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**Four Arrow Funding, Inc.**  
**(Issuer)**

A Delaware Corporation

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**Equity Loan Participation Agreement**

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**Loan Documentation**

Collateral	
<b>Address(es)</b>	<b>Lot &amp; Block Number</b>
775 Deer Park Road, St Helena CA 94574	021-320-030, 021-320-029, 021-320-023, 021-320-016
767 Deer Park Road, St Helena CA 94574	021-320-017
865 Deer Park Road, St Helena CA 94574	021-160-001
810 Deer Park Road, St Helena CA 94574	021-160-023, 021-160-020
3509 Evey Road, Calistoga CA 94515	017-130-044-000
161 Oak St., St Helena CA 94574	021-160-008
\$1.5 million Judgment Lien	
<b>Borrower:</b>	Trident I, LLC (“ <b>Borrower</b> ”)
<b>Lender:</b>	Four Arrow Funding, Inc. (the “ <b>Lender</b> ”)



*This investment provides a 29.89% annualized return if repaid upon maturity six (6) after closing. This investment is not guaranteed by Four Arrow Funding Inc., Chesterfield Faring Ltd., and/or any other party except by the underlying Borrower as defined in this Equity Loan Participation Agreement. Please read all risks factors included in this document.*

*Date: 3/26/2019*



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## EQUITY LOAN PARTICIPATION AGREEMENT OF \$275,000

This Equity Loan Participation Agreement (the “**Agreement**”) referencing Trident 1, LLC (the “**Borrower**”), a California limited liability company, and made between you and Four Arrow Funding, Inc. (the “**Issuer**” and/or referred to as the “**Lender**”) dated as April 3, 2019, shall set forth the terms and conditions of governance by and between the Issuer and you as loan participants (the “**Participants**”). The Participants will make a \$275,000 equity participation loan (the “**PE Loan**”) to the Issuer and then the Issuer will make a \$275,000 preferred equity participation loan (the “**Loan**”) secured by the Collateral as described:

- i) On the cover page located in NAPA Valley, California (the “**Real Property**”) plus
- ii) An assignment to the Issuer of a \$1.5 million judgment (the “**Judgment**”) in favor of the Borrower.

Chesterfield Faring, Ltd (“**CFL**”), a Delaware Corporation, is a shareholder of the Issuer and is the Issuer’s sponsor. Lawrence Selevan (“**LJS**”) is the CEO of CFL and the Executive Chairman of the Issuer. Jordan Shrier is the President of the Issuer. CFL and the Issuer have offices at 355 Lexington Avenue, New York, New York 10017.

For clarity, the Participants will each own a pro rata share of the PE Loan made from the Participants to the Issuer. With the proceeds from the PE Loan, the Issuer will make the Loan to the Borrower. The PE Loan has a security interest in the Real Property with rights for the Lender (Issuer) described in a second and third deed of Trust.

The Issuer is offering five and one half (5.5) \$50,000 units (the “**Units**”) in the Loan (funds used to provide for the PE Loan) for a period of six (6) months at an upfront cost of only \$43,500 per Unit at a net upfront profit of \$6,500 or an annualized return of 29.89%. The Borrower may extend the PE Loan for one (1) three (3) month extension (the “**Extension**”) increasing the payoff by \$22,000 for the Extension to \$297,500 with an additional payment to each Participant of another \$4,000 per Unit and \$2,000 per half Unit.

All income from the Loan will be distributed pursuant to each Participants percentage participation in the Units and the PE Loan prepaid for the first six (6) months at closing.

### RECITALS

(a) The Issuer is a “C” corporation by the filing of a Certificate of Formation for the Issuer with the Secretary of State of the State of Delaware. CFL adopts and ratifies the Certificate of Formation and all acts taken by the sole organizer in connection therewith.

(b) The Participants desire to enter into this Agreement to set forth their agreements with respect to the business of the Issuer, the making of the PE Loan, and the other matters set forth herein to protect the rights of the Participants.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows:

### ARTICLE 1

#### Section 1.1. Formation; Name and Principal Office.

The Certificate of Formation, all actions taken by the persons who executed and filed the Certificate of Formation are hereby adopted and ratified. The affairs of the Issuer and the conduct of its business shall be governed by the terms and subject to the conditions set forth in this Agreement, as amended from time to time. The name of the Issuer is **Four Arrow Funding Inc.** The Issuer has its principal office at 355 Lexington Avenue, New York, New York 10017, or such other place as the CFL shall select at a later date. The Issuer is a



Delaware Corporation and all revenues are derived in Delaware. CFL shall be responsible for maintaining the books and records of the Issuer at the principal office.

Section 1.2. Purpose.

Subject to and in accordance with this Agreement, the purposes of the Issuer shall be to cause CFL and the Issuer to take the following actions:

- (i) Operating the Issuer and entering into this Agreement;
- (ii) Exercising any and all rights and powers and comply with any and all obligations of the Issuer with respect to making the Loan to the Borrower;
- (iii) Modifying, amending, supplementing and/or restating the terms of this Agreement (and/or waiving any rights thereunder) as necessary;
- (iv) Managing the PE Loan until repaid in full;
- (v) Developing and operating business plans and strategies if required for repayment of the Loan;
- (vi) Collecting interest income from the Borrower and the PE Loan and making distributions and payments to Participants.

Section 1.3. Statutory Compliance.

LJS shall execute, file, and/or publish on behalf and at the expense of the Issuer, all appropriate certificates required by law to be filed and/or published in connection with the formation of Issuer and the authorization for Issuer to do business in such other jurisdictions as the nature of the Issuer's business requires.

Section 1.4. Documents.

LJS shall designate authorized parties to execute any necessary amendments and/or restatements of the Certificate of Formation and cause the same to be filed in the office of the Secretary of State of the State of Delaware. The Issuer shall promptly execute and duly file with the proper offices in each State in which the Issuer may conduct the activities authorized.

Section 1.5 Payment. Payment of the value of each Unit (or half Unit) purchased must be made contemporaneously with the execution and delivery of this agreement as follows:

- (a) **By check payable:** to "Four Arrow Funding, Inc." held until closing; or
- (b) **By wire transfer of immediately available funds** per the following wire

instructions:

Bank:	JP Morgan Chase
ABA Number:	021000021
Account #:	310773962
Account Name:	Four Arrow Funding Inc.
Reference:	[Investor Name]

Please remember that each \$50,000 Unit costs \$43,500 and that is the amount to be wired or ACH to the above account. For a one half (1/2) Unit, the \$25,000 one half (1/2) Unit costs \$21,750 and that amount is to be wired or ACH to the above account. Officially interest commences upon funding the Loan which is typically within seven (7) days of receipt of the last investment from the Participants.



## ARTICLE 2

### Section 2.1 Term.

The term (the “**Term**”) of the Issuer shall be deemed to have commenced on the filing of the Certificate of Formation in the office of the Secretary of State of the State of Delaware and shall continue, unless sooner dissolved upon the occurrence of any Capital Event(s) or upon repayment of the Loan.

## ARTICLE 3

### Section 3.1. Initial Acquisition by the Issuer.

The total PE Loan is anticipated at \$275,000. Each Unit shall remain at \$50,000 face value but at a cost of \$43,500 to the Participant(s) per Unit.

### Section 3.2 Purchase of Loan Participations.

It is intended that the Issuer will issue and sell five and one half (5.5) Units for \$50,000 per Unit for the face amount of the \$275,000 PE Loan to the Participants. The PE Loan shall provide an annual interest rate of 29.89% prepaid in advance for the first six (6) months. If extended for three (3) months then after the final ninth month each Investor should receive an extra: i) \$4,000 increasing each \$50,000 Unit to \$54,000 and ii) \$2,000 for each one half \$25,000 unit to \$27,000.

### Section 3.4 Funding Operating Shortfalls.

If the Issuer has any operating financial shortfalls to pay the expenses of the Issuer, the LJS may elect to make a loan (the “**CFL Loan**”) to the Issuer at no cost to the Issuer for a period of thirty (30) days. Immediately after making CFL Loan, the Issuer shall make a capital call (the “**Capital Call**”) of the Participants equal to their pro rata ownership of the PE Loan approved in advance by the Participants in number equal to fifty one percent (51.0%) before CFL funds the CFL Loan. The interest rate on the Capital Call will be a minimum of eighteen percent (18%) per annum. If the Participants do not provide their portion of their Capital Call then none of their principal of the PE Loan will be diluted.

### Section 3.5 Limitation of Liability.

(a) Except as provided by applicable law or in this Agreement or in agreements entered into by the Participants, no Participants shall be liable for any debts, liabilities or obligations of Issuer by virtue of such ownership or relationship.

(b) Nothing in this Agreement, and, without limiting the generality of the foregoing, expressed or implied, or is intended to give to any creditor of the Issuer or to any creditor of the LJS or any other Person any legal or equitable right, remedy or claim under or in respect of this Agreement.

## ARTICLE 4

### Section 4.1 Powers and Authority of the Participants.

(a) Subject to the restrictions otherwise set forth in this Agreement, the affairs of the Issuer shall be managed and supervised by the Board. Serving at the Board’s request, the Managers shall have full and exclusive authority to conduct the daily operations of the Issuer subject to this Agreement.

(b) Except as otherwise provided in this Agreement, the Participants shall have no power or authority to bind the Issuer unless the Participant(s) has (have) been authorized in writing by CFL to act as an agent of the Issuer.



#### Section 4.2 Major Decisions.

(a) Notwithstanding anything to the contrary contained herein, the LJS shall not bind Issuer or permit the Issuer to be bound or to take any action in connection with any of the following matters (“**Major Decisions**”) regarding the Loan solely without the prior written approval by the Participants in number equal to fifty one percent (51.0%). Any Issuer debt for borrowed money above \$40,000 secured by the PE Loan, other than the CFL Loan or any material acquisition, sale of assets, expenditure, contract, commitment or capital event shall require a vote of fifty one percent (51.0%) from the Participants;

(b) Entering into any commitments, agreements or contracts with any Participants and/or Affiliate of any Participants and/or CFL, except as expressly provided herein. CFL shall not receive any additional fees after the PE Loan is made unless approved in writing first by a majority (51.0%) of the Participants.

(c) Merging or consolidation of the Issuer;

(d) The filing by the Issuer of a voluntary bankruptcy petition or the filing of a petition or an answer seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law.

#### Section 4.3 Removal of Issuer/CFL.

(a) CFL and/or the Issuer may be removed by a seventy five percent (75.0%) vote of the Participants, but solely for acts committed by CFL and/or LJS of gross negligence, fraud, theft, waste, and/or gross misrepresentation of a material fact to the Participants.

### ARTICLE 5

#### Section 5.1 Books, Records, Accounting and Reports.

(a) The Issuer shall maintain, or cause to be maintained, in a manner customary and consistent with good accounting principles, practices and procedures, a comprehensive system of office records, books and accounts (which records, books and accounts shall be and remain the property of the Issuer) in which shall be entered fully and accurately each and every financial transaction with respect to the ownership and operation of the Issuer.

#### Section 5.2 Reports.

(a) The Issuer shall prepare the financial reports and other information that the Participants reasonably determine are appropriate, provided, however, that all such reports shall be prepared in form and substance as required for public reporting. In any event, the Issuer shall prepare and furnish to each of the Participants within sixty (60) calendar days after the close of each Fiscal Year a balance sheet, profit and loss statement, tax returns, statement of cash flows, plus any other standard financial documentation requirements including State and Federal filings of the Issuer dated as of the end of each Fiscal Year.

(b) The Issuer shall provide updated Participants ownership charts upon any update or change in the capitalization of the Issuer and/or upon the end of each fiscal year or upon demand by any individual Participant at any given time.

### ARTICLE 6

#### Section 6.1. Timing of Distributions.

(a) Upon maturity with interest prepaid, there is no current pay under the Loan from the Borrower. If the Loan matures, the Issuer may extend the Loan but may require monthly current pay from the Borrower. Then if the current pay is not paid in any given month, it shall accrue, without compounding, and be paid in the next payment cycle, if available, and if unavailable paid in the next payment cycle thereafter until paid current. In Section 6.2 below, shows the waterfall of all distributions when a current pay situation arises.



Section 6.2. Distributions. The waterfall below solely shows from distributions received by the Issuer and then paid to the Participants.

A. If the PE Loan (and Loan) matures then the Issuer's available monthly Cash shall be distributed as follows:

- i. First, on a monthly basis, payment on the first mortgage loan already in existence,
- ii. Second, any accrued or non-prepaid interest on the PE Loan to the Participants, if the Loan is extended with the Borrower,
- iii. Third, balance to the common equity held by the members of the Borrowers.

## ARTICLE 7

Section 7.1. Recipient of Distributions.

All distributions of cash of the Issuer to be made to the Participants pursuant to the provisions of this Agreement shall be made directly to the parties entitled thereto.

Section 7.2. Notices, etc.

Any offer, acceptance, election, approval, consent, request, waiver, notice or other document (collectively, "**Notice**") required or permitted to be given pursuant to any provisions of this Agreement, shall be deemed duly given only when in writing, signed by or on behalf of the Person giving the same, and either (i) personally delivered (with receipt acknowledged), (ii) sent by telefax (with appropriate confirmation of receipt), (iii) sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) sent by nationally recognized courier service (e.g. Federal Express) for next business day delivery, addressed to the Person or Persons to whom such Notice is to be given, in each case at the address set forth for such party below, or at such other address as shall have been set forth in a Notice sent pursuant to the provisions of this Article:

c/o Chesterfield Faring Ltd.  
**Four Arrow Funding Inc.**  
Attention: Lawrence Selevan  
355 Lexington Avenue, Fifth Floor  
New York, New York 10017

Section 7.3. Modification, Consent, Waiver or Termination.

No modification, consent, waiver or termination of this Agreement, or any part hereof, shall be effective unless made in writing and signed by all of the parties hereto and no failure to pursue or elect any remedy or waiver with respect to any default under or breach of any provision of this Agreement shall be deemed to be a waiver of any other subsequent similar or different default, breach or provision, or of any election of remedies available in connection therewith.

Section 7.4. Counterparts.

Any Participants may execute this Agreement in writing in one or several counterparts and it shall remain in full force and effect. This Agreement may be executed in any number of counterparts, all of which shall for all purposes constitute one Agreement binding on all of the parties hereto, notwithstanding that all of the other parties did not execute the same counterpart. The signatures of the parties may be on separate signature pages all of which, when attached hereto, shall constitute the execution of one Agreement binding on all the parties hereto, notwithstanding that all of the other parties did not execute the same signature page.

Section 7.5. Applicable Laws; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without reference to any conflict of law or choice of law principles of such State that might apply the law of another jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be exclusively brought against any of the parties in a state or federal court located in the State of Delaware, and each of the parties hereby consents to





the jurisdiction of such courts (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein and any claim that any state or federal court located in the State of Delaware is an inconvenient forum. For purposes of this Agreement, and the Exhibits hereto, process in any such suit, action or proceeding in any such state or federal court in the State of Delaware, may be served on the parties hereto at the address of such party as set forth in this Section.

(b) The Participants hereby waive trial by jury in any action, proceeding or counterclaim brought by any of the parties hereto against any other party hereto or their successors in respect of any matter arising out of or in connection with this agreement.

(c) The prevailing party in any suit, action or proceeding relating to this Agreement shall be entitled to recover its court costs and attorneys' fees and expenses incurred in connection therewith.

Section 7.6. Captions; Exhibits.

Article, section and other titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference, and shall not be construed in any way to define, limit, extend or describe the scope of this Agreement. All exhibits annexed hereto are herewith expressly made a part of this Agreement, as fully as though completely set forth herein.

Section 7.7. Waiver of Action for Partition.

Each Participant irrevocably waives during the term of the Issuer any right that it may have to maintain any action for partition with respect to any of the assets owned by the Issuer.

Section 7.8. Gender; Number.

As used in this Agreement, the masculine, feminine or neutral gender, and the singular or plural number, shall be deemed to be or include the other genders or number, as the case may be, whenever the context so indicates or requires.

Section 7.9. No Broker.

Other than as set forth herein, CFL, the Issuer, and LJS represents and warrants that it (he) has not dealt with any broker in connection with this Agreement and agrees to indemnify, defend and hold harmless each Participant(s) from all claims or damages as a result of this representation and warranty being false.

Section 7.10. Confidentiality.

Each Participant agrees that it shall not disclose without the prior written consent of the Issuer (other than to such Participant's Affiliates, equity owners, employees, agents, auditors or counsel) any information with respect to the Issuer.

Section 7.11. Entire Agreement.

This Agreement, including all agreements referenced herein and exhibits to this Agreement and, if any, exhibits to such exhibits, contains the entire agreement among the parties.

Section 7.12. Waiver.

No consent or waiver, express or implied, by any Participants to or for any breach and/or default by CFL in the performance of its duties by such other than the Participant of his or its obligations under this Agreement.

Section 7.13 Severability.

If any provision of this Agreement or the application thereof to any Person or any circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby, and the intent of this Agreement shall be enforced to the greatest extent permitted by law.



Section 7.14 Amendments.

All amendments to this Agreement, including any amendment which would have the effect of changing Issuer's purposes, shall require the consent of all Participants. All amendments to this Agreement shall be in writing.

Section 7.15 Indemnification.

To the fullest extent permitted by applicable law, the Issuer shall indemnify and hold Participants harmless from any claim and expense (including, without limitation, legal fees) that Participants may incur in connection with a claim by any person related to or having an interest in the Issuer.

Section 7.16 No Third-Party Beneficiary.

Nothing in this Agreement shall be deemed to create any right in anyone not a party hereto, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of anyone not a party hereto.

Section 7.17 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the parties and their respective permitted successors and assigns.

Section 7.18 Bound.

Whenever in this Agreement, CFL and the Issuer is obligated to ensure that or requires Issuer to perform any obligation hereunder, the failure of the Issuer to perform such obligation shall be deemed to be a default of CFL or the Issuer under this Agreement.

Reference/ Deal name: NAPA 1001  
Number of Units: ( )  
Date: \_\_\_\_\_

**Four Arrow Funding Inc.**

Authorized Signature  
Date: \_\_\_\_\_

Accepted and Agreed To:  
**Participant**

Authorized Signature  
Date: \_\_\_\_\_