

AGREEMENT OF ASSOCIATION

Between
HIFI DAO

And
Finance Ventures, LLC.

THIS AGREEMENT is entered into this 3rd day of May, 2024 by and between HIFI DECENTRALIZED AUTONOMOUS ORGANIZATION ("Hifi DAO"), an unincorporated non-profit association organized under the laws of the state of Delaware, and Finance Ventures, LLC. ("Lending Partner"), a limited liability company organized under the laws of the state of Utah, (collectively, the "Parties")

WHEREAS, Hifi DAO operates a decentralized finance platform that supports various financial activities including but not limited to decentralized lending;

WHEREAS, Lending Partner desires to utilize Hifi DAO's decentralized lending infrastructure to facilitate loans to the customers of the Lending Partner.

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

1. INCORPORATION OF RECITALS

1.1. Incorporation of Recitals. The recitals set forth above are true and correct and incorporated herein by this reference.

2. TERMS OF AGREEMENT

2.1. Framework Establishment. Hifi DAO hereby agrees, subject to the terms and conditions set forth in this Agreement, to establish a framework and publish a rule set governing the Lending Partner's usage of Hifi DAO's decentralized lending infrastructure and hToken credit, for the purposes of lending to their customers.

2.2. hToken Credit. Upon the execution of this Agreement, Hifi DAO shall approve certain ERC20 tokens as collateral in the Hifi Protocol, in order to facilitate Lending Partner's usage of hToken credit according to the framework and rule sets established by Hifi DAO. For the avoidance of doubt, hTokens are understood as a tokenized obligation that settles on a specific future date, as per the operational standards of Hifi DAO.

2.3. hToken Usage Rights. Lending Partner shall have the right to utilize the hTokens made available by Hifi DAO for facilitating lending activities to its customers. Lending Partner shall ensure that the hTokens are used in accordance with all applicable laws, regulations, and any frameworks and rule sets provided by Hifi DAO.

2.4. Documentation and Verification. Lending Partner shall maintain proper documentation and verification processes to substantiate the fulfillment of loan eligibility requirements based on frameworks and rule sets established by Hifi DAO. Such documentation may include credit reports, appraisals, compliance records, and any other relevant information necessary to demonstrate adherence to the loan eligibility criteria.

2.5. Compliance with Loan Frameworks and Rule Sets. Lending Partner shall ensure that all loans extended to its customers, and intended to be funded through Hifi DAO, comply with the loan frameworks and rule sets established by Hifi DAO. Lending Partner shall exercise due diligence in evaluating loan applications and ensure eligibility before funding a loan through Hifi DAO

2.6. Limitations on hToken Usage. Lending Partner acknowledges and agrees that the hTokens received from Hifi DAO remain the property of Hifi DAO and shall be held in trust by Lending Partner for the sole purpose of facilitating lending activities to its customers. Lending Partner shall not utilize the hTokens for any other purpose, including but not limited to personal or operational expenses, investments, or any activity inconsistent with the intended use of the hTokens in facilitating lending to their customers.

2.7. Repayment of hTokens. Lending Partner shall promptly repay and return the hTokens to Hifi DAO upon maturity of such hTokens. Lending Partner shall also repay any hTokens that are no longer being utilized for loans to customers, other than Exempt Tokens set forth below. Lending Partner shall ensure that the hTokens are readily available for repayment to Hifi DAO and shall take all necessary measures to fulfill this obligation within a reasonable timeframe as determined by Hifi DAO.

a) Exempt Tokens. Lending Partner may hold a balance of hTokens if such hTokens are allocated for a loan that disburses over time. An example of which may be a construction loan that disburses portions of the loan based on construction progress.

b) Limitations on Exempt Tokens. Exempt tokens may not be used for any other purposes than servicing loans that disburse over time, and are subject to all limitations set forth in Section 2.4.

2.8. Liability for hToken Obligation. In the event of default or failure by Lending Partner to fulfill its repayment obligation under section 2.5, Lending Partner shall be liable to Hifi DAO for the outstanding hToken obligation, along with any applicable interest, fees, or costs incurred by Hifi DAO in connection with the recovery of the hTokens.

3. DESIGNATION OF MAINFRAME GROUP, INC. AS HIFI DAO'S DESIGNEE

3.1. Designation of Mainframe Group, Inc. Hifi DAO hereby designates Mainframe Group, Inc., a duly registered entity, as its designee ("Designee") for the purpose of managing ERC20 collateral tokens related to Lending Partner's hToken usage, and receiving the monthly

reporting, financial indicators, and other information from Lending Partner as specified in this Agreement.

3.2. Duties and Responsibilities of the Designee. The Designee shall perform the following duties and responsibilities on behalf of Hifi DAO:

a) Issuance of ERC20 Collateral Tokens. The Designee shall issue ERC20 Collateral Tokens to Lending Partner, for usage of hToken credit according to the frameworks and rule sets established by Hifi DAO.

b) Receipt of Reports. The Designee shall receive the monthly reports from Lending Partner promptly and in accordance with the agreed-upon timeline.

c) Interpretation and Clarification of Frameworks and Rule Sets. The Designee shall have the authority to interpret and clarify the frameworks and rule sets for lending established by Hifi DAO, providing guidance to the Lending Partner consistent with the objectives and intent of Hifi DAO.

d) Review and Analysis. The Designee shall review and analyze the monthly reports to identify any significant information or deviations from expected performance, including but not limited to any breaches of the Agreement or potential risks to Hifi DAO.

e) Timely Notification. The Designee shall promptly notify Hifi DAO of any important information, concerns, or deviations identified during the review and analysis of the monthly reports. Such notification shall be provided in writing and include all relevant details necessary for Hifi DAO to assess the situation and take appropriate actions.

3.3. Monthly Reporting to Designee. Lending Partner acknowledges its obligation to provide monthly reports and other relevant information to the Designee, as specified in this Agreement. Non-compliance with the reporting requirements may result in the suspension of funding or other appropriate actions as determined by Hifi DAO or its Designee.

3.4. Communication and Collaboration. The Designee shall maintain open and regular communication with Hifi DAO, providing updates, clarifications, or additional information as requested or required by Hifi DAO in connection with the monthly reporting and financial indicators.

3.5. Confidentiality. The Designee shall treat all information received from Lending Partner as confidential and shall not disclose such information to any third party without the prior written consent of Lending Partner, except as required by law or regulation.

3.6. No Liability of Designee. The Designee shall exercise reasonable care and diligence in carrying out its duties as specified in this Section 3. However, the Designee shall not be liable to Hifi DAO for any acts, omissions, or errors, except in cases of willful misconduct or gross negligence.

4. **AUTHORITY OF DESIGNEE**

4.1. Acknowledgment of Designee. Lending Partner acknowledges Mainframe Group, Inc. as the duly authorized Designee of Hifi DAO for the purposes defined in this agreement.

4.2. Provision of Reports. Lending Partner shall provide monthly reports to Designee according to Section 3.2 C. Lending Partner shall also provide all other reasonable and relevant materials requested by the Designee related to this Agreement.

4.3. Requests for hTokens. Requests for hTokens shall be made by the Lending Partner in writing to the Designee. The Designee, in their best judgement, may fulfill or refuse these requests based on reports received from the Lending Partner and the Designee's interpretation of the frameworks and rule sets established by Hifi DAO for hToken credit extended to the Lending Partner.

4.4. Designee's Right to Review. Hifi DAO reserves the right of its Designee to review and verify the compliance of each loan with the frameworks and rule sets established. If the Designee determines that any loan does not meet the eligibility requirements, its Designee may request additional information, suspend funding, or take appropriate actions as deemed necessary.

4.5. Fiduciary Duty of Designee. Lending Partner acknowledges that the Designee has a fiduciary duty to act in the best interest of Hifi DAO, as outlined in the Designation Agreement. Lending Partner shall cooperate with the Designee in fulfilling this duty.

5. **MONTHLY REPORTING AND FINANCIAL INDICATORS**

5.1. Monthly Reporting. Lending Partner shall provide monthly reports to the Designee, detailing the utilization of borrowed hTokens and other key financial indicators. The reports shall be prepared and submitted to the Designee no later than seven days following the end of each calendar month during the term of this Agreement.

5.2. Utilization of Borrowed hTokens. The monthly reports shall include a comprehensive breakdown of the utilization of borrowed hTokens by Lending Partner, specifying the loans funded, outstanding loan balances, interest earned, repayments received, and any other relevant information related to the utilization of hTokens.

5.3. Key Financial Indicators. In addition to the utilization of borrowed hTokens, the monthly reports shall provide key financial indicators that allow the Designee to assess the financial performance and risk exposure of Lending Partner. These indicators may include, but are not limited to, the following:

- a) Total loan portfolio balance and composition.
- b) Loan delinquency and default rates.
- c) Interest income generated from the loan portfolio.
- d) Operating expenses incurred by Lending Partner.
- e) Profitability metrics, such as net income or loss.
- f) Any other financial indicators mutually agreed upon by the Parties.

5.4. Reporting Format. The monthly reports shall be prepared in a format agreed upon by the Parties, which may include spreadsheets, financial statements, or any other suitable reporting method. The reports shall be accurate, complete, and presented in a clear and understandable manner.

5.5. Audit and Verification. Hifi DAO reserves the right to conduct periodic audits or request verification of the information provided in the monthly reports. Lending Partner shall cooperate fully with any such audit or verification process and provide any additional documentation or explanations as requested by Hifi DAO to the Designee within a reasonable timeframe.

5.6. Confidentiality. The information disclosed in the monthly reports shall be treated as confidential by both Parties. Neither Party shall disclose the information to any third party without the prior written consent of the other Party, except as required by law or regulation.

5.7. Remedies for Non-Compliance. In the event of non-compliance with the monthly reporting requirements set forth in this Agreement, Hifi DAO may, at its discretion, take appropriate actions, including but not limited to suspending further funding, requesting additional reporting, or seeking other remedies as permitted by law or equity.

6. COLLATERAL SALE IN CASE OF DEFAULT

6.1. Default of Borrowers. In the event of default by a borrower on any loan funded through hTokens obtained from Hifi DAO, Lending Partner shall take immediate action to enforce its rights and remedies under the Pledge and Security Agreement. This includes, but is not limited to, initiating the sale of the collateral securing the loan.

6.2. Collateral Sale. Collateral Sale shall fully comply with Lending Partner' collateral sales procedure as described below:

a) Sale. The Collateral may be sold for cash or other value at public or private sale without demand, advertisement or notice (except only that Lending Partner shall give the borrower reasonable prior written notice of the time and place of any public sale, or the time after which a private sale may be made). It is agreed given the nature of the Collateral, that ten (10) days prior written notice to the borrower shall constitute reasonable notice.

b) Application of Proceeds. The proceeds of all sales and collections, and any other moneys (including any cash contained in the Collateral) shall be applied as follows:

i) First, to the payment of the costs and expenses of such sales and collections, and the reasonable compensation of Lending Partner and its counsel;

ii) Second, to the payment of any and all amounts which remain unpaid on the loan;

iii) Third, any surplus then remaining to the payment of the loan secured by such Collateral in such order and manner as Lending Partner may in its sole discretion determine; and

iv) Fourth, any surplus then remaining shall be delivered to the borrower, subject, however, to the rights of the holder of any lien of which Lending Partner has actual notice.

6.3. Reporting to Designee. Lending Partner shall provide regular updates to the Designee regarding the status and progress of collateral sale efforts, including details of any significant developments or obstacles encountered during the process.

6.4. Cooperation and Documentation. Lending Partner shall cooperate fully with Designee and provide any necessary documentation or information related to collateral liquidation to the Designee upon request.

6.5. Deficiency Balance. If the proceeds from the collateral liquidation are insufficient to fully cover the outstanding loan amount and associated costs, Lending Partner shall remain liable for the deficiency balance and shall take appropriate actions to recover the remaining amount.

6.6. Preservation of Hifi DAO's Interests. Lending Partner shall take all necessary steps to ensure the preservation of Hifi DAO's interests in the collateral during the liquidation process, including maintaining proper custody of the collateral until the liquidation is completed.

7. **MISCELLANEOUS**

7.1. Binding Effect. This Agreement shall inure to the benefit of and be binding upon Debtor and Secured Party and their respective successors and assigns. This Agreement contains all of the terms and conditions agreed upon by the parties and no other contracts, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind any of the parties hereto.

7.2. Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof. Neither this Agreement nor any term or provision hereof may be changed, waived, discharged or terminated orally, or in any manner other than by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge or termination is sought.

7.3. Severability of Provisions. Each provision of this Agreement shall be considered severable if, and to the extent that, any provisions of this Agreement are determined by a court of competent jurisdiction to be invalid and, after deleting such invalid or contrary provisions, the mutual considerations among the parties to this Agreement shall not be deemed materially altered, and the disregarding of such provisions shall not significantly impair the operation or effect of the portions of this Agreement that are valid.

7.4. Attorneys' Fees. If there is a default hereunder, the defaulting party shall pay the reasonable attorneys' fees, legal expenses and court costs of the non-defaulting party in obtaining appropriate legal relief.

7.5. Governing Law. This Agreement shall be interpreted and governed in accordance with the laws of the State of Utah.

[signature page follows immediately]

**SIGNATURE PAGE TO
AGREEMENT OF ASSOCIATION BETWEEN
HIFI DAO AND
Finance Ventures, LLC.**

Finance Ventures, LLC.

HIFI DAO

By: 

By: 

Name: 

Name: 

Title: Manager

Title: Member