Evans report falls hopelessly short of the rigor needed to meet the regulations set forth by USCIS for the EB-5 program.

John S. Barrett
32 Ossipee Rd. ● Somerville, MA 02144 ● (617) 821 -0415
john.sullivan.barrett@gmail.com

PROFILE

A research manager and economist with over 20 years of experience with a strong quantitative foundation who has held positions in government agencies, academia and the private sector. Possesses a proven background in the use of statistical analysis, econometrics and mathematical modeling to provide insight on strategic business issues. A skilled communicator, who can express complex issues in a clear and concise manner to internal and external clients.

EXPERIENCE

Co-Founder **2012 – Present**
Performance Economics **Somerville, MA**

- Perform economic impact analysis for foreign investors seeking to invest in the United States under the EB-5 Immigrant Investor Pilot Program.

- Develop business plans and financial forecasts for new U.S. businesses seeking to attract foreign capital.

- Act as an economic advisor to EB-5 industry trade groups.

- Raise private financial capital for EB-5 projects.

- Construct an annual database that tracks U.S. freight flows by commodity and mode at the county level used by state and local governments and private sector logistic companies.

Lecturer **2020 - Present**
Emmanuel College **Boston, MA**

- Courses taught:
- ECON 1101 – Principles of Microeconomics
- MGMT 1101 – Introduction to Business
- MGMT 2410 – Entrepreneurship and Small Business
- MGMT 3302 – Operations Management
- MGMT 4301 – Strategic Management

Visiting Lecturer **2018 – 2020**
Emmanuel College **Boston, MA**

- Courses taught:
- ECON 1101 – Principles of Microeconomics
- MGMT 1101 – Introduction to Business
- ECON 2203 – Economic View of the World
- MGMT 3105 – Investments
- ECON 2205 – Urban Economics
- MGMT 2410 – Entrepreneurship and Small Business
- MGMT 2202 – International Management

Adjunct Faculty **2012 - 2017**
Emmanuel College **Boston, MA**

-Courses taught:
-ECON 1101- Principles of Microeconomics
- ECON 1103 – Principles of Macroeconomics

Vice President of Strategic Analytics **2011 – 2012**
Mullen Advertising **Boston, MA**

- Managed team of analysts focused on quantifying the net impact of media advertising for clients across multiple industries.

- Constructed and optimized media mix models for clients to determine appropriate advertising budget across all media channels.

- Performed segmentation analysis on clients' customer databases to improve CRM strategies and to enhance media targeting and messaging.

- Presented analytic results to CMOs of Fortune 500 clients.

Principal **2005 - 2011**
IHS Global Insight **Lexington, MA**

- Participated in every phase of client engagement life cycle; proposal writing, methodology development, project management, analysis performance and results presentation.

- Directed and performed demographic analysis and forecasting using Census PUMS and BLS Consumer Expenditure Survey databases to provide insights to clients about future regional income and consumption trends.
- Forecasted total industry revenue using econometric models constructed in E-Views for clients in the finance, consumer packaged goods, construction, transportation and manufacturing sectors.

- Applied economic impact analysis and provide custom market analysis for corporate responsibility campaigns for Fortune 500 clients in the IT, energy and advertising industries.

- Managed 4 teams across 3 global regions authoring 4 chapters for a European Commission study on E.U. and U.S. sectoral competitiveness. Topics researched included profitability, demand-side effects, macroeconomic drivers and regional cluster analysis.

- Independently constructed database of U.S. freight flows that contains over 90 million unique data points and earns revenue of $1.5 - $2 million annually. The database provides government agencies and transportation executives insights into current and future modal mix, regional market growth and competitive opportunities.

Director of Research **2003 – 2005**
Beacon Hill Institute at Suffolk University **Boston, MA**

- Managed research team of 4 economists and 4 Ph.D. student research assistants.

- Led the development of the Institute's flagship product, STAMP®, a state-level computable general equilibrium model used to estimate the effects of changes in state tax policy.

- Produced forecasts of Massachusetts state tax revenue and presented forecasts to legislators and Department of Revenue staff as part of the annual budgeting process.

- Leveraged econometrics, contingent valuation, financial modeling and societal cost-benefit analysis to provide industry clients with analysis and insights to present to policymakers on issues such as:

  - Effects of proposed drug reimportation policy on R&D spending in the U.S. pharmaceutical industry.
  - Economic impact of siting a proposed wind farm in Massachusetts' coastal waters.
  - Municipal fiscal impact of constructing a fiber-to-the home broadband network.

- Acted as Institute spokesperson at national conferences, legislative hearings and with national media including; CNBC, ABC World News Tonight, NPR and PBS.

Senior Lecturer **2003 – 2005**
Suffolk University **Boston, MA**

- Instructor for undergraduate Principles of Microeconomics course.

Research Economist **2001 – 2003**
Beacon Hill Institute at Suffolk University **Boston, MA**

- Estimated the impact on consumers and the computer services industry of the Justice Department's proposed antitrust sanctions against Microsoft. Analysis enabled IT lobbyists to present to lawmakers a clearer picture of sanction's true economic effect.

- Authored Institute policy papers and articles for publication in major newspapers and business and academic journals on topics including national economic impacts of regulatory changes, effects on industry dynamics of anticompetitive behavior and fiscal and economic ramifications of state and national tax code changes.

- Constructed econometric models to produce Massachusetts State tax revenue forecasts for the Legislature and Governor.

- Served as professional mentor to graduate students enrolled in International Economics degree at Suffolk

University.

Regional Economist **1998 – 2000**
U.S. Dept. of Commerce, Bureau of Economic Analysis **Washington, DC**
- Member of team of economists producing Gross Domestic Product by State estimates for publication in Survey of Current Business and on the Bureau's website.

- Re-engineered BEA's regional indirect business tax models from Excel to Visual Basic to allow for more efficient and transparent processing.

- Studied the feasibility of producing BEA's National Satellite Travel and Tourism Accounts at the state level.

- Estimated two of the four components, employee compensation and indirect business taxes, of GDP by State for 51 regions and 72 industries for annual publication in Survey of Current Business.

- Estimated property-type income in the electric utility and railroad transportation industries for all 51 regions of GDP by State.

EDUCATION

MS in Finance
Sawyer School of Management
Suffolk University Boston, MA

MS in Economics
New Mexico State University Las Cruces, NM

BA in Economics
University of Connecticut Storrs, CT

EXHIBIT 11

Robert Dziubla

From: Robert Dziubla <rdziubla@eb5impactcapital.com>
Sent: Thursday, May 12, 2016 2:49 PM
To: 'Mike Meacher'
Cc: Jon Fleming
Subject: RE: Meeting on May 18th

Flag Status: Flagged

Mike,

I wish I could accommodate that request, but I really can't push my departure from Oakland back that late given my already-altered travel plans to attend my son's graduation.

We would like to tee up the agenda for our Oakland meeting so that we can make efficient use of the two hours we will have together.

Background:

As we all know, the EB5 world has changed a lot since we first started down this road and then had to wait 18 months for USCIS to approve the project. The Front Sight raise is turning out to be much harder and taking longer than we had expected, and all of us are horribly frustrated and upset by this turn of events.

Jon and I love the Front Sight project and have been busting our butts to accomplish the EB5 raise and do so within the budget we agreed three years ago. However, we have now been working without pay for three years, have exhausted our personal resources, and can no longer continue without some major changes. We had to let Ethan go at the end of last week as we have no money to pay him because the modest amount of income we had anticipated from the admin fee while achieving the minimum raise is going to the greedy agents.

Of course there is enormous detail to all of the above, but discussing that won't fix the problem.

Choices:

After a lot of thought, it seems to us that we have three choices:

1. Call it a day, shake hands, and part ways as friends. Naturally, as part of that we first refund the EB5 money that is in escrow to the investors and then close our doors.

2. Restructure the capital stack by (i) eliminating the minimum raise and (ii) bringing in senior debt from a timeshare lender who understands the timeshare business. Elements of this approach include:
    a. We have discussed item (ii) with a very experienced consultant in the timeshare finance industry who has closed over 2,000 financings. He believes that he can source one or more lenders who will provide construction financing and timeshare receivables financing at a blended rate of around 6 - 7%. Financing costs from the lender will be around 1.25% of the commitment. That is positive news and allays your concern about having to pay Guido-the-loanshark-rates.
    b. By getting this timeshare financing into place ASAP, you can then start construction ASAP. With the timeshare financing in place and construction started, you can start pre-selling the timeshares and generating revenues.

c. By eliminating the minimum raise, we can start disbursing the EB5 money that is already in escrow to the project while we continue to raise as much EB5 money as possible. We would need to ensure that the EB5 money is applied to the project development where the 10 jobs are being created. (We need to have further discussion with our EB5 lawyer on this point and some others.)
d. The timeshare financing would have a 1st position mortgage (paying off the Holocek mortgage) and the EB5 money would have a second mortgage. We would need to negotiate an inter-creditor agreement between the timeshare lender and the EB5 money to sort out their respective rights etc.
e. We would have to amend the PPM, subscription agreement and other project documents to reflect the above changes.
f. We likely would have to give a rescission right to the EB5 investors who are already in escrow. We anticipate that none of them would exercise that right because then they would have to pull their I-526 application back from USCIS and find another project for their investment, thus putting them at the end of an ever-longer line.
g. FS would have a new loan agreement with the timeshare lender.
h. The EB5 loan agreement that Scott and Letvia have been reviewing would need to be revised to incorporate the above.
i. We would continue the EB5 marketing and raise as much EB5 money as possible. We have discussed the above changes to the capital stack with our agents, and they think those changes would make the project much more attractive to the investors because the project would no longer be an outlier, as the vast majority of projects being marketed these days have senior commercial debt and therefore have a much higher EB5 job surplus.
j. A preliminary budget for the above (not including costs that the timeshare lender might incur):
    i. Upfront legal fees of $11k: i.e., $3k to amend the EB5 loan agreement, $3k to amend the PPM and other project legal documents, $5k to amend the EB5 documents and file them with USCIS.
    ii. $8k per month for us to keep our doors open and rehire Ethan (assuming that he hasn't found another job) until we have $10m of EB5 money invested into the project (anticipated by Sept. 30).
    iii. Additional legal fees of probably $5 – 7k or so for the inter-creditor agreement.

3. We sell the EB5 Impact Capital Regional Center LLC and Las Vegas Development Fund LLC entities to you, and you then proceed as you wish.

We look forward to our meeting on Wednesday and hope that we can achieve a speedy resolution.

Bob

From: Mike Meacher [mailto:meacher@frontsight.com]
Sent: Wednesday, May 11, 2016 3:53 PM
To: 'Robert Dziubla' <rdziubla@eb5impactcapital.com>
Subject: RE: Meeting on May 18th

Bob,

I just noticed your flights only allow for about a 2 hour meeting presuming you need to be at the airport an hour before flight time. I suggest you change to the 5:50 departure (flight 2671) and then move to the earlier one if we are completed in time. I don't want to rush this discussion.

Thanks,

Mike
Meacher@frontsight.com
702-425-6550

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Wednesday, May 11, 2016 3:22 PM
To: 'Mike Meacher'; 'Jon Fleming'
Cc: 'Ignatius Piazza'
Subject: RE: Meeting on May 18th

Dear Mike,

I was planning to be traveling that day for my son's graduation but have rearranged that trip so we can meet with you and Naish as requested on Wednesday, May 18.

Jon and I are booked to arrive into Oakland at 11:55 a.m. on Southwest #696 and depart at 3:30 pm on Southwest # 1701.

Cheers,

Bob

From: Mike Meacher [mailto:meacher@frontsight.com]
Sent: Wednesday, May 11, 2016 2:04 PM
To: 'Robert Dziubla' <rdziubla@eb5impactcapital.com>; 'Jon Fleming' <jfleming@EB5impactcapital.com>
Cc: Ignatius Piazza <Ignatius@frontsight.com>
Subject: Meeting on May 18th
Importance: High

Bob and Jon,

Thanks for the update.

Naish wants to have a face to face meeting in Oakland on Wednesday, May 18th to discuss all the issues surrounding EB-5 and to work toward a solution of getting Front Sight funded. He and I have discussed the topics you raised about reducing the minimum raise and adjusting the capital stack. He is amenable to both ideas but wants to discuss the details.

I will arrive at 11:00AM in Oakland. See if you two can arrange to be there about this time. We can have a leisurely lunch and discuss all the considerations and depart late afternoon.

Please confirm ASAP.

Thanks,

Mike
Meacher@frontsight.com
702-425-6550

From: Robert Dziubla [mailto:rdziubla@eb5impactcapital.com]
Sent: Wednesday, May 11, 2016 11:21 AM
To: 'Mike Meacher'; 'Jon Fleming'
Subject: RE: Update

Dear Mike,

Please find attached the marketing report for the period through Saturday.

We had a good talk with Ralf, and he now understands EB5 and the FS deal much better, so will start reaching out to folks he knows in Panama who work with high-net worth investors, i.e. primarily attorneys and accountants. Ralf was musing, though, that most of the HNW Panamanians he knows probably wouldn't be interested in an EB5 green card because they already have long-term US visas and don't really need to have a US green card.

Also, on a separate point, John Small kindly introduced us to a couple of his contacts who he explained have been successful in sourcing EB5 investors from Latin America. We of course are following up on that.

We are awaiting word from Sinowel on their investor tour later this month. We also are awaiting further word from our Shanghai agent whose investors visited Front Sight.

When would you be available to talk with me and Jon over the next two days, as we have some important discussions and decisions? I am up in LA tonight for meetings and may end up spending the evening there, so sometime on Thursday afternoon or anytime on Friday except for one hour from 10:30 – 11:30 works for us. Please advise.

Thanks,

Bob

From: Mike Meacher [mailto:meacher@frontsight.com]
Sent: Tuesday, May 10, 2016 2:08 PM
To: Robert Dziubla <rdziubla@eb5impactcapital.com>; Jon Fleming <jfleming@EB5impactcapital.com>
Subject: Update

Bob and Jon,

How did your call go with Ralf?

What is the status of the Sinowel investor group tour later this month?

How many investors from the Shanghai group are moving forward?

Please give me a marketing update for the last week.

Thanks,

Mike
Meacher@frontsight.com
702-425-6550

EXHIBIT 12

AMENDED AND RESTATED PROMISSORY NOTE

$50,000,000.00 Date: July 1, 2017 (the "Effective Date")

FOR VALUE RECEIVED, the undersigned, FRONT SIGHT MANAGEMENT LLC, a Nevada limited liability company ("**Borrower**"), having an address at 1 Front Sight Road, Pahrump, NV 89061, promises to pay, as hereinafter provided, to the order of LAS VEGAS DEVELOPMENT FUND LLC, a Nevada limited liability company ("**Lender**"), having an address at P.O. Box 3003, 916 Southwood Blvd., Suite 1G, Incline Village NV 89450, without set-off, counterclaim or deduction, the sum of Fifty Million and No/100 Dollars ($50,000,000.00), or so much thereof as may have been advanced to or made available for the benefit of Borrower pursuant to the Loan Agreement (as such term is hereinafter defined) and remains unpaid from time to time (hereinafter called "**Principal Balance**"), with interest on the Principal Balance, until paid in full, at the rates per annum hereinafter specified in legal tender for the payment of public and private debts in the United States of America, all in accordance with the terms hereinafter set forth. All interest payable hereunder shall be computed on the basis of a 360-day year, but shall be charged for the actual number of days principal is unpaid.

1. Payment Location. All payments of principal and interest under this Note shall be made in lawful money of the United States of America by wire transfer in immediately available funds to such account as may be designated by Lender to Borrower in writing.

2. Capitalized Terms. Unless the context otherwise indicates, capitalized terms not otherwise defined herein shall have the meanings provided for such terms in that certain Construction Loan Agreement of October 6, 2016, as amended by that certain First Amendment to Construction Loan Agreement of even date herewith by and between Borrower and Lender (as the same may be further amended, modified or supplemented from time to time hereinafter collectively referred to as the "**Loan Agreement**"), and which terms are incorporated by this reference as if fully set forth herein.

3. Identification of Note. This Amended and Restated Promissory Note (this "**Note**") is the Promissory Note referred to in the Loan Agreement and shall amend, restate and replace in its entirety that certain Promissory Note, made as of October 6, 2016, by Borrower, in favor of Lender, for the purpose of clarifying certain terms and conditions intended to be effective from and after the Effective Date. The Loan Agreement governs the terms of the indebtedness of Borrower to Lender evidenced by this Note and such other indebtedness as more particularly set forth in the Security Documents (defined below).

4. Payments. This Note shall be payable by Borrower to Lender as follows:

(a) Interest shall accrue commencing upon the date upon which funds are first released to Borrower from the Loan Escrow, and continuing until such time as Borrower repays such funds to Lender, in whole or in part, as and when permitted in accordance with

4835-0286-1843.2

the Loan Agreement. Borrower shall make current payments of interest on the first (1st) day of each calendar month on that portion of the Principal Balance then outstanding calculated at an annual rate of 6% during the Initial Term with respect to all Advances made prior to July 1, 2017 and, with respect to such Advances, if extended, at an annual rate of 7% during the Extension Term; and, with respect to all Advances made after July 1, 2017 at an annual rate of 7% during the Initial Term, and, with respect to such Advances, if extended, at an annual rate of 8% during the Extension Term.

If any payment date is on a weekend or national holiday, payment shall be made on the next business day.

(b) The entire unpaid Principal Balance and all interest accrued thereon shall be due and payable in full on the Initial Maturity Date, subject, however, to Borrower's election to extend the Initial Maturity Date in accordance with the terms and conditions set forth in Section 1.6 of the Loan Agreement.

(c) In the event that the maturity date is extended as set forth in Section 4(b) above, all accrued and unpaid interest pursuant to Section 4(a) above shall be paid to Lender on the Initial Maturity Date.

(d) Following any Event of Default hereunder or under the Loan Agreement, interest shall accrue at the Default Rate together with, as applicable, any Late Charge in accordance with the Loan Agreement.

(e) No payment of interest or other consideration made or agreed to be made by Borrower pursuant to this Note or any other instrument referring to or securing this Note shall, at any time, be deemed to have been computed at an interest rate in excess of the maximum rate of interest permissible by law, if any. In the event such payments of interest or other consideration provided for in this Note or any other instrument referring to or securing this Note shall result in payment of an effective rate of interest which, for any period of time, is in excess of the limit of the usury law or any other law applicable to the loan evidenced hereby, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party or parties hereto, be applied to the Principal Balance immediately upon receipt of such monies by Lender with the same force and effect as though Borrower had specifically designated, and Lender had agreed to accept, such extra payments as a principal payment, without premium or penalty. If the Principal Balance has been fully paid, any such excess amount shall be refunded to Borrower. This provision shall control over every other obligation of Borrower hereunder and under any instrument that secures this Note.

(f) Except as set forth in Section 4(e) above, all payments made hereunder shall be applied to amounts due in accordance with the Loan Agreement.

5. Prepayment. The Principal Balance and accrued interest thereon may be prepaid in full or in part only as provided in the Loan Agreement.

6. Security. The payment and performance of this Note and other Obligations are secured by the lien of that certain Deed of Trust, Assignment of Leases and Rents, Security

Agreement and Fixture Filing of even date herewith ("**Deed of Trust**"), by Borrower for the benefit of Lender encumbering certain real and personal property located in Nye County, Nevada, as more specifically described therein (the "**Project**"). Advances of the sums evidenced by this Note are to be made pursuant to the Loan Agreement.

Each Borrower, co-maker, endorser, surety and guarantor hereby guaranties payment of this Note, and waives demand for payment, presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of intent to foreclose on any collateral securing this Note, all other notices as to this Note, diligence in collection as to each and every payment due hereunder, and all other requirements necessary to charge or hold such person or entity to any obligation hereunder, and agrees that without any notice Lender may take additional security herefor or may release any or all security herefor, or alone or together with any present or future owner or owners of all or any part of the Project or by any other security documents, may from time to time extend, renew, or otherwise modify the date or dates or amount or amounts of payment above recited, or Lender may from time to time release any part or parts of the property and interest subject to the Deed of Trust or any other security documents from the Deed of Trust and/or any other security documents, with or without consideration, and that, in any such case, each Borrower, co-maker, endorser, surety and guarantor shall continue to be bound hereby and to be liable to pay the unpaid balance of the indebtedness evidenced hereby, as so additionally secured, extended, renewed or modified, and notwithstanding any such release, and further agrees to indemnify Lender against and hold Lender harmless from and pay all costs and expenses of collection, including court costs and reasonable attorneys' fees (prior to trial, at trial and on appeal) incurred in collecting the indebtedness evidenced hereby, or in exercising or defending, or obtaining the right to exercise, the rights of Lender hereunder, under the Loan Agreement or under any security document, whether suit be brought or not, and in foreclosure, in bankruptcy, insolvency, arrangement, reorganization and other debtor-relief proceedings, in probate, in other court proceedings, or otherwise, whether or not Lender prevails therein, and all costs and expenses incurred by Lender in protecting or preserving the property and interests which are subject to the Deed of Trust and/or any other security documents.

7. Default. Time is of the essence hereof. The occurrence of an Event of Default under the Loan Agreement shall constitute an Event of Default under this Note. Upon the occurrence of an Event of Default, Lender shall have the rights set forth in Section 6.2 of the Loan Agreement.

Lender shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid unless in writing and signed by Lender. All rights and remedies of Lender under the terms of this Note, under the terms of the Loan Agreement and/or of any other security document, and under any statutes or rules of law shall be cumulative and may be exercised successively or concurrently by Lender. Borrower agrees that Lender shall be entitled to all the rights of a holder in due course of negotiable instruments. Any provision of this Note which may be unenforceable or invalid under any law shall be ineffective to the extent of such unenforceability or invalidity without affecting the enforceability or validity of any other provision hereof.

8. Interest Rate Limitation. It is the intent of Borrower and Lender in the execution of this Note and all other instruments securing this Note that the loan evidenced hereby be exempt from the restrictions of the usury laws of the State of Nevada. In the event that, for any reason, it should be determined that the Nevada usury law is applicable to the Loan, Lender and Borrower stipulate and agree that none of the terms and provisions contained herein or in any of the other Security Documents shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Nevada. In such event, if any holder of this Note collects monies which are deemed to constitute interest which would otherwise increase the effective interest rate on this Note to a rate in excess of the maximum rate permitted to be charged by the laws of the State of Nevada, all such sums deemed to constitute interest in excess of such maximum rate will, at the option of Lender, be credited to the payment of the sums due hereunder (without penalty or premium to Borrower) or returned to Borrower. Borrower agrees to pay an effective contracted for rate of interest equal to the rate of interest resulting from all interest payable as provided in this Note, plus any fees, costs and expenses which may be deemed interest under Nevada law.

9. Applicable Law; Jury Trial. IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS NOTE AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA, APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS NOTE AND THE SECURITY DOCUMENTS, AND THIS NOTE AND THE SECURITY DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

BORROWER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION RELATING TO THE LOAN AND/OR THE SECURITY DOCUMENTS. BORROWER, TO THE FULLEST EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, (A) SUBMITS TO PERSONAL JURISDICTION IN THE STATE OF NEVADA OVER ANY SUIT, ACTION OR PROCEEDING BY ANY PERSON ARISING FROM OR RELATING TO THIS NOTE, (B) AGREES THAT ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN CLARK COUNTY IN THE STATE OF NEVADA, (C) SUBMITS TO THE JURISDICTION AND VENUE OF SUCH COURTS AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT, AND (D) AGREES THAT IT WILL NOT BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM. BORROWER FURTHER CONSENTS AND AGREES TO SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING BY REGISTERED OR CERTIFIED U.S. MAIL, POSTAGE PREPAID, TO BORROWER AT THE ADDRESSES FOR NOTICES DESCRIBED IN THIS NOTE, AND CONSENTS AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE IN EVERY

RESPECT VALID AND EFFECTIVE SERVICE (BUT NOTHING HEREIN SHALL AFFECT THE VALIDITY OR EFFECTIVENESS OF PROCESS SERVED IN ANY OTHER MANNER PERMITTED BY LAW).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed and delivered effective as of the day and year first above set forth.

BORROWER:

FRONT SIGHT MANAGEMENT LLC,
a Nevada limited liability company

By: _____ 11/14/17

Name: Ignatius Piazza

Title: Manager

PLEASE SEE ATTACHED
CALIFORNIA ALL-PURPOSE
ACKNOWLEDGEMENT FORM

4835-0286-1843.2

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Sonoma.

On Nov. 14, 2017 (Date) before me, John A Russell Notary Public (Here Insert Name and Title of the Officer),

personally appeared Ignatius Anthony Piazza II (Name(s) of Signer(s))

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

JOHN A. RUSSELL
Notary Public - California
Sonoma County
Commission # 2171851
My Comm. Expires Nov 13, 2020

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature John A Russell
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Amended and Restated Promissory Note

Document Date: 11/14/2017 Number of Pages: 6

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer – Title(s): _____	☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian of Conservator	☐ Trustee ☐ Guardian of Conservator
☐ Other: _____	☐ Other: _____
Signer is Representing: _____	Signer is Representing: _____

EXHIBIT 13

DOC #860867
Official Records Nye County NV
Deborah Beatty - Recorder
10/13/2016 08:32:24 AM
Requested By: CHICAGO TIMESHARE ESC
Recorded By: tc RPTT:$0
Recording Fee: $51.00
Non Conformity Fee: $25.00
Page 1 of 38

RECORDING REQUESTED BY:)
AFTER RECORDING, RETURN TO:)

LAS VEGAS DEVELOPMENT FUND LLC
C/O EB5 Impact Capital
PO BOX 3003
Incline Village, NV 89450

APN
045-481-05
045-481-06

57285-NBC/193090176-426

Space above this line for Recorder's use

CONSTRUCTION DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING

This Document serves as a Fixture Filing under the Uniform Commercial Code, as amended from time to time, covers goods that are or become fixtures on the land, and is to be filed in the real property records of Nye County, Nevada.

THIS CONSTRUCTION DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING (the "**Deed of Trust**") is made and entered into effective as of October 06, 2016 by FRONT SIGHT MANAGEMENT, LLC, a Nevada limited liability company ("Grantor"), whose address is 1 Front Sight Road, Pahrump, Nevada 89061, to Chicago Title Company ("Trustee") whose address is 725 S. Figueroa Street, Suite 200, Los Angeles, California 90017, for the benefit of Las Vegas Development Fund LLC, a Nevada limited liability company ("Lender"), as beneficiary, whose address is P.O. Box 3003, 916 Southwood Blvd., Suite 1G, Incline Village, Nevada 89450.

To secure the full and timely payment of the secured indebtedness (as hereinafter defined), and in further consideration of the premises and for the purposes herein recited, and to secure the payment, performance and observance by Grantor of the covenants and conditions contained herein, in the Note (as hereinafter defined) and in all other agreements, documents and instruments (the "Other Documents") now or hereafter governing, securing, or guaranteeing the Loan (as hereinafter defined) evidenced by the Note (the Note, this Deed of Trust and the Other Documents being sometimes hereinafter collectively referred to as the "Loan Documents"), Grantor GRANTS, BARGAINS, SELLS, ASSIGNS and CONVEYS unto Trustee, in trust, for the benefit of Lender, WITH POWER OF SALE, AND RIGHT OF ALL ENTRY and possession of the following described land, real property interests, buildings, improvements, fixtures and other personal property:

(a) All that tract or parcel of land and other real property interests in Nye County, Nevada, more particularly described in Exhibit A attached hereto and made a part hereof (the "Land"), and all buildings and improvements of every kind and description now or hereafter erected or placed on the Land (the "Improvements"), and all right, title and interest of Grantor, now owned or hereafter acquired, in and to (i) all streets, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or

proposed, abutting, adjacent, used in connection with or pertaining to the Land or the Improvements; (ii) any strips or gores between the Land and abutting or adjacent property; and (iii) all options to purchase the Land or the Improvements or any portion thereof or interest therein, and any greater estate in the Land or the Improvements, including any and all water and water rights up to two hundred (200) acre-feet only per year, timber, crops and mineral interests on or pertaining to the Land;

(b) All materials intended for construction, reconstruction, alteration and repair of the Improvements, all of which materials shall be deemed to be included within the premises hereby conveyed immediately upon the delivery thereof to the Land, and all fixtures and articles of personal property now or hereafter owned by Grantor and attached to or contained in and used in connection with the aforesaid Land and Improvements, including, but not limited to, all furniture, furnishings, apparatus, machinery, equipment, motors, elevators, fittings, radiators, ranges, refrigerators, awnings, shades, screens, blinds, carpeting, office equipment and other furnishings and all plumbing, heating, lighting, cooking, laundry, ventilating, refrigerating, incinerating, air conditioning and sprinkler equipment, telephone systems, televisions and television systems, computer systems and fixtures and appurtenances thereto and all renewals or replacements thereof or articles in substitution thereof, whether or not the same are or shall be attached to the Land and Improvements in any manner, but specifically excluding any and all firearms and related ammunition inventory owned or held by Grantor on the Land (the "Accessories");

(c) All (i) plans and specifications for the Improvements; (ii) Grantor's rights, but not liability for any breach by Grantor, under all commitments, insurance policies, contracts and agreements for the design, development, construction, operation or inspection of the Improvements and other contracts related to the Land, Improvements and Accessories or the operation thereof and related to the sale of any Land comprising the Improvements; (iii) deposits (including, but not limited to, Grantor's rights in tenants' security deposits, deposits with respect to utility services to the Land and Improvements, and any deposits or reserves hereunder or under any other Loan Document for taxes, insurance or otherwise), rebates or refunds of impact fees or other taxes, assessments or charges, money, accounts, instruments, documents, notes and chattel paper arising from or by virtue of any transactions related to the Land, Improvements and Accessories, and any account or deposit account from which Grantor may from time to time authorize Lender to debit and/or credit payments due with respect to the Loan; (iv) permits, licenses, franchises, certificates, development rights, commitments and rights for utilities, and other rights and privileges obtained in connection with the Land, Improvements and Accessories; (v) leases, rents, royalties, bonuses, issues, profits, revenues and other benefits of the Land, Improvements and Accessories; (vi) engineering, accounting, title, legal and other technical or business data concerning the Land, Improvements and Accessories which are in the possession of Grantor or in which Grantor can otherwise grant a security interest; (vii) all lists and contact information concerning then current members of the Front Sight Vacation Club and Resort, and all booklets, brochures and advertising materials for current members of the Front Sight Vacation Club and Resort.

(d) All (i) proceeds (cash or non-cash) of or arising from all or any portion of the properties, rights, titles and interests referred to in paragraphs (a), (b) and (c) above, including, but not limited to, proceeds of any sale, lease or other disposition thereof, proceeds of each policy of insurance relating thereto (including premium refunds), proceeds of the taking thereof or of any

rights appurtenant thereto, including change of grade of streets, curb cuts or other rights of access, by condemnation, eminent domain or transfer in lieu thereof for public or quasi-public use under any law, and proceeds arising out of any damage thereto; and (ii) other interests of every kind and character which Grantor now has or hereafter acquires in, to or for the benefit of the properties, rights, titles and interests referred to in paragraphs (a), (b) and (c) above and all property used or useful in connection therewith, including, but not limited to, rights of ingress and egress and remainders, reversions and reversionary rights or interests;

TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto (collectively, the "Property") unto Trustee, its successors in trust, forever, with power of sale, and Grantor does hereby bind itself, its successors, and assigns, to WARRANT AND FOREVER DEFEND the title to the Property unto Trustee against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Grantor, as debtor, hereby grants to Lender, as secured party, a security interest in all of the property described in paragraphs (a), (b), (c) and (d) above which constitutes personal property or fixtures (collectively, the "Collateral") to secure the obligations of Grantor under the Note and the other Loan Documents. This Deed of Trust constitutes a security agreement under the Uniform Commercial Code, as amended from time to time, in effect in the state in which the Land is situated, or under the Uniform Commercial Code in force in any other state to the extent the same is applicable law, and Lender shall have all of the rights of a secured party thereunder in addition to its right hereunder or otherwise. This Deed of Trust may secure an obligation incurred for the construction of an improvement on the Land and as such constitutes a "construction mortgage" under the Uniform Commercial Code, as amended from time to time, in effect in the state in which the Land is situated.

Grantor covenants, represents and agrees to and with Trustee and Lender as follows:

ARTICLE I
The Loan

1.1 Loan. The indebtedness secured by this Deed of Trust is the result of a loan in the original principal amount of up to Seventy-Five Million Dollars $75,000,000 (the "Loan") provided by Lender to Grantor. The Loan is evidenced by (a) that certain Construction Loan Agreement (together with any extensions, revisions, modifications or amendments hereafter made, the "Loan Agreement"), of even date herewith, by and between Grantor and Lender, and (b) that certain Promissory Note executed by Grantor of even date herewith, payable to the order of Lender in the maximum original principal amount of the Loan (together with any extensions, revisions, modifications or amendments hereafter made, the "Note").

1.2 Use of Loan Proceeds. The Loan evidenced by the Note is solely for business and commercial purposes, and is not for personal, family, household or agricultural purposes. The Property forms no part of any property owned, used or claimed by Grantor as a residence or business homestead and is not exempt from forced sale under the laws of the state in which the Property is situated. Grantor hereby disclaims and renounces each and every claim to all or any part of the Property as a homestead.

1.3 Payment of Note. Grantor will pay principal and interest on the Loan in accordance with the Loan Documents, including the Loan Agreement, the Note and this Deed of Trust.

1.4 Amount Secured. This Deed of Trust secures and enforces the payment and performance of the Note and the other Loan Documents, and all indebtedness, liabilities, duties, covenants, promises and other obligations, whether joint or several, direct or indirect, fixed or contingent, liquidated or unliquidated, and the cost of collection of all such amounts, owed by Grantor to Lender now or hereafter incurred or arising pursuant to or permitted by the provisions of the Note, this Deed of Trust or any other Loan Document. This Deed of Trust also secures all present and future loan disbursements (future advances) made by Lender under the Note (it being contemplated by Grantor and Lender that such future indebtedness may be incurred), plus interest thereon, all charges and expenses of collection incurred by Lender, including court costs and reasonable attorneys' fees, and all other sums from time to time owing to Lender by Grantor under the Loan Documents. The indebtedness referred to in this Section 1.4 is hereinafter sometimes referred to as the "secured indebtedness" or the "indebtedness secured hereby".

1.5 Defined Terms. All capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Note, the terms and provisions of which are incorporated herein by reference, or if such capitalized term is not defined in the Note, the capitalized term shall have the meaning assigned to it in the Loan Agreement.

1.6 Subordination to Senior Debt. Lender agrees that this Deed of Trust shall be subordinated to the Senior Debt and to other Permitted Encumbrances, as such terms are defined in the Loan Agreement, and that such subordination of this Deed of Trust to the Senior Debt and other Permitted Encumbrances shall be in accordance with the applicable provisions of the Loan Agreement.

ARTICLE II
Release

If and when Grantor has paid and performed all of the secured indebtedness, and no further advances are to be made under the Note, Trustee, upon request by Lender, will provide a reconveyance of the Property from the lien of this Deed of Trust and termination statements for filed financing statements, if any, to Grantor. Grantor shall be responsible for the recordation of such reconveyance and the payment of any recording and filing costs. Upon the recording of such reconveyance and the filing of such termination statements, the absolute assignment of rents set forth below shall automatically terminate and become null and void.

ARTICLE III
Grantor's Representations and Warranties

Grantor represents and warrants to Lender that:

3.1 Organization. Grantor (a) is a limited liability company duly organized with a legal status separate from its affiliates, validly existing, and in good standing under the laws of the state of its formation or existence, and (b) has complied with all conditions prerequisite to its doing business in the state in which the Land is situated.

3.2 Authority; Power to Carry on Business; Licenses. Grantor has all requisite power and authority to execute and deliver the Loan Documents to which it is a party, to receive the Loan, to grant and convey the security interests contemplated under this Deed of Trust and to perform its obligations under the Note, this Deed of Trust, the other Loan Documents, and all such action has been duly and validly authorized by all necessary limited liability company proceedings on its part. Grantor has all requisite power and authority to own and operate its properties and to carry on its business as now conducted and as presently planned to be conducted. Grantor has all licenses, permits, consents and governmental approvals or authorizations necessary to carry on its business as now conducted or as presently planned to be conducted.

3.3 Execution and Binding Effect. The Loan Documents to which Grantor is a party have been duly and validly executed and delivered by Grantor and constitute legal, valid and binding obligations of Grantor, enforceable in accordance with their terms.

3.4 Authorizations and Filings. No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any Governmental Authority is or will be necessary or advisable in connection with the execution and delivery of the Note, this Deed of Trust and the other Loan Documents, the consummation of the transactions contemplated herein or therein, or the performance of or compliance by Grantor with the terms and conditions herein or therein.

3.5 Execution and Delivery. Neither the execution and delivery of the Note, this Deed of Trust or the other Loan Documents and the consummation of the transactions herein or therein contemplated, nor performance of or compliance with the terms and conditions hereof or thereof will (a) violate any applicable law, (b) conflict with or result in a breach of or a default under the organizational documents of Grantor, (c) conflict with or result in a breach of or a default under any agreement or instrument to which Grantor is a party or by which it or any of its properties (now owned or acquired in the future) may be subject or bound, or (d) result in the creation or imposition of any lien or encumbrance upon any property (owned or leased) of Grantor (other than the liens created by this Deed of Trust or the other Loan Documents).

3.6 Title to Property. Grantor represents and warrants that it has good and indefeasible title to the Land and Improvements (and any fixtures) in fee simple and has title to any appurtenant easements and interests described above and has the right to convey and encumber the same, that title to such property is free and clear of all liens, encumbrances and claims whatsoever except for (a) the Permitted Encumbrances, (b) the liens and security interests evidenced by this Deed of Trust, (c) statutory liens for real estate taxes and assessments on the Property which are not yet delinquent or due and payable, (d) other liens and security interests (if any) in favor of Lender, and (e) the matters set forth in Schedule B of the final mortgagee title policy insuring this Deed of Trust, as approved by Lender, and that it will warrant and defend the title to such property against the claims of all persons or parties. As to the Collateral, Grantor represents and warrants that it has title to such property, free and clear of all liens, encumbrances, and claims whatsoever except for the liens and security interests (if any) in favor of the lender of the Senior Debt and the Permitted Encumbrances, that it has the right to convey and encumber such property and that it will warrant and defend title to such property against the claims of all persons or parties.

3.7 Financial Information. Any financial information provided by Grantor to Lender as of the date hereof is accurate and complete and has been prepared in accordance with generally accepted accounting principles consistently applied.

3.8 Adequate Access. The Land has adequate rights of access to public road and rights of way, as shown in the survey(s) furnished to Lender.

3.9 Utilities. All utility services necessary for the development of the Land and the Property are available at the boundaries of the Land, including electric and natural gas facilities, telephone service, water supply, storm and sanitary sewer facilities.

3.10 Zoning. The current and anticipated use of the Land complies with all applicable zoning ordinances, regulations and restrictive covenants affecting the Land without the existence of any variance, non-complying use, nonconforming use or other special exception, all use restrictions of any Governmental Authority having jurisdiction have been satisfied, and no violation of any law or regulation exists with respect thereto.

3.11 Endangered Species and Historical Sites Disclosure. There are no threatened or endangered species or their habitat affecting the Property, and there are no cemeteries, burial grounds, or archeological or historical sites on the Property.

3.12 Jurisdictional Wetlands or Waters of the U.S. There are no jurisdictional wetlands or "waters of the U.S." located on any part of the Property.

3.13 Special Assessment Districts and Other Reimbursement Obligations. The Property is not located in a utility district, flood control district or other special assessment district, except for the Grantor-disclosed drainage channels that go across the Land and are considered "flood zone areas" on which areas no construction is contemplated or planned. There are no special assessments, special taxes, pro-rata or other reimbursement obligations applicable to the Property.

3.14 Property Disclosure. Grantor has fully disclosed the existence, presence or applicability to the Property of the following: existing gas or oil wells and applicable municipal set-back requirements; special use permits; development permits, plans and plats; existing water wells and confirmation of water rights; drainage channels considered "flood zone areas" on or near which no construction is contemplated or planned; any water features and/or dams located on or adjacent to the Property; wetlands or other environmental permits; and any other licenses, permits or approvals necessary for the ownership or operation of the Property.

3.15 Foreign Person Disclosure. Grantor is not a "foreign person" within the meaning of the Internal Revenue Code, as amended, Sections 1445 and 7701 or the regulations promulgated thereunder.

3.16 OFAC Disclosure. Neither Grantor nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC"), of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive

order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

3.17 No Material Adverse Change. Since the date of the most recent financial statements provided by Grantor to Lender, there has been no material adverse change in the financial condition, business or properties of Grantor.

3.18 No Event of Default; Compliance with Instruments. No event has occurred and is continuing, and no condition exists, which constitutes an Event of Default (as hereinafter defined) or with the passage of time would constitute an Event of Default. Grantor is not in violation of any term of its organizational documents. Grantor is not in violation of any agreement or instrument to which it is a party or by which it or any of its properties (now owned or hereafter acquired) may be subject or bound.

3.19 Litigation. There is no pending, contemplated or, to Grantor's knowledge, threatened action, suit or proceeding by or before any Governmental Authority against or affecting Grantor or the Property or any portion thereof.

3.20 Laws. Grantor is not in violation of any law, which violation is reasonably likely to have a material adverse effect on the financial condition, business or properties of Grantor.

3.21 Accurate and Complete Disclosure. No representation or warranty made by Grantor under this Deed of Trust or under the other Loan Documents and no statement made by Grantor in any financial statement, certificate, report, exhibit or document furnished by Grantor to Lender pursuant to or in connection with the Note, this Deed of Trust or the other Loan Documents is false or misleading in any material respect (including by omission of material information necessary to make such representation, warranty or statement not misleading). Grantor is not aware of any facts which have not been disclosed to Lender in writing by or on behalf of Grantor which would be reasonably likely to have a material adverse effect on the financial condition, business or properties of Grantor. The representations and warranties set forth herein are to survive the delivery of the Loan Documents and the making of the Loan.

ARTICLE IV
Affirmative Covenants

Grantor covenants to Lender as follows:

4.1 Preservation of Existence and Franchises. Grantor, and each signatory to this Deed of Trust that signs on Grantor's behalf, will preserve and keep in full force and effect its existence (separate and apart from its affiliates), good standing, rights, franchises, trade names, trademarks and other associated goodwill whether existing at common law or as a federal or state registration.

4.2 Compliance with Licensing Bodies. Grantor shall maintain all certificates of compliance and authority and licenses that are necessary or required by any Governmental Authority or licensing authority having jurisdiction over Grantor or the Property for the current and anticipated use or operation of the Property.

4.3 INTENTIONALLY OMITTED.

4.4 Other Taxes, Utilities and Liens. (a) Grantor shall pay or cause to be paid, when and as due, all real and personal property taxes, assessments, water rates, dues, charges, fines and impositions of every nature whatsoever imposed, levied or assessed or to be imposed, levied or assessed upon or against the Property or any part thereof, or upon the interest of Lender in the Property, as well as all income taxes, assessments and other governmental charges lawfully levied and imposed by the United States of America or any state, county, municipality, assessment district, or other taxing authority upon Grantor or in respect of the Property or any part thereof, or any charge which, if unpaid, might become a lien or charge upon the Property prior to or equal to the lien of this Deed of Trust for any amounts secured hereby or would have priority or equality with this Deed of Trust in distribution of the proceeds of any foreclosure sale of the Property or any part thereof; provided, however, Grantor shall have the right to contest any such taxes, assessments, rates, dues, charges, fine or impositions if the execution or other enforcement of any lien or charge upon the Property is and continues to be effectively stayed or bonded in a manner satisfactory to Lender, the validity and amount of such taxes, assessments, rates, dues, charges, fines or impositions are being actively contested in good faith and by appropriate lawful proceedings and such liens or charges do not, in the aggregate, materially detract from the value of the Property or materially impair the use thereof and the operation of Grantor's business.

(b) Grantor shall promptly pay or cause to be paid all charges by utility companies, whether public or private, for electricity, gas, water, sewer and other utilities.

(c) Grantor shall promptly pay or cause to be paid and will not suffer any mechanics, laborer's, statutory or other lien which might or could be prior to or equal to the lien of this Deed of Trust to be created or to remain outstanding upon any of the Property; provided, however, such a lien may be filed against the Property if the execution or other enforcement of any such lien is and continues to be effectively stayed or bonded in a manner satisfactory to Lender for the full amount thereof, the validity and amount of the lien secured thereby are being actively contested in good faith and by appropriate lawful proceedings and such liens do not, in the aggregate, materially detract from the value of the Property or materially impair the use thereof and the operation of Grantor's business.

4.5 Reimbursement. Grantor agrees that if it shall fail to pay or cause to be paid when due any tax, assessment or charge levied or assessed against the Property, any utility charge, whether public or private, or any insurance premium, or if it shall fail to procure the insurance coverage and the delivery of the insurance certificates required hereunder, or if it shall fail to pay any other charge or fee required hereunder, then Lender, at its option and in addition to any other rights or remedies set forth herein, may (but shall have no obligation to) pay or procure the same. Grantor shall reimburse Lender upon demand for any sums of money paid by Lender pursuant to this Section 4.5, together with interest on each such payment at the rate set forth in the Note. All such sums so expended by Lender, and the interest thereon, shall become part of the secured indebtedness.

4.6 Further Assurances. Grantor agrees to execute and deliver to Lender, concurrently with the execution of this Deed of Trust and upon the request of Lender from time to time hereafter,

all financing statements, control agreements and other documents required to perfect and maintain the security interests created hereby.

4.7 Fees and Expenses. Grantor shall pay or reimburse Lender and Trustee for all reasonable attorneys' fees, costs and expenses incurred by Lender or the Trustee in any action, legal proceeding or dispute of any kind which affects the Loan, the interest created herein, the Property or the Collateral, including but not limited to, any foreclosure of this Deed of Trust, enforcement of payment of the Note and other secured indebtedness, any condemnation action involving the Property, any bankruptcy proceeding or any action to protect the security hereof or to enforce Lender's rights and remedies hereunder. Any such amounts paid by Lender or Trustee shall be due and payable upon demand and shall become part of the secured indebtedness.

4.8 Maintenance of Property. Grantor shall maintain the Property in good condition and repair, reasonable wear and tear excepted.

4.9 Compliance with Applicable Laws. Grantor shall comply with all applicable laws including, without limitation, all laws applicable to the use of the Property; provided, however, that Grantor shall have the ability to contest any alleged failure to conform to or comply with such laws so long as such obligations shall be contested by appropriate proceedings pursued in good faith and any penalties or other adverse effect of its nonperformance shall be stayed or otherwise not in effect. Grantor will do, or cause to be done, all such things as may be required by law in order fully to protect the security and all rights of Lender under this Deed of Trust. Grantor shall not cause or permit the lien of this Deed of Trust to be impaired in any way.

4.10 Inspection. Grantor shall permit Lender, or its agents, at any and all reasonable times, to enter and pass through or over the Property for the purpose of appraising, inspecting or evaluating the same at Lender's cost and expense, provided that any such appraisal, inspection or evaluation does not unreasonably interfere with or adversely affect Grantor's operations and shall otherwise be in accordance with the provisions of Section 3.3 of the Loan Agreement.

4.11 Releases and Waivers. Grantor agrees that no release by Lender of any of Grantor's successors in title from liability on the secured indebtedness, no release by Lender of any portion of the Property or the Collateral, no subordination of lien, no forbearance on the part of Lender to collect on the secured indebtedness or any part thereof, no waiver of any right granted or remedy available to Lender, and no action taken or not taken by Lender shall in any way diminish Grantor's obligation to Lender or have the effect of releasing Grantor, or any successor to Grantor, from full responsibility to Lender for the complete discharge of each and every of Grantor's obligations hereunder or under the Note, any other Loan Document or any other secured indebtedness.

4.12 Insurance. Grantor shall, at all times until the Note and all other sums due from Grantor to Lender have been fully repaid, maintain, or cause to be maintained, in full force and effect (and shall furnish to Lender copies of), property insurance, liability insurance and workers compensation insurance that are consistent with policies issued from a reputable carrier in Southern Nevada for businesses such as that operated by Borrower. Borrower shall not take any action that would void or otherwise impair any coverages required hereby or that would result in any denial or limitation of such coverages.

4.13 Condemnation. In the event that any or all of the Property shall be condemned and taken under the power of eminent domain, Grantor shall give immediate written notice to Lender and Lender shall have the right to receive and collect all damages awarded by reason of such taking, and the right to such damages hereby is assigned to Lender who shall have the discretion to apply the amount so received, or any part thereof, to the indebtedness secured hereby and if payable in installments, applied in the inverse order of maturity of such installments, or to any alteration, repair or restoration of the Property by Grantor.

4.14 Condemnation and Insurance Proceeds.

(a) Assignment to Lender. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Property, or any part of it, or for conveyance in lieu of condemnation, are assigned to and shall be paid to Lender, who shall hold them in a non-interest-bearing general account regardless of whether Lender's security is impaired. All causes of action, whether accrued before or after the date of this Deed of Trust, of all types for damages or injury to the Property or any part of it, or in connection with any transaction financed by funds lent to Grantor by Lender and secured by this Deed of Trust, or in connection with or affecting the Property or any part of it, including, without limitation, causes of action arising in tort or contract or in equity, are assigned to Lender as additional security, and the proceeds shall be paid to Lender. Lender, at its option may appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement of such action. Grantor shall notify Lender in writing immediately on obtaining knowledge of any casualty damage to the Property or damage in any other manner in excess of Ten Thousand Dollars ($10,000) or knowledge of the institution of any proceeding relating to condemnation or other taking of or damage or injury to all or any portion of the Property. Lender, in its sole and absolute discretion, may participate in any such proceedings and may join Grantor in adjusting any loss covered by insurance. Grantor covenants and agrees with Lender, at Lender's request, to make, execute and deliver at Grantor's expense, any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid award or awards, causes of action, or claims of damages or proceeds to Lender free, clear, and discharged of any and all encumbrances of any kind or nature;

(b) Insurance Payments. All compensation, awards, proceeds, damages, claims, insurance recoveries, rights of action, and payments that Grantor may receive or to which Lender may become entitled with respect to the Property if any damage or injury occurs to the Property, other than by a partial condemnation or other partial taking of the Property, shall be paid over to Lender and shall be applied first toward reimbursement of all costs and expenses of Lender in connection with their recovery and disbursement, and shall then be applied as follows:

(i) Lender shall consent to the application of such payments to the restoration of the Property so damaged only if Grantor has met all the following conditions (a breach of one of which shall constitute a default under this Deed of Trust, the Note, and any other Loan Documents): (1) no Event of Default exists under any of the terms, covenants, and conditions of the Loan Documents; (2) all

then-existing Leases affected in any way by such damage will continue in full force and effect; (3) the insurance or award proceeds, plus any sums that Grantor may contribute for such purpose, shall be sufficient to fully restore and rebuild the Property under then current Government Requirements (defined below); and (4) all restoration of the Improvements so damaged or destroyed shall be made with reasonable promptness and shall be of a value at least equal to the value of the Improvements so damaged or destroyed before any such damage or destruction; or

(ii) If fewer than all conditions (1) through (4) in Section 4.14(b)(i) are satisfied, then such payments shall be applied in the sole and absolute discretion of Lender (1) to the payment or prepayment with any applicable prepayment premium, of any secured indebtedness in such order as Lender may determine, or (2) to the reimbursement of Grantor's expenses incurred in the rebuilding and restoration of the Property. If Lender elects under this Section 4.14(b)(ii) to make any funds available to restore the Property, then all of conditions Section 4.14(b)(i) shall apply, except for such conditions that Lender, in its sole and absolute discretion, may waive.

(iii) "Governmental Requirements" shall mean any and all laws, statutes, codes, ordinances, regulations, enactments, decrees, judgments and orders of any Governmental Authority.

(iv) Material Loss Not Covered. If any material part of the Property is damaged or destroyed and the loss, measured by the replacement cost of the Improvements according to then-current Government Requirements, is not adequately covered by insurance proceeds collected or in the process of collection, Grantor shall deposit with Lender, within ten (10) days after Lender's request, the amount of the loss not so covered.

(c) Total Condemnation Payments. All compensation, awards, proceeds, damages, claims, insurance recoveries, rights of action, and payments the Grantor may receive or to which Grantor may become entitled with respect to the Property in the event of a total condemnation or other total taking of the Property shall be paid over to Lender and shall be applied first to reimbursement of all Lender's costs and expenses in connection with their recovery, and shall then be applied to the payment of any indebtedness secured hereby by such order as Lender may determine, until the secured indebtedness has been paid and satisfied in full. Any surplus remaining after payment and satisfaction of the indebtedness secured by this Deed of Trust shall be paid to Grantor as its interest may then appear.

(d) Partial Condemnation Payments. All compensation, awards, proceeds, damages, claims, insurance recoveries, rights of action and payments ("funds") that Grantor may receive or to which Grantor may become entitled with respect to the Property in the event of a partial condemnation or other partial taking of the Property, unless Grantor and Lender otherwise agree in writing, shall be divided into two portions, one equal to the principal balance of the Note at the time of receipt of such funds and the other equal to the amount by which such funds exceed the principal balance of the Note at the time of receipt

of such funds. The first such portion shall be applied to the indebtedness secured hereby, whether or not then due, including but not limited to principal, accrued interest, and advances and in such order or combination as Lender may determine, with the balance of the funds paid to Grantor. Any dispute as to the fair market value of the Property shall be settled by arbitration in accordance with the Real Estate Valuation Arbitration Rules of the American Arbitration Association.

(e) No Cure of Waiver of Default. Any application of such amounts or any portion of it to any secured indebtedness shall not be construed to cure or waive any Event of Default or notice of default under this Deed of Trust or invalidate any act done under any such default or notice.

4.15 Use of Property. (a) Grantor shall use or permit the Property to be used solely for the purpose of operating the Front Sight Firearms Training Institute and the Front Sight Resort and Vacation Club complex, and Grantor shall not use or permit the use of the Property for any other principal use without Lender's prior written consent. Grantor shall not use or permit the use of the Property or any part thereof for any other purpose which in the reasonable opinion of Lender would adversely affect the then value or character of the Property or any part thereof.

(b) Grantor shall not suffer or permit the Property or any portion thereof to be used by the public, as such, without restriction or in such manner as might reasonably tend to impair Grantor's title to the Property or any portion thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Property or any portion thereof.

4.16 Taxes on Note and Deed of Trust. Grantor shall promptly pay all income, franchise and other taxes owing by Grantor and any stamp, documentary, recordation and transfer taxes or other taxes (unless such payment by Grantor is prohibited by law) which may be required to be paid with respect to the Note, this Deed of Trust or any other instrument evidencing or securing any of the secured indebtedness. In the event of the enactment after this date of any law of any Governmental Authority applicable to Lender, the Note, the Property or this Deed of Trust deducting from the value of property for the purpose of taxation any lien or security interest thereon, or imposing upon Lender the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Grantor, or changing in any way the laws relating to the taxation of deeds of trust or mortgages or security agreements or debts secured by deeds of trust or mortgages or security agreements or the interest of the mortgagee or secured party in the property covered thereby, or the manner of collection of such taxes, so as to affect this Deed of Trust or the indebtedness secured hereby or Lender, then, and in any such event, Grantor, upon demand by Lender, shall pay such taxes, assessments, charges or liens, or reimburse Lender therefore.

4.17 Authorization to File Financing Statements; Power of Attorney. Grantor hereby authorizes Lender at any time and from time to time to file and authenticate any initial financing statements, amendments thereto and continuation statements with or without signature of Grantor as authorized by applicable law, as applicable to all or any part of the Collateral. For purposes of such filings, Grantor agrees to furnish any information requested by Lender promptly upon Lender's request. Grantor also ratifies its authorization for Lender to have filed any initial

financing statements, amendments thereto or continuation statements, if filed prior to the date of this Deed of Trust. Grantor hereby irrevocably constitutes and appoints Lender and any officer or agent of Lender, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and the stead of Grantor or in the name of Grantor to execute in the name of Grantor or authenticate any such documents and otherwise to carry out the purposes of this Section 4.17, to the extent that the authorization above by Grantor is not sufficient. To the extent permitted by law, Grantor hereby ratifies all acts said attorneys-in-fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

4.18 INTENTIONALLY OMITTED.

4.19 Indemnification. (a) GRANTOR SHALL INDEMNIFY AND HOLD HARMLESS LENDER AND TRUSTEE FROM AND AGAINST, AND REIMBURSE THEM ON DEMAND FOR, ANY AND ALL INDEMNIFIED MATTERS (AS HEREINAFTER DEFINED), IN ALL CASES WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF LENDER OR TRUSTEE. FOR PURPOSES OF THIS SECTION 4.19, THE TERMS "LENDER" AND "TRUSTEE" SHALL INCLUDE THE DIRECTORS, OFFICERS, PARTNERS, EMPLOYEES AND AGENTS OF LENDER AND TRUSTEE, RESPECTIVELY, AND ANY PERSONS OWNED OR CONTROLLED BY, OWNING OR CONTROLLING, OR UNDER COMMON CONTROL OR AFFILIATED WITH LENDER OR TRUSTEE, RESPECTIVELY. WITHOUT LIMITATION, THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO MATTERS WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNIFIED PERSON. HOWEVER, SUCH INDEMNITIES SHALL NOT APPLY TO A PARTICULAR INDEMNIFIED PERSON TO THE EXTENT THAT THE SUBJECT OF THE INDEMNIFICATION IS CAUSED BY OR ARISES OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THAT INDEMNIFIED PERSON. ANY AMOUNT TO BE PAID UNDER THIS SECTION 4.19 BY GRANTOR TO LENDER AND/OR TRUSTEE SHALL BE A DEMAND OBLIGATION OWING BY GRANTOR (WHICH GRANTOR HEREBY PROMISES TO PAY) TO LENDER AND/OR TRUSTEE PURSUANT TO THIS DEED OF TRUST. NOTHING IN THIS SECTION 4.19, ELSEWHERE IN THIS DEED OF TRUST OR IN ANY OTHER LOAN DOCUMENT SHALL LIMIT OR IMPAIR ANY RIGHTS OR REMEDIES OF LENDER AND/OR TRUSTEE (INCLUDING WITHOUT LIMITATION ANY RIGHTS OF CONTRIBUTION OR INDEMNIFICATION) AGAINST GRANTOR OR ANY OTHER PERSON UNDER ANY OTHER PROVISION OF THIS DEED OF TRUST, ANY OTHER LOAN DOCUMENT, ANY OTHER AGREEMENT OR ANY APPLICABLE FEDERAL, STATE OR LOCAL LAW, STATUTE, ORDINANCE, CODE, RULE, REGULATION, LICENSE, PERMIT, ORDER OR DECREE.

(b) As used herein, the term "Indemnified Matters" means any and all claims, demands, liabilities (including strict liability), losses, damages (including consequential damages), causes of action, judgments, penalties, fines, costs and expenses (including without limitation, reasonable fees and expenses of attorneys and other professional consultants and experts, and of the investigation and defense of any claim, whether or not

such claim is ultimately defeated, and the settlement of any claim or judgment including all value paid or given in settlement) of every kind, known or unknown, foreseeable or unforeseeable, which may be imposed upon, asserted against or incurred or paid by Lender and/or Trustee at any time and from time to time, whenever imposed, asserted or incurred, because of, resulting from, in connection with, or arising out of any transaction, act, omission, event or circumstance in any way connected with the Property or with this Deed of Trust or any other Loan Document, including but not limited to any bodily injury or death or property damage occurring in or upon or in the vicinity of the Property through any cause whatsoever at any time on or before the Release Date (as hereinafter defined), any act performed or omitted to be performed hereunder or under any other Loan Document, any breach by Grantor of any representation, warranty, covenant, agreement or condition contained in this Deed of Trust or in any other Loan Document or any Event of Default, except to the extent caused by the gross negligence or intentional misconduct of Lender, its agents, employees and/or representatives. The term "Release Date" as used herein means the earlier of the following two dates: (i) the date on which the indebtedness and obligations secured hereby have been paid and performed in full and this Deed of Trust has been fully reconveyed and released, or (ii) the date on which the lien of this Deed of Trust is fully and finally foreclosed or a conveyance by deed in lieu of such foreclosure is fully and finally effective, and possession of the Property has been given to the purchaser or grantee free of occupancy and claims to occupancy by Grantor and Grantor's heirs, devisees, representatives, successors and assigns; provided, that if such payment, performance, release, foreclosure or conveyance is challenged, in bankruptcy proceedings or otherwise, then the Release Date shall be deemed not to have occurred until such challenge is rejected, dismissed or withdrawn with prejudice. The indemnities in this Section 4.19 shall not terminate upon the Release Date or upon the release, foreclosure or other termination of this Deed of Trust but will survive the Release Date, foreclosure of this Deed of Trust or conveyance in lieu of foreclosure, the repayment of the secured indebtedness, the discharge and release of this Deed of Trust and the other Loan Documents, any bankruptcy or other debtor relief proceeding, and any other event whatsoever.

4.20 Payment of Costs. Grantor shall (a) pay all reasonable legal fees incurred by Lender in connection with the preparation of the Loan Documents (including any amendments thereto or consents, releases, or waivers granted thereunder); (b) reimburse Lender, promptly upon demand, for all amounts expended, advanced, or incurred by Lender to satisfy any obligation of Grantor under the Loan Documents, which amounts shall include all court costs, reasonable attorneys' fees (including, without limitation, for trial, appeal, or other proceedings), fees of auditors and accountants and other investigation expenses reasonably incurred by Lender in connection with any such matters; and (c) pay any and all other costs and expenses of performing or complying with any and all of the obligations under the Note, this Deed of Trust and under the other Loan Documents. All of the foregoing listed fees, costs and expenses are collectively called herein, the "Expenses." Except to the extent that the Expenses are included within the definition of "indebtedness secured hereby," the payment of such Expenses shall not be credited, in any way and to any extent, against any installment on or portion of the indebtedness secured hereby.

ARTICLE V
Negative Covenants

Grantor covenants to Lender as follows:

5.1 Liens. Grantor shall not at any time create, incur, assume or permit to exist any lien or encumbrance on or against the Property or agree to become liable to do so, except for (a) the Permitted Encumbrances, (b) the liens and security interests evidenced by this Deed of Trust, (c) statutory liens for real estate taxes and assessments on the Property which are not yet delinquent, (d) other liens and security interests (if any) in favor of Lender, and (e) the matters set forth in Schedule B of the final mortgagee title policy insuring this Deed of Trust as approved by Lender.

5.2 Indebtedness. With respect to the Property, Grantor shall not at any time, create, incur, assume or suffer to exist any indebtedness, except (a) the indebtedness under the Permitted Encumbrances, (b) indebtedness under the Note or any other Loan Document or any other document, instrument or agreement between Grantor and Lender, and (c) current accounts payable, accrued expenses and other expenses arising out of transactions (other than borrowing) in the ordinary course of business.

5.3 Guaranties and Contingent Liabilities. Grantor shall not at any time directly or indirectly become or be liable in respect of any guaranty or contingent obligation, or assume, guarantee, become surety for, endorse or otherwise agree, become or remain directly or contingently liable upon or with respect to any obligation or liability of any person or entity (other than Grantor), except (i) by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, or (ii) by indemnity agreements given by Grantor to a title insurance company or a bonding company in connection with any project being constructed or sold by Grantor, including the Project.

5.4 Loans and Investments. Grantor shall not at any time make or suffer to remain outstanding any loan or advance to, or purchase, acquire, or own any stock, bonds, notes or securities of, or any partnership interest (whether general or limited) in, or any other interest in, or make any capital contribution or loan to, any person or entity (other than Grantor), or agree, become or remain liable to do any of the foregoing.

5.5 INTENTIONALLY OMITTED.

5.6 Self-Dealing. Grantor shall not enter into or carry out any transaction (including, without limitation, purchasing property or services from or selling property or services to) with any Affiliate (as hereinafter defined) except (a) officers, managers, members, employees and affiliates of Grantor may render services to Grantor for compensation at the same rates generally paid by companies engaged in the same or similar businesses for the same or similar services; and (b) Grantor may enter into and carry out other transactions with Affiliates if in the ordinary course of business, pursuant to the reasonable requirements of Grantor's business upon terms that are fair and reasonable and no less favorable to Grantor than Grantor would obtain in a comparable arm's-length transaction. "Affiliate" means, with respect to any individual or entity (each, a "Person"), another Person that directly, or indirectly through one or more intermediaries, Controls or is

Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" or "Controlled" have meanings correlative thereto.

5.7 Disposition of Property. Except in connection with the obligations with respect to the Senior Debt and related agreements, Grantor shall not (a) sell, convey, pledge, assign, lease, abandon or otherwise transfer or dispose of, voluntarily or involuntarily (any of the foregoing being referred to in this Section 5.7 as a transaction and any set of related transactions constituting but a single transaction), all or any portion of the Property or any interest therein or enter into any agreement to do so, or (b) subdivide the Property, submit the Property, or any portion thereof, to condominium or other multiple form of ownership, or dedicate any portion of the Property to public ownership. Lender hereby consents to Grantor taking actions to secure the Senior Debt as such transactions are reasonably necessary for the development of the Project, including the time share units and the RV resort, as provided in the Loan Agreement and the Budget.

5.8 Ownership and Control. Grantor shall not cause or permit any change in the ownership (whether direct or indirect) of Grantor from that in existence on the date hereof.

5.9 Merger; Consolidation; Business Acquisitions. Grantor shall not merge or agree to merge with or into or consolidate with any other person or entity. Grantor shall not form any subsidiaries or acquire any material portion of the stock, other equity interests or assets or business of any other person or entity.

5.10 Change in Zoning; Easements; Restrictions. Grantor shall not seek or acquiesce in any annexation of the Property or any zoning reclassification of all or any portion of the Land or Property or grant or consent to any easement, dedication, plat, or restriction (or allow any easement to become enforceable by prescription), or any amendment or modification thereof, covering all or any portion of the Land or Property, without Lender's prior written consent. Lender hereby agrees that it will not unreasonably withhold or delay consent to Grantor taking actions that would otherwise violate the foregoing provisions so long as such transactions are reasonably necessary for the development of the Project, including the time share units and the RV resort as provided in the Loan Agreement and the Budget.

5.11 Drilling. Grantor shall not, without Lender's prior written consent, permit any drilling or exploration for, or extraction, removal, or production of, any minerals from, the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction therefrom.

5.12 Waste; Alterations. Grantor shall not commit or permit any waste or impairment of the Property and shall not (subject to the provisions of Sections 4.8 and 4.9 hereof), without Lender's prior written consent, which consent shall not be unreasonably delayed or withheld, make or permit to be made any alterations or additions to the Property of a material nature other than those alterations and additions consisting of the Improvements that shall constitute the accommodations and other facilities of the project known as the Front Sight Resort and Vacation Club. Subject to the foregoing and in no way constituting a waiver thereof, in the event Lender

were to give such consent, then any alterations or additions to the Property would be at Grantor's sole cost and expense.

ARTICLE VI
Events of Default

6.1 Events of Default. An "Event of Default" means the occurrence or existence of one or more of the following events or conditions (whatever the reason for such Event of Default and whether voluntary, involuntary or effected by operation of law):

(a) Grantor defaults in any payment of principal or interest on the Loan by the date due according to the terms of the Loan Agreement or of the Note, and such default remains uncured for a period of ten (10) days after the payment became due; provided, however, that there is no cure period for payments due on the Maturity Date; or

(b) Grantor defaults in the payment of undisputed fees or other amounts payable to or on behalf of Lender pursuant to the Note, this Deed of Trust or under any other Loan Documents, other than as described in Section 6.1(a) above, and such default continues unremedied for a period of ten (10) days after notice thereof from Lender to Grantor; or

(c) Grantor defaults in the performance or observance of any agreement, covenant or condition required to be performed or observed by Grantor under the terms of this Deed of Trust, or any other Loan Document, other than a default described elsewhere in this Section, and such default continues unremedied for a period of thirty (30) days after notice from Lender to Grantor thereof provided that, if cure cannot reasonably be effected within such 30-day period, such failure shall not be an event of default hereunder so long as Grantor promptly (in any event, within ten (10) days after such notice of default from Lender) commences cure, and thereafter diligently (in any event, within ninety (90) days after receipt of such notice of default from Lender) prosecutes such cure to completion; and provided further, that notwithstanding the 30-day cure period or extended cure period described above in this subparagraph (c), if a different notice or cure period is specified under any Loan Document or under any provision of the Loan Documents as to any such failure or breach, the specific Loan Document or provision shall control, and Grantor shall have no more time to cure the failure or breach than is allowed under the specific Loan Document or provision as to such failure or breach; or

(d) Any representation or warranty made by Grantor in this Agreement or by Grantor or an Affiliate, if made in connection with the Loan, in any of the other Loan Documents, or in any certificate or document furnished under the terms of this Agreement or in connection with the Loan, shall be untrue or incomplete in any material respect when made or deemed made or restated hereunder unless such representation or warranty was not known by Grantor to be untrue or incomplete at the time made and such representation or warranty is corrected by Grantor and disclosed by Grantor to Lender; or

(e) Lender's security interest or lien under this Deed of Trust is or shall become unperfected or invalid; or

(f) Grantor defaults under any term, covenant or condition of any of the Note or of any of the other Loan Documents to which Grantor is a party, other than a default described elsewhere in this Section, after the expiration of any notice or grace period, if any, provided therein;

(g) Work on the Project, once commenced, shall be substantially abandoned, or shall, by reason of Grantor's fault, be unreasonably delayed or discontinued for a period of fifteen (15) consecutive days, or construction shall be delayed for any reason whatsoever to the extent that Completion cannot, in the reasonable judgment of Lender, be accomplished prior to the Completion Date;

(h) Any of Grantor, or any Related Party who is a party to any of the Loan Documents, shall file a petition for bankruptcy; or shall apply for, consent to or permit the appointment of a receiver, custodian, trustee or liquidator for it or any of its property or assets; or shall generally fail to, or admit in writing its inability to, pay its debts as they mature; or shall make a general assignment for the benefit of creditors or shall be adjudicated bankrupt or insolvent; or shall take other similar action for the benefit or protection of its creditors; or shall give notice to any governmental body of insolvency or of pending insolvency or suspension of operations; or shall file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors, or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, rearrangement, dissolution, liquidation or other similar debtor relief law or statute; or shall file an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or statute; or shall be dissolved, liquidated, terminated or merged; or shall effect a plan or other arrangement with creditors; or a trustee, receiver, liquidator or custodian shall be appointed for it or for any of its property or assets and shall not be discharged within ninety (90) days after the date of his appointment; or a petition in involuntary bankruptcy or similar proceedings is filed against it and is not dismissed within ninety (90) days after the date of its filing; or

(i) Lender determines that the remaining undisbursed Loan proceeds, together with the proceeds of any Senior Debt, are insufficient to fully pay all of the then-unpaid costs of the Project and the estimated expenses of completion (including the Interest Reserve), and Grantor fails to either (i) deposit with Lender, within three (3) Business Days following demand, sufficient funds to permit Lender to pay said excess costs as the same become payable or (ii) pay said excess costs directly and deliver to Lender unconditional mechanics' lien waivers therefor (or paid receipts for non-lienable items), at Lender's option; or

(j) except to the extent otherwise permitted pursuant to the terms and conditions of the Loan Agreement or this Deed of Trust, the sale, lease, transfer or further encumbrance (whether by operation of law or otherwise) (and whether at one time or in or pursuant to a series of events) of (A) the Property or any part thereof or any interest therein, or (B) more than forty-nine percent (49%) in the aggregate of any direct or indirect ownership interest in Grantor; or

(k) A default occurs with respect to the Senior Debt and remains uncured after the expiration of any applicable notice or grace period; or

(l) A default occurs in the performance of Grantor's obligations in any of Section 5.6, 5.7, 5.8, 5.10, 5.13, 5.16, 5.18, 5.19, 5.22, 5.23 or 5.24, of the Loan Agreement;

(m) The General Contract is terminated by either party thereto or either party thereto shall fail to perform its obligations (after any applicable notice and cure period) under the General Contract; or

(n) Any uncured default by Grantor occurs and remains uncured under the Management Agreement; or

(o) Any failure by Grantor to timely deliver the EB-5 information, which failure continues more than five (5) business days following notice of such failure by Lender.

6.2 Remedies of Lender. Upon the occurrence of an Event of Default, unless such Event of Default is subsequently waived in writing by Lender, Lender may, without notice and without prejudice to any other right or remedy Lender may have, exercise from time to time any of the rights and remedies available under the Note, this Deed of Trust or any other Loan Document or under applicable law.

ARTICLE VII
Rights and Remedies

7.1 Acceleration of Loan. Upon the occurrence of an uncured Event of Default specified in Section 6.1 hereof, the entire unpaid balance of the indebtedness secured hereby (including all accrued interest and all other sums secured hereby) shall, at the option of Lender, become immediately due and payable without notice, demand, presentment, notice of nonpayment or nonperformance, protest, notice of protest, notice of intent to accelerate, notice of acceleration, or any other notice or any other action, all of which are hereby waived by Grantor and all other parties obligated in any manner whatsoever on the indebtedness secured hereby. If an uncured Event of Default specified in Subsection (h) of Section 6.1 hereof occurs and continues or exists, the entire unpaid balance of the indebtedness secured hereby (including all accrued interest and all other sums secured hereby) shall automatically become immediately due and payable without notice, demand, presentment, notice of nonpayment or nonperformance, protest, notice of protest, notice of intent to accelerate, notice of acceleration, or any other notice or any other action, all of which are hereby waived by Grantor and all other parties obligated in any manner whatsoever on the indebtedness secured hereby. The failure to exercise any remedy available to the Lender shall not be deemed to be a waiver of any rights or remedies of the Lender under the Loan Documents, at law or in equity.

7.2 Foreclosure – Power of Sale. Upon the occurrence of any uncured Event of Default, Lender may request Trustee to proceed with foreclosure under the power of sale which is hereby conferred, such foreclosure to be accomplished in accordance with the following provisions:

(a) Foreclosure; Power of Sale. Trustee, if and as directed by Lender, shall have all of the rights and may exercise all of the powers set forth in applicable law of the

State of Nevada. Trustee may sell the Property in its entirety or in parcels, and by one or by several sales, as deemed appropriate by Trustee in its sole and absolute discretion. If Trustee chooses to have more than one foreclosure sale, Trustee may cause the foreclosure sales to be held simultaneously or successively, on the same day, or on such different days and at such different times as Trustee may elect. Trustee shall receive and apply the proceeds from the sale of the Property, or any portion thereof, in accordance with Nevada law. Before any foreclosure sale, Lender or Trustee shall give such notice of default and election to sell as may be required by law. After the lapse of such time as may then be required by law following the recordation of such notice of default, and notice of sale having been given as then required by law, Trustee shall sell the property being sold at a public auction to be held at the time and place specified in the notice of sale. Neither Trustee nor Lender shall have any obligation to make demand on Grantor before any foreclosure sale. From time to time in accordance with then-applicable law, Trustee may, and in any event at Lender's request shall, postpone any foreclosure sale by public announcement at the time and place noticed for that sale. At any foreclosure sale, Trustee shall sell to the highest bidder at public auction for cash in lawful money of the United States (or cash equivalents acceptable to Trustee to the extent permitted by applicable law), payable at the time of sale. Trustee shall execute and deliver to the purchaser(s) a deed or deeds conveying the property being sold without any covenant or warranty whatsoever, expressed or implied. The recitals in any such deed of any matters of fact, including any facts bearing upon the regularity or validity of any foreclosure sale, shall be conclusive proof of their truthfulness. Any such deed shall be conclusive against all persons as to the facts recited therein. Any Person, including Trustee or Lender, may purchase at such sale, and any bid by Lender may be, in whole or in part, in the form of cancellation of all or any part of the Obligations.

(b) Judicial Action. Lender and Trustee, if and as directed by Lender, shall have the right to bring an action in any court of competent jurisdiction for foreclosure of this Deed of Trust a deficiency judgment as provided by law, or for specific enforcement of any of the covenants or agreements of this Deed of Trust.

(c) Collection of Rents. Upon the occurrence of an Event of Default, the license granted to Grantor to collect the Rents (defined below) shall be automatically and immediately revoked, without further notice to or demand upon Grantor. Lender may, but shall not be obligated to, exercise any or all of the rights and remedies provided in Nevada Law and perform any or all obligations of the landlord under any or all of the Leases (defined below), and Lender may, but shall not be obligated to, exercise and enforce any or all of Grantor's rights under the Leases. Without limiting the generality of the foregoing, Lender may notify the tenants under the Leases that all Rents are to be paid to Lender, and following such notice all Rents shall be paid directly to Lender and not to Grantor or any other Person other than as directed by Lender, it being understood that a demand by Lender on any tenant under a Lease for the payment of Rent shall be sufficient to warrant payment by such tenant of Rent to Lender without the necessity of further consent by Grantor. Grantor hereby irrevocably authorizes and directs the tenants under the Leases to pay all Rents to Lender instead of to Grantor, upon receipt of written notice from Lender, without the necessity of any inquiry of Grantor and without the necessity of determining the existence or non-existence of an Event of Default. Grantor hereby appoints Lender as

Grantor's attorney-in-fact with full power of substitution, which appointment shall take effect upon the occurrence of an Event of Default and is coupled with an interest and is irrevocable prior to the full and final payment and performance of the indebtedness secured hereby, in Grantor's name or in Lender's name: (i) to endorse all checks and other instruments received in payment of Rents and to deposit the same in any account selected by Lender; (ii) to give receipts and releases in relation thereto; (iii) to institute, prosecute and/or settle actions for the recovery of Rents; (iv) to modify the terms of any Leases including terms relating to the Rents payable thereunder; (v) to cancel any Leases; (vi) to enter into new Leases; and (vii) to do all other acts and things with respect to the Leases and Rents which Lender may deem necessary or desirable to protect the security for the secured indebtedness. Any Rents received shall be applied first to pay all of Lender's costs and expenses and next in reduction of the other secured indebtedness. Grantor shall pay, on demand, to Lender, the amount of any deficiency between (1) the Rents received by Lender, and (2) all Expenses incurred together with interest thereon as provided in this Deed of Trust and the other Loan Documents.

(d) Taking Possession or Control of the Property. As a matter of right without regard to the adequacy of the security, and to the extent permitted by law without notice to Grantor, Lender shall be entitled, upon application to a court of competent jurisdiction, to the immediate appointment of a receiver for all or any part of the Property and the Rents, whether such receivership may be incidental to a proposed sale of the Property or otherwise, and Grantor hereby consents to the appointment of such a receiver and agrees that such receiver shall have all of the rights and powers granted to Lender pursuant to Section 7.2(c). In addition, to the extent permitted by law, and with or without the appointment of a receiver, or an application therefor, Lender may (i) enter upon, and take possession of (and Grantor shall surrender actual possession of), the Property or any part thereof, without notice to Grantor and without bringing any legal action or proceeding, or, if necessary by force, legal proceedings, ejectment or otherwise, and (ii) remove and exclude Grantor and its agents and employees therefrom.

(e) Management of the Property. Upon obtaining possession of the Property or upon the appointment of a receiver as described in Section 7.2(d), Lender, Trustee or the receiver, as the case may be, may, at its sole option, (i) make all necessary or proper repairs and additions to or upon the Property, (ii) operate, maintain, control, make secure and preserve the Property, and (iii) complete the construction of any unfinished Improvements on the Property and, in connection therewith, continue any and all outstanding contracts for the erection and completion of such Improvements and make and enter into any further contracts which may be necessary, either in their or its own name or in the name of Grantor (the costs of completing such Improvements shall be Expenses secured by this Deed of Trust and shall accrue interest as provided in the Note). Lender, Trustee or such receiver shall be under no liability for, or by reason of, any such taking of possession, entry, holding, removal, maintaining, operation or management, except for Lender's, Trustee's or Receiver's negligence, gross negligence or willful misconduct. The exercise of the remedies provided in this Section shall not cure or waive any Event of Default, and the enforcement of such remedies, once commenced, shall continue for so long as Lender shall elect, notwithstanding the fact that the exercise of such remedies may have, for a time, cured the original Event of Default.

(f) Cooperation of Grantor. Grantor agrees to cooperate fully with Lender's management of the Property, including, without limitation, providing full access to the Property and all collateral.

(f) Uniform Commercial Code. Lender may proceed under the Uniform Commercial Code as to all or any part of the Collateral, and in conjunction therewith may exercise all of the rights, remedies and powers of a secured creditor under the Uniform Commercial Code. Upon the occurrence of any uncured Event of Default, Grantor shall assemble all of the Collateral and make the same available within the Improvements or at such other location required by Lender. Any notification required by the Uniform Commercial Code shall be deemed reasonably and properly given if sent in accordance with the notice provisions of this Deed of Trust at least ten (10) days before any sale or other disposition of the Collateral. Disposition of the Collateral shall be deemed commercially reasonable if made pursuant to a public sale advertised at least twice in a newspaper of general circulation in the community where the Property is located. It shall be deemed commercially reasonable for the Trustee to dispose of the Collateral without giving any warranties as to the Collateral and specifically disclaiming all disposition warranties. Alternatively, Lender may choose to dispose of some or all of the Property, in any combination consisting of both Collateral and Real Property, in one sale to be held in accordance with the law and procedures applicable to real property, as permitted by Article 9 of the Uniform Commercial Code. Grantor agrees that such a sale of Collateral together with Real Property constitutes a commercially reasonable sale of the Collateral.

(g) Application of Proceeds. Unless otherwise provided by applicable law, all proceeds from the sale of the Property or any part thereof pursuant to the rights and remedies set forth in this Article VII and any other proceeds received by Lender from the exercise of any of its other rights and remedies hereunder or under the other Loan Documents shall be applied first to pay all Expenses and next in reduction of the other secured indebtedness, in such manner and order as Lender may elect.

(h) Other Remedies. Lender shall have the right from time to time to protect, exercise and enforce any legal or equitable remedy against Grantor provided under the Loan Documents or by applicable laws.

7.3 Remedies Cumulative. All remedies provided in this Deed of Trust, in the Note and in the other Loan Documents are cumulative and may, at the election of Lender, be exercised alternatively, successively, or in any manner and are in addition to any other rights provided by law.

7.4 Suits to Protect the Property. Lender and Trustee shall have power (a) to institute and maintain such suits and proceedings as they may deem expedient to prevent any impairment of the Property or the Collateral by any acts which may be unlawful or any violation of this Deed of Trust, (b) to preserve or protect their interest in the Property and the Collateral, and (c) to restrain the enforcement of or compliance with any legislation or other Governmental Requirement, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with, such Governmental Requirement, rule or order would impair the security hereunder or be prejudicial to the interest of Lender.

ARTICLE VIII
Waivers

8.1 Waiver of Certain Rights. To the full extent permitted by applicable law, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension or redemption, homestead, moratorium, reinstatement, marshaling or forbearance, and Grantor, for Grantor, Grantor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by applicable law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, and all rights to a marshaling of assets of Grantor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and/or security interests hereby created. Grantor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatsoever to defeat, reduce or affect the right of Lender under the terms of this Deed of Trust to a sale of the Property for the collection of the secured indebtedness without any prior or different resort for collection, or the right of Lender under the terms of this Deed of Trust to the payment of the secured indebtedness out of the proceeds of sale of the Property in preference to every other claimant whatsoever except for the Senior Debt. Grantor waives any right or remedy which Grantor may have or be able to assert pursuant to any provision of Nevada law, including, but not limited to, the rights or remedies pertaining to the rights and remedies of sureties. If any law referred to in this Section 8.1 and now in force, of which Grantor or Grantor's heirs, devisees, representatives, successors or assigns or any other persons claiming any interest in the Property might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section 8.1.

8.2 Waivers and Agreements Regarding Remedies. To the fullest extent permitted by applicable law, Grantor hereby waives any right to bring or utilize any defense, counterclaim or setoff, other than one which denies the existence or sufficiency of the facts upon which any foreclosure action is grounded. If any defense, counterclaim or setoff, other than one permitted by the preceding clause, is timely raised in a foreclosure action, such defense, counterclaim or setoff shall be dismissed. If such defense, counterclaim or setoff is based on a claim which could be tried in an action for money damages, such claim may be brought in a separate action which shall not thereafter be consolidated with the foreclosure action. The bringing of such separate action for money damages shall not be deemed to afford any grounds for staying the foreclosure action.

ARTICLE IX
Environmental Warranties, Representations, Covenants and Indemnification Provisions

9.1 Definitions. As used in this Article IX, the following definitions shall apply:

(a) Environmental Activity. The existence, use, storage, Release, threatened Release, generation, processing, abatement, removal, or disposal of any Hazardous Substance on, to, or from the Property or the handling, transportation, treatment, or disposal of any Hazardous Substance arranged by or on behalf of any Indemnitor.

(b) Environmental Claims. Any and all governmental and third-party actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigations, proceedings, consent orders, or consent agreements relating in any way to the presence or Use of any Hazardous Substance on the Property or the Release or threatened Release of any Hazardous Substance to or from the Property or the violation of any Environmental Requirement or any Environmental Permit applicable to the Property or which otherwise relate to any Environmental Activity, including, without limitation, (i) those of or brought by any Governmental Authority for enforcement, cleanup, removal, response, remedial, or other actions or damages pursuant to any applicable Environmental Requirement, and (ii) those of or brought by any third party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive relief arising in connection with any Environmental Requirement, any Hazardous Substance or from any alleged injury or threat of injury to property, human health, or the environment resulting or allegedly resulting from any Environmental Activity.

(c) Environmental Damages. All claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses imposed upon, incurred by, or imposed any party in connection with or arising from (i) any Environmental Activity, (ii) any Environmental Claim, (iii) all costs and expenses of investigation and defense of any Environmental Claim, whether or not such Environmental Claim is ultimately defeated, or (iv) any good faith settlement or agreed judgment, including, without limitation, reasonable attorneys' fees, disbursements, and consultants' fees incurred as a result of an Environmental Claim or a violation of any Environmental Requirement pertaining to any Indemnitor or the Property (regardless of whether the existence or alleged existence of such Hazardous Substance or the violation or alleged violation of such Environmental Requirement arose prior to any Indemnitor's Use of such Property). "Environmental Damages" shall also include, without limitation, (A) damages for personal injury or injury to property or natural resources occurring upon or off of the Property, (B) fees incurred for the services of attorneys, consultants, contractors, experts, and laboratories, and all other costs incurred in connection with the investigation of the presence or alleged presence of Hazardous Substances on, about, or under the Property, the removal or remediation of any Hazardous Substances, or the violation or alleged violation of any Environmental Requirements, including, without limitation, costs and expenses for the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration, or monitoring work required by any Governmental Authority or necessary in defense of any Environmental Claim, (C) reasonable attorneys' fees, costs, and expenses incurred in enforcing this Article IX or collecting any sums due hereunder, (D) liability to any third person or Governmental Authority to indemnify such person or entity for costs expended in connection with the items referenced above, and (E) diminution in the value of the Property.

(d) Environmental Laws. All federal, state or local laws, statutes, rules, regulations, ordinances, permits, licenses and determinations of any Governmental Authority having jurisdiction over any Indemnitor, the Property, or any user or occupant of the Property, and relating to health, industrial hygiene and/or the environment, now existing or hereafter in effect, including, without limitation, the Comprehensive

Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601, et seq.) ("CERCLA"), the Solid Waste Disposal Act, as amended (42 U.S.C. § 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. § 1801, et seq.), the Clean Air Act, as amended (42 U.S.C. § 7401, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. § 1251, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. § 2601, et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. § 300f, et seq.), the Atomic Energy Act, as amended (42 U.S.C. § 2014, et seq.), the Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. § 136, et seq.), the Oil Pollution Act of 1990, as amended (33 U.S.C. § 2701, et seq.), the Emergency Planning and Community Right-to-Know Act of 1986, as amended (42 U.S.C. § 11001, et seq.), the Occupational Safety and Health Act, as amended (29 U.S.C. § 651, et seq.), and the Endangered Species Act, and any corresponding state laws, statutes, regulations or ordinances.

(e) Environmental Permits. All permits, approvals, identification numbers, licenses, and other authorizations required under any applicable Environmental Requirement.

(f) Environmental Requirements. All Environmental Laws and all rules, regulations, guidelines, standards, orders, decrees, permits, licenses, concessions, and franchises promulgated pursuant thereto, and/or other restrictions or requirements of any Governmental Authority relating to health, industrial hygiene and/or the environment, and all applicable judicial, regulatory, or administrative decisions, decrees, judgments, or orders thereunder, as may be amended from time to time.

(g) Governmental Authority. Any governmental authority (federal, state, county, district, municipal, city or otherwise), including, without limitation, the United States of America, any state of the United States of America, and any subdivision of any of the foregoing, and any agency, department, commission, board, office, authority, instrumentality, bureau, or court now or hereafter in effect, having jurisdiction over the Property, or over any Indemnitor or any occupant or user of the Property, or any of their respective businesses, operations, assets, or properties.

(h) Hazardous Substance. Any substance, product, material, element, compound, chemical or waste, whether solid, liquid or gaseous (i) the presence or Release of which requires reporting, investigation, or remediation under any Environmental Requirement, (ii) which is defined, listed, classified or regulated as a "hazardous waste," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "hazardous material," "toxic substance," "regulated substance," or other similar or related term under or in any Environmental Requirement, (iii) which is toxic, radioactive, or otherwise classified as hazardous or toxic and is or becomes regulated by any Governmental Authority as a threat to human health or the environment, (iv) the presence of which on or about the Property causes or threatens to cause a nuisance upon the Property or to adjacent property, (v) the presence of which on adjacent properties could constitute a trespass by any Indemnitor, (vi) which is asbestos, (vii) which is polychlorinated biphenyls, (viii) which contains petroleum or any petroleum-derived product,

(ix) underground storage tanks, whether empty, filled or partially filled with any substance, or (x) any radioactive materials, urea formaldehyde foam insulation, or radon.

(i) Indemnitees. Lender, any assignee of Lender with respect to all or any portion of the Loan, and all of their respective subsidiaries, affiliates, shareholders, partners, members, directors, officers, agents, attorneys, and employees, and their respective successors and assigns, and "Indemnitee" means any one of the Indemnitees.

(j) Indemnitors. Grantor and its successors and assigns.

(k) Release. Any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers, drums, tanks or other closed receptacles containing any Hazardous Substance).

(l) Use. Use, ownership, development, construction, maintenance, management, operation, or occupancy (of the Property).

9.2 INDEMNIFICATION. GRANTOR HEREBY ASSUMES LIABILITY FOR, AND HEREBY AGREES TO AND SHALL INDEMNIFY, DEFEND (AT TRIAL AND APPELLATE LEVELS, ADMINISTRATIVE PROCEEDINGS AND ARBITRATIONS, WITH ATTORNEYS, CONSULTANTS AND EXPERTS ACCEPTABLE TO LENDER), SAVE, AND HOLD HARMLESS EACH INDEMNITEE FROM AND AGAINST ANY AND ALL ENVIRONMENTAL DAMAGES AND ENVIRONMENTAL CLAIMS IMPOSED UPON, ASSERTED OR AWARDED AGAINST OR INCURRED BY THE PROPERTY OR ANY INDEMNITEE, UNLESS, AND TO THE EXTENT, SUCH ENVIRONMENTAL DAMAGES OR ENVIRONMENTAL CLAIMS ARE FINALLY DETERMINED TO HAVE ARISEN SOLELY AND DIRECTLY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF INDEMNITEES. THIS OBLIGATION SHALL INCLUDE ANY CLAIMS RESULTING FROM THE NEGLIGENCE OR ALLEGED NEGLIGENCE OF ANY INDEMNITEE. THIS OBLIGATION SHALL INCLUDE, WITHOUT LIMITATION, (I) THE BURDEN OF DEFENDING ALL CLAIMS, SUITS, AND ADMINISTRATIVE PROCEEDINGS (WITH COUNSEL REASONABLY APPROVED BY INDEMNITEES), EVEN IF SUCH CLAIMS, SUITS, OR PROCEEDINGS ARE GROUNDLESS, FALSE, FRAUDULENT, OR FRIVOLOUS, AND CONDUCTING ALL NEGOTIATIONS OF ANY DESCRIPTION, (II) PAYING AND DISCHARGING, WHEN AND AS THE SAME SHALL BECOME DUE, ANY AND ALL JUDGMENTS, PENALTIES, OR OTHER SUMS DUE AGAINST ANY INDEMNITEE, (III) PAYING AND DISCHARGING, WHEN AND AS THE SAME SHALL BECOME DUE, ALL COSTS OF REMOVAL AND/OR REMEDIATION OF ANY KIND, AND PROMPTLY DISPOSING OF SUCH HAZARDOUS SUBSTANCES (WHETHER OR NOT SUCH HAZARDOUS SUBSTANCE MAY BE LEGALLY ALLOWED TO REMAIN UPON, ABOUT, OR BENEATH THE PROPERTY IF REMOVAL OR REMEDIATION IS, IN LENDER'S DISCRETION, PRUDENT), (IV) PAYING AND DISCHARGING, WHEN AND AS THE SAME SHALL BECOME DUE, ALL COSTS OF DETERMINING WHETHER THE PROPERTY IS IN COMPLIANCE, AND PROMPTLY CAUSING THE PROPERTY TO BE IN COMPLIANCE, WITH ALL APPLICABLE ENVIRONMENTAL

REQUIREMENTS, (V) PAYING AND DISCHARGING, WHEN AND AS THE SAME SHALL BECOME DUE, ALL COSTS ASSOCIATED WITH CLAIMS FOR DAMAGES TO PERSONS, PROPERTY, OR NATURAL RESOURCES, AND (VI) PAYING AND DISCHARGING, WHEN AND AS THE SAME SHALL BECOME DUE, INDEMNITEES' REASONABLE ATTORNEYS' FEES, CONSULTANTS' FEES, AND COURT COSTS. ANY INDEMNITEE, AT ITS EXPENSE (OR AT GRANTOR'S EXPENSE IF GRANTOR'S COUNSEL OR INDEMNITEE REASONABLY BELIEVES A CONFLICT EXISTS IN DUAL REPRESENTATION), MAY EMPLOY ADDITIONAL COUNSEL OF ITS CHOICE TO ASSOCIATE WITH COUNSEL EMPLOYED BY GRANTOR; AND, IF AN EVENT OF DEFAULT EXISTS, ANY INDEMNITEE MAY IN GOOD FAITH SETTLE ANY CLAIM (INCLUDING ANY ENVIRONMENTAL CLAIM) AGAINST IT, WHETHER OR NOT SUBJECT TO INDEMNIFICATION HEREUNDER, WITHOUT THE CONSENT OR JOINDER OF GRANTOR OR ANY OTHER PARTY.

9.3 SURVIVAL. THIS ARTICLE IX, INCLUDING THE INDEMNITY CONTAINED HEREIN, SHALL SURVIVE THE RELEASE OF THE LIEN OF THIS DEED OF TRUST OR THE EXTINGUISHMENT OF THE LIEN BY FORECLOSURE OR ACTION IN LIEU THEREOF.

9.4 Rights Under Environmental Requirements and Other Rights. Nothing in this Deed of Trust or in any other Loan Document shall limit or impair any claims, rights or remedies of Lender or any other Indemnitee against Grantor or any other person under any Environmental Requirement or otherwise at law or in equity, including any claims for fraud, misrepresentation, waste or breach of contract other than this Deed of Trust, and any rights of contribution or indemnification. In addition to any other rights or remedies Lender may have under this Deed of Trust or the other Loan Documents, at law or in equity, upon any breach or default by Grantor under this Deed of Trust, Lender may pursue any remedies available to it under Nevada Law. Without limiting any of the remedies provided herein or in the other Loan Documents, Grantor acknowledges and agrees that the provisions of this Article IX are environmental provisions, made by Grantor relating to the real property security, and that Grantor's failure to comply with the terms of this Deed of Trust is a breach of contract such that Lender shall have the remedies provided under Nevada Law for the recovery of damages and for the enforcement thereof. Lender's action for the recovery of damages or enforcement of this Deed of Trust shall not constitute an action within the meaning of any provision of law limiting the right to a deficiency or a deficiency judgment.

ARTICLE X
Assignment of Leases and Rents

10.1 Absolute Assignment. In order to provide a source of future payment of the secured indebtedness, Grantor hereby absolutely and unconditionally grants, transfers, conveys, sells, sets over and assigns to Lender all of Grantor's right, title and interest now existing and hereafter arising in and to the leases, subleases, concessions, licenses, franchises, occupancy agreements, tenancies, subtenancies and other agreements, either oral or written, now existing and hereafter arising which affect the units constituting the Front Sight Resort and Vacation Club, together with any and all security deposits, guaranties of the lessees' or tenants' obligations (including any and all security therefor), and other security under any such leases, subleases, concessions, licenses,

franchises, occupancy agreements, tenancies, subtenancies and other agreements, and all supporting obligations, letters of credit (whether tangible or electronic) and letter of credit rights guaranteeing or supporting any of the foregoing (all of the foregoing, and any and all extensions, modifications and renewals thereof, shall be referred to, collectively, as (the "Leases"), and hereby gives to and confers upon Lender the right to collect all the income, rents, issues, profits, royalties and proceeds from the Leases and any business conducted at the Front Sight Resort and Vacation Club Units (but specifically excluding any income, rents, issues, profits, royalties and proceeds from any Leases and any other business conducted by or on behalf of FSFTI) and any and all prepaid rent and security deposits thereunder (collectively, the "Rents"). The term "Rents" includes, but is not limited to, all minimum rents, additional rents, percentage rents, deficiency rents, common area maintenance charges, lease termination payments, refunds of any type, prepayment of rents, settlements of litigation, settlements of past due rents, and liquidated damages following default, and all proceeds payable under any policy of insurance covering loss of rents, together with any and all rights and claims of any kind that Grantor may have against any tenant under the Leases or any other occupant of the units constituting the Front Sight Resort and Vacation Club. This Deed of Trust is intended by Lender and Grantor to create and shall be construed to create an absolute unconditional and presently effective assignment to Lender of all of Grantor's right, title and interest in and to the Leases and the Rents and shall not be deemed merely to create a security interest therein for the payment of any indebtedness or the performance of any obligations under the Loan Documents. Grantor irrevocably appoints Lender its true and lawful attorney at the option of Lender at any time to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue, either in the name of Grantor or in the name of Lender, for all such Rents and apply the same to the secured indebtedness.

10.2 Revocable License to Collect. Notwithstanding the foregoing assignment of Rents, so long as no Event of Default remains uncured, Grantor shall have a revocable license, to collect all Rents, and to retain any portion thereof not required to pay the expenses of the Property or the obligations secured thereby. Upon any Event of Default, Grantor's license to collect and retain Rents shall terminate automatically and without the necessity for any notice.

10.3 Collection and Application of Rents by Lender. While any Event of Default remains uncured, (a) Lender may at any time, without notice, in person, by agent or by court-appointed receiver, and without regard to the adequacy of any security for the secured indebtedness, enter upon any portion of the Property and/or, with or without taking possession thereof, in its own name sue for or otherwise collect Rents (including past due amounts); and (b) without demand by Lender, Grantor shall promptly deliver to Lender all prepaid rents, deposits relating to Leases or Rents, and all other Rents then held by or thereafter collected by Grantor whether prior to or during the continuance of any Event of Default. Any Rents collected by or delivered to Lender may be applied by Lender against the secured indebtedness, less all Expenses, including reasonable attorneys' fees and disbursements, in such order as Lender shall determine in its sole and absolute discretion. No application of Rents against any secured indebtedness or other action taken by Lender under this Article X shall be deemed or construed to cure or waive any Event of Default, or to invalidate any other action taken in response to such Event of Default, or to make Lender a mortgagee-in-possession of the Property. In no event shall the assignment of Rents or Leases cause the secured indebtedness to be reduced by an amount greater than the Rents actually received by Lender and applied by Lender to the secured indebtedness, whether before, during or after (1) an Event of Default or (2) a suspension or revocation of the license granted to Grantor in this

Article X with regard to the Rents. Grantor and Lender specifically intend that the assignment of Rents and Leases contained in this Deed of Trust is not intended to result in a pro tanto reduction of the secured indebtedness, nor is it intended to constitute a payment of, or with respect to, the secured indebtedness, and, therefore, Grantor and Lender specifically intend that the secured indebtedness shall not be reduced by the value of the Rents and Leases assigned hereby. Such reduction shall occur only if, and to the extent that, Lender actually receives Rents and applies such Rents to the secured indebtedness. Grantor agrees that the value of the license granted with regard to the Rents equals the value of the absolute assignment of Rents to Lender.

10.4 Direction to Tenants. Grantor hereby irrevocably authorizes and directs the tenants under all Leases to pay all amounts owing to Grantor thereunder to Lender following receipt of any written notice from Lender that states that an Event of Default remains uncured and that all such amounts are to be paid to Lender. Grantor further authorizes and directs all such tenants to pay all such amounts to Lender without any right or obligation to inquire as to the validity of Lender's notice and regardless of the fact that Grantor has notified any such tenants that Lender's notice is invalid or has directed any such tenants not to pay such amounts to Lender.

10.5 Termination. The assignment contained in this Article X will terminate upon the full reconveyance of this Deed of Trust.

ARTICLE XI
General Conditions

11.1 Concerning the Trustee.

(a) Trustee. Trustee shall be deemed to have accepted the terms of this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee shall not be obligated to notify any party to this Deed of Trust of any pending sale under any other deed of trust or of any action or proceeding in which Grantor, Lender, or Trustee is a party, unless such sale relates to or reasonably might affect the Property, this Deed of Trust, Lender's security for the payment and performance of the secured indebtedness, or the rights or powers of Lender or Trustee under the Loan Documents, or unless such action or proceeding has been instituted by Trustee against the Property, Grantor, or Lender.

(b) Power of Trustee to Reconvey or Consent. At any time, without liability and without notice to Grantor, on Lender's written request and presentation of the Note and this Deed of Trust to Trustee for endorsement, and without altering or affecting (i) the personal liability of Grantor or any other person for the payment of the secured indebtedness, or (ii) the lien of this Deed of Trust on the remainder of the Property as security for the repayment of the full amount of the secured indebtedness then or later secured by this Deed of Trust, (iii) or any right or power of Lender or Trustee with respect to the remainder of the Property, Trustee may (1) reconvey or release any part of the Property from the lien of this Deed of Trust; (2) approve the preparation or filing of any map or plat of the Property; (3) join in the granting of any easement burdening the Property; or (4) enter into any extension or subordination agreement affecting the Property or the lien of this Deed of Trust.

(c) Substitution of Trustee. Lender, at Lender's option, may from time to time, by written instrument, substitute a successor or successors to any Trustee named in or acting under this Deed of Trust, which instrument, when executed and acknowledged by Lender and recorded in the office of the Recorder of the county or counties in which the Property is located, shall constitute conclusive proof of the proper substitution of such successor Trustee or Trustees. The successor Trustee or Trustees shall, without conveyance from the predecessor Trustee, succeed to all right, title, estate, powers, and duties of such predecessor Trustee, including, without limitation, the power to reconvey the Property. To be effective, the instrument must contain the names of the original Grantor, Trustee, and Lender under this Deed of Trust, the book and page or instrument or document number at which, and the county in which, this Deed of Trust is recorded, and the name and address of the substitute Trustee. If any notice of default has been recorded under this Deed of Trust, this power of substitution cannot be exercised until all costs, fees, and expenses of the then acting Trustee have been paid. On such payment, the then acting Trustee shall endorse receipt of the payment on the instrument of substitution. The procedure provided in this paragraph for substitution of Trustees is not exclusive of other provisions for substitution provided by applicable law.

(d) No Representation by Trustee or Lender. By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee or Lender pursuant to the Loan Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, neither Trustee nor Lender shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness, or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee or Lender.

(e) No Liability of Trustee. Trustee shall not be liable for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever (including Trustee's negligence), except for Trustee's gross negligence or willful misconduct. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder. Grantor hereby ratifies and confirms any and all acts which the herein named Trustee or its successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof. **Grantor will reimburse Trustee for, and indemnify and save Trustee harmless against, any and all liability and expenses which may be incurred by Trustee (including as a result of Trustee's negligence) in the performance of its duties.** The foregoing indemnity shall not terminate upon discharge of the secured indebtedness or foreclosure, or release or other termination, of this Deed of Trust.

11.2 Number and Gender. Words in the singular used herein shall be deemed to include the plural and words in the plural shall be deemed to include the singular, unless in each instance the context requires otherwise; and words of any gender shall be deemed to include the masculine, feminine and neuter.

11.3 Notices. All notices or other communications required or permitted to be given pursuant to this Deed of Trust shall be in writing and shall be considered as properly given (a) if mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested; (b) by delivering same in person to the intended addressee; (c) by delivery to a reputable independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee; or (d) by facsimile to the addressee with evidence of receipt at the addressee's facsimile number, if any. Notice so mailed shall be effective three (3) days after its deposit with the United States Postal Service or any successor thereto; notice given by personal delivery shall be effective only if and when received by the addressee; notice sent by such a commercial delivery service shall be effective upon delivery to the recipient (if sent for same day delivery) or the first business day following delivery to such commercial delivery service (if for next day delivery); and notice given by other means shall be effective only if and when received at the office or designated place or machine of the intended addressee. For purposes of notice, the addresses of the parties shall be as set forth herein; provided, however, that either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of ten (10) days' prior written notice to the other party in the manner set forth herein.

Grantor hereby requests that a copy of any notice of default and any notice of sale hereunder be mailed to Grantor at the address set forth on the first page of this Deed of Trust. That address is also the mailing address of Grantor as debtor under the UCC. Lender's address given on the first page of this Deed of Trust is the address for Lender as secured party under the UCC.

11.4 Invalidation of Provisions. Invalidation of any one or more of the provisions of this Deed of Trust shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

11.5 Headings. The captions and headings herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of this Deed of Trust or the intent of any provision hereof.

11.6 GOVERNING LAW AND VENUE. THIS DEED OF TRUST SHALL BE GOVERNED BY, AND CONSTRUED, APPLIED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA AND APPLICABLE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT REGARD TO CONFLICTS OF LAW. GRANTOR AGREES THAT THIS DEED OF TRUST IS PERFORMABLE IN NYE COUNTY, NEVADA. GRANTOR STIPULATES THAT CLARK COUNTY, NEVADA, IS PROPER VENUE FOR ANY ACTION OR PROCEEDING INVOLVING THIS AGREEMENT, TO THE EXCLUSION OF ALL OTHER VENUES. GRANTOR WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED UNDER THIS DEED OF TRUST, AND

CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY THE COURT.

11.7 No Third-Party Beneficiary. Grantor and Lender acknowledge that this Deed of Trust is made solely for the benefit of the parties hereto and their respective successors and assigns, and no third party should or may assume that any third-party beneficiary rights are extended or created hereby.

11.8 Successors and Assigns. The terms, provisions, covenants and conditions hereof shall be binding upon Grantor, and the heirs, devisees, representatives, successors and assigns of Grantor (and all references in this Deed of Trust to Grantor shall be deemed to include all such heirs, devisees, representatives, successors and assigns of Grantor), and shall inure to the benefit of Trustee and Lender and shall constitute covenants running with the Land. Lender may, from time to time and without notice to Grantor, assign, participate or otherwise transfer all or any portion of the Loan secured hereby, the Note, this Deed of Trust (and the lien created hereby) and the other Loan Documents (and Lender's rights and interests thereunder), in whole or in part, and the term "Lender" shall include Lender's successors and assigns and any subsequent holder(s) of the Note secured hereby or any assignee or transferee thereof whether by operation of law or otherwise.

11.9 No Usury Intended. Grantor and Lender intend to comply strictly with applicable usury laws. All agreements between Grantor and Lender, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of the disbursement of the principal amount of the Loan, demand, prepayment or acceleration of the maturity of the Note or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Lender (including any other compensation, however denominated, held or deemed to be interest) exceed the maximum amount of interest permitted under applicable federal and Nevada law that may be contracted for, charged, received, paid or agreed to be paid to Lender (including any compensation, however denominated, held or deemed to be interest) (the "Maximum Lawful Rate"). If, from any circumstance whatsoever, interest (and any compensation, however denominated, held or deemed to be interest) would otherwise be payable to Lender in excess of the Maximum Lawful Rate, the interest and any such other compensation payable or paid to Lender shall be reduced to the Maximum Lawful Rate; and if from any circumstance Lender shall ever receive interest or anything of value deemed interest by applicable law in excess of the Maximum Lawful Rate, an amount equal to any such excessive interest shall be applied to the reduction of the principal of the Note and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance of the Note, such excess shall be refunded to Grantor. All interest (including any other compensation, however denominated, held or deemed to be interest) paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread in equal parts through the full stated term of the Note, including renewals or forbearance periods, so that the rate or amount of interest on the Note shall not exceed the Maximum Lawful Rate; and in the event the Note is paid in full by Grantor prior to the end of the full stated term of the Note and the interest (including any other compensation, however denominated, held or deemed to be interest) received for the actual period of the existence of the Note exceeds the Maximum Lawful Rate, Lender shall refund to Grantor the amount of the excess or shall credit the amount of the excess against amounts owing under the Note. Grantor hereby agrees that as a condition precedent to any claim seeking usury penalties against Lender,

Grantor will provide written notice to Lender, advising Lender in reasonable detail of the nature and amount of the violation, and Lender shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Grantor or crediting such excess interest against the Note and/or any other indebtedness then owing by Grantor to Lender.

11.10 WAIVER OF JURY TRIAL. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR LENDER TO MAKE THE LOAN TO GRANTOR, TO THE FULLEST EXTENT NOW OR HEREAFTER PERMITTED BY LAW, GRANTOR AND LENDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY GRANTOR OR LENDER AGAINST THE OTHER TO ENFORCE THIS DEED OF TRUST, TO COLLECT DAMAGES FOR THE BREACH OF THIS DEED OF TRUST, OR WHICH IN ANY OTHER WAY ARISE OUT OF, ARE CONNECTED TO OR ARE RELATED TO THIS DEED OF TRUST. ANY SUCH ACTION SHALL BE TRIED BY THE JUDGE WITHOUT A JURY.

11.11 ENTIRE AGREEMENT. THE NOTE, THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS CONTAIN THE FINAL, ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND ALL PRIOR AGREEMENTS, WHETHER WRITTEN OR ORAL, RELATIVE HERETO AND THERETO WHICH ARE NOT CONTAINED HEREIN OR THEREIN ARE SUPERSEDED AND TERMINATED HEREBY. THE NOTE, THIS DEED OF TRUST AND THE LOAN DOCUMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. EXCEPT AS INCORPORATED IN WRITING INTO THE LOAN DOCUMENTS, THERE ARE NO REPRESENTATIONS, UNDERSTANDINGS, STIPULATIONS, AGREEMENTS OR PROMISES, ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS ADDRESSED IN THE LOAN DOCUMENTS.

11.12 No Waiver by Lender or Trustee. No course of dealing or conduct by or among Lender, Trustee and Grantor shall be effective to amend, modify or change any provisions of this Deed of Trust or the other Loan Documents. No failure or delay by Lender or Trustee to insist upon the strict performance of any term, covenant or agreement of this Deed of Trust or of any of the other Loan Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, covenant or agreement or of any such breach, or preclude Lender or Trustee from exercising any such right, power or remedy at any later time or times. By accepting payment after the due date of any of the secured indebtedness, neither Lender nor Trustee shall be deemed to waive the right either to require prompt payment when due of all other secured indebtedness, or to declare an Event of Default for failure to make prompt payment of any such other secured indebtedness. Neither Grantor nor any other person now or hereafter obligated for the payment of the whole or any part of the secured indebtedness shall be relieved of such liability by reason of (a) the failure of Lender to comply with any request of Grantor or of any other Person to take action to foreclose this Deed of Trust or otherwise enforce any of the provisions of this Deed of Trust, or (b) any agreement or stipulation between any subsequent owner or owners of the Property and Lender, or (c) Lender's extending the time of payment or modifying the terms of this Deed of Trust or any of the other Loan Documents without first having obtained the consent of Grantor or such other Person. Regardless of consideration,

and without the necessity for any notice to or consent by the holder of any subordinate Lien on the Property, Lender may release any Person at any time liable for any of the secured indebtedness or any part of the security for the Obligations and may extend the time of payment or otherwise modify the terms of this Deed of Trust or any of the other Loan Documents without in any way impairing or affecting the lien of this Deed of Trust or the priority of this Deed of Trust over any subordinate lien. The holder of any subordinate Lien shall have no right to terminate any Lease regardless of whether or not such Lease is subordinate to this Deed of Trust. Lender may resort to the security or collateral described in this Deed of Trust or any of the other Loan Documents in such order and manner as Lender may elect in its sole discretion.

11.13 Attorneys' Fees; Expenses. Grantor shall reimburse Lender for all attorneys' fees and expenses, and all other costs and expenses, arising from and after the date hereof, incurred by Lender in connection with the enforcement of Lender's rights under this Agreement and each of the other Loan Documents, including, without limitation, attorneys' fees and expenses and other costs and expenses for trial, appellate proceedings, out-of-court negotiations, workouts and settlements, and for enforcement of rights under any state or federal statute, including, without limitation, attorneys' fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) in connection with seeking relief from stay in a bankruptcy proceeding. The term "expenses," as used in the preceding sentence, includes any expenses incurred by Lender in connection with any of the out-of-court, state, federal or bankruptcy proceedings referenced above, including but not limited to the fees and expenses of any appraisers, consultants and expert witnesses retained or consulted by Lender in connection with any of those proceedings. Lender shall also be entitled to its attorneys' fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. Grantor will upon demand pay to Lender the amount of any and all expenses, including the fees and expenses of its counsel and of any experts and agents, which Lender may incur in connection with (a) the administration of this Agreement, (b) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Property, (c) the exercise or enforcement of any of the rights of Lender hereunder, and/or (d) the failure by Grantor to perform or observe any of the provisions hereof. This provision is separate and severable and shall survive the merger of this Agreement into any judgment on this Agreement.

11.14 INDEMNIFICATION. GRANTOR HEREBY ACKNOWLEDGES AND AGREES THAT THIS DEED OF TRUST CONTAINS CERTAIN INDEMNIFICATION PROVISIONS, INCLUDING, BUT NOT LIMITED TO, SECTIONS 4.19, 9.2 and 11.1 HEREOF WHICH MAY, IN CERTAIN INSTANCES, INCLUDE INDEMNIFICATION BY GRANTOR OR OTHERS AGAINST LENDER'S OR TRUSTEE'S OWN NEGLIGENCE.

11.15 Subrogation. Lender shall be subrogated, for further security, to the lien, although released of record, of any and all encumbrances paid out of the proceeds of the loan evidenced by the Loan Documents.

[SIGNATURE PAGE FOLLOWS]

EXECUTED effective as of the date first above written.

GRANTOR:

FRONT SIGHT MANAGEMENT, LLC
a Nevada limited liability company

By: _____
Ignatius Piazza, Manager

STATE OF CALIFORNIA)
) SS
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared Ignatius Piazza, Manager, Front Sight Management, LLC, a Nevada limited liability company, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

****Please See Attach****
X California Acknowledgment
__ California Jurat

_____ [Seal]
(Signature)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF California }
COUNTY OF San Francisco

On OCT 06, 2016 before me, P. Fakeri, a Notary Public in and for said County and State, personally appeared, Ignatius Piazza

X X X, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

P. FAKERI
COMM. #2003459
Notary Public - California
San Mateo County
My Comm. Expires Feb. 6, 2017

Signature:

(Notary Seal)

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

A TRACT OF LAND BEING A PORTION OF TRACT 38, OF THE FRACTION TOWNSHIP 22 SOUTH, RANGE 54 EAST, M.D.M. AS SHOWN BY THE INDEPENDENT RE-SURVEY AND SURVEY WITH TRACT SEGREGATION FILED WITH THE BUREAU OF LAND MANAGEMENT ON MAY 10, 1935, ALL SITUATED IN NYE COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH BOUNDARY CORNER OF THE MOST EASTERLY BOUNDARY LINE OF SAID TRACT 38, BEING THE CORNER KNOWN AS "AP11" OF TRACT 38 AS SHOWN BY SAID BUREAU OF LAND MANAGEMENT SURVEY;
THENCE ALONG THE BOUNDARY LINES OF SAID TRACT 38 ON THE FOLLOWING THREE (3) COURSES: 1) SOUTH 89° 55' 56" WEST, 1318.50 FEET;
THENCE 2) NORTH 00° 48' 15" WEST, 1309.00 FEET;
THENCE 3) NORTH 89° 19' 08" WEST, 1310.94 FEET;
THENCE SOUTH 07° 25' 58" WEST, 864.51 FEET; SOUTH 51° 50' 25" EAST, 540.22 FEET; THENCE SOUTH 85° 06' 44" EAST, 391.56 FEET; SOUTH 44° 07' 13" EAST, 886.99 FEET; THENCE SOUTH 32° 07' 51" EAST, 909.73 FEET TO A POINT ON THE BOUNDARY LINE OF SAID TRACT 38;
THENCE SOUTH 89° 59' 28" EAST ALONG SAID BOUNDARY LINE OF TRACT 38, 861.95 FEET; THENCE NORTH 00° 48' 57" WEST ALONG SAID BOUNDARY LINE OF TRACT 38, 1308.90 FEET TO THE POINT OF BEGINNING.

MORE COMMONLY KNOW AS: LOT 1 PER RECORD OF SURVEY FOR BOUNDARY LINE ADJUSTMENT MAP, FILE NUMBER 645836, RECORDED DECEMBER 28, 2005.

NOTE: THE ABOVE METES AND BOUNDS DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED DECEMBER 28, 2005 AS INSTRUMENT NO. 645837, OF OFFICIAL RECORDS, NYE COUNTY, NEVADA.

PARCEL 2:

A TRACT OF LAND BEING A PORTION OF TRACT 38, OF THE FRACTION TOWNSHIP 22 SOUTH, RANGE 54 EAST, M.D.M. AS SHOWN BY THE INDEPENDENT RE-SURVEY AND SURVEY WITH TRACT SEGREGATION FILED WITH THE BUREAU OF LAND MANAGEMENT ON MAY 10, 1935, ALL SITUATED IN NYE COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH BOUNDARY CORNER OF THE MOST EASTERLY BOUNDARY LINE OF SAID TRACT 38, BEING THE CORNER KNOWN AS "AP11" OF TRACT 38 AS SHOWN BY SAID BUREAU OF LAND MANAGEMENT SURVEY;
THENCE ALONG THE BOUNDARY LINES OF SAID TRACT 38 ON THE FOLLOWING THREE (3) COURSES: 1) SOUTH 89° 55' 56" WEST, 1318.50 FEET TO "AP12" OF SAID TRACT 38;
THENCE 2) NORTH 00° 48' 15" WEST, 1309.00 FEET TO "AP13" OF SAID TRACT 38;
THENCE 3) NORTH 89° 19' 08" WEST, 1310.94 FEET TO THE POINT OF BEGINNING OF THE
TRACT OF LAND DESCRIBED HEREIN;
THENCE SOUTH 07° 25' 58" WEST, 864.51 FEET; SOUTH 51° 50' 25" EAST, 540.22 FEET;
THENCE SOUTH 85° 06' 44" EAST, 391.56 FEET; SOUTH 44° 07' 13" EAST, 886.99 FEET;
THENCE SOUTH 32° 07' 51" EAST, 909.73 FEET TO A POINT ON THE BOUNDARY LINE OF SAID TRACT 38;
THENCE ALONG SAID BOUNDARY LINE OF TRACT 38 ON THE FOLLOWING ELEVEN (11)
COURSES: 1) NORTH 89° 59' 28" WEST, 456.95 FEET;
THENCE 2) SOUTH 00° 19' 21" EAST, 2632.07 FEET;
THENCE 3) NORTH 89° 43' 00" WEST, 2650.49 FEET;
THENCE 4) NORTH 00° 00' 22" WEST, 2637.91 FEET;
THENCE 5) NORTH 89° 33' 52" WEST, 2645.16 FEET;
THENCE 6) NORTH 00° 21' 41" EAST, 2638.39 FEET;
THENCE 7) SOUTH 89° 18' 43" EAST, 1308.09 FEET;
THENCE 8) NORTH 01° 14' 10" EAST, 1318.86 FEET;
THENCE 9) SOUTH 88° 49' 59" EAST, 1266.00 FEET;
THENCE 10) SOUTH 00° 32' 57" EAST, 1307.62 FEET;
THENCE 11) SOUTH 89° 19' 08" EAST, 1302.28 FEET TO THE POINT OF BEGINNING.

MORE COMMONLY KNOW AS: LOT 2 PER RECORD OF SURVEY FOR BOUNDARY LINE ADJUSTMENT MAP, FILE NUMBER 645836, RECORDED DECEMBER 28, 2005.

NOTE: THE ABOVE METES AND BOUNDS DESCRIPTION PREVIOUSLY APPEARED IN THAT CERTAIN DOCUMENT RECORDED DECEMBER 28, 2005 AS INSTRUMENT NO. 645838 OF NYE COUNTY, NEVADA.

End of Legal Description