# Form C and Disclosure Packet Sign-Off

**NAME OF OFFERING:** {{company}}

**NAME OF ISSUER:** {{client}}

**STATEMENT: I HAVE CAREFULLY REVIEWED THE ATTACHED FORM C AND DISCLOSURE PACKET AND HEREBY CONFIRM THAT THEY (I) ACCURATELY REFLECT ALL OF THE INFORMATION REQUIRED BY 17 CFR §227.201, (II) ACCURATELY REFLECT ALL OF THE INFORMATION WE GAVE TO SMALL CHANGE, (III) DO NOT INCLUDE ANY UNTRUE STATEMENTS OF FACT, AND (IV) DO NOT OMIT ANY FACT NECESSARY TO MAKE THE STATEMENTS MADE NOT MISLEADING.**

# 

**SIGNATURE BY ISSUER REPRESENTATIVE:**

**NAME: ((client}}**

**TITLE: {{client}}**

**SIGNATURE:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**DATE:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Investor Disclosure Packet

**\_\_\_\_\_\_{{company}}\_\_\_\_\_\_\_ LLC**

**(a Delaware limited liability company)**

**$\_\_\_\_\_\_\_**

**Limited Liability Company Interests**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ LLC**

**c/o Parent, LLC**

**Address line one**

**Address line two**

**Month, \_\_\_\_ 2020**

# Table of Contents

## FORM C

### PURPOSE OF THIS FORM

§227.201 (a) BASIC INFORMATION ABOUT THE COMPANY

§227.201 (b) DIRECTORS AND OFFICERS OF THE COMPANY

§227.201 (c) EACH PERSON WHO OWNS 20% OR MORE OF THE VOTING POWER

§227.201 (d) THE COMPANY’S BUSINESS AND BUSINESS PLAN

§227.201 (e) NUMBER OF EMPLOYEES

§227.201 (f) RISKS OF INVESTING

§227.201 (g) TARGET OFFERING AMOUNT AND OFFERING DEADLINE

§227.201 (h) COMMITMENTS THAT EXCEED THE TARGET OFFERING AMOUNT

§227.201 (i) HOW THE COMPANY INTENDS TO USE THE MONEY RAISED IN THE OFFERING

§227.201 (j) THE INVESTMENT PROCESS

§227.201 (k) MATERIAL CHANGES

§227.201 (l) PRICE OF THE SECURITIES

§227.201 (m) TERMS OF THE SECURITIES

§227.201 (n) THE FUNDING PORTAL

§227.201 (o) COMPENSATION OF THE FUNDING PORTAL

§227.201 (p) INDEBTEDNESS OF THE COMPANY

§227.201 (q) OTHER OFFERINGS OF SECURITIES WITHIN THE LAST THREE YEARS

§227.201 (r) TRANSACTIONS BETWEEN THE COMPANY AND “INSIDERS”

§227.201 (s) THE COMPANY’S FINANCIAL CONDITION

§227.201 (t) THE COMPANY’S FINANCIAL STATEMENTS

§227.201 (u) DISQUALIFICATION EVENTS

§227.201 (v) UPDATES ON THE PROGRESS OF THE OFFERING

§227.201 (w) ANNUAL REPORTS FOR THE COMPANY

§227.201 (x) OUR COMPLIANCE WITH REPORTING OBLIGATIONS

§227.201 (y) OTHER IMPORTANT INFORMATION PROSPECTIVE INVESTORS SHOULD KNOW ABOUT

§227.201 (Z) TESTING THE WATERS MATERIALS

## EXHIBIT A: SOURCES AND USES

## EXHIBIT B: OPERATING PRO-FORMA

## EXHIBIT C: RISKS OF INVESTING

## EXHIBIT D: REG CF INVESTMENT AGREEMENT

## EXHIBIT E: LLC AGREEMENT

## EXHIBIT F: SUMMARY OF LLC AGREEMENT

## EXHIBIT G: FEDERAL INCOME TAX CONSEQUENCES

## EXHIBIT H: FINANCIAL STATEMENTS

## EXHIBIT I: BACKGROUND CHECKS

# Form C

## Required Company Disclosures

**Purpose of This Form**

A Company that wants to raise money using Regulation Crowdfunding must give certain information to prospective Investors, so Investors will have a basis for making an informed decision. The Securities and Exchange Commission, or SEC, has issued regulations at 17 CFR §227.201 listing the information companies must provide. This form – Form C – is the form used to provide that information.

Each heading below corresponds to a section of the SEC’s regulations. In some cases, we’ve provided instructions for the Company completing this form.

### §227.201(a) – Basic Information About the Company

|  |  |
| --- | --- |
| **Name of Company** |  |
| **State of Organization** (not necessarily where the Company operates, but the State in which the Company was formed) |  |
| **Date Company Was Formed** (from the Company’s Certificate of Incorporation)Your |  |
| **Kind of Entity** (Check One) | \_\_\_\_\_\_ Corporation  \_\_\_\_\_\_ Limited liability company  \_\_\_\_\_\_ Limited Partnership |
| **Street Address** |  |
| **Website Address** |  |

**Company Instructions**

A company may create a separate entity to raise money in an offering, so that investors are investing in the separate entity rather than in the company itself. The result is that the company itself will have only one investor – the SPV – added to its cap table rather than all the individual investors in the offering. An SPV of this kind is subject to special rules and limitations.

Will the Company use a special purpose vehicle (SPV) in this offering?

YES \_\_\_\_\_\_\_\_\_\_\_\_\_

NO \_\_\_\_\_\_\_\_\_\_\_\_\_

If the Company intends to use an SPV, complete the following:

|  |  |
| --- | --- |
| **Name of SPV** |  |
| **Co-issuer State of Organization** (not necessarily where the SPV operates, but the State in which the SPV was formed) |  |
| **Date SPV Was Formed** (from the SPV’s Certificate of Incorporation) |  |
| **Kind of Entity** (Check One) | \_\_\_\_\_\_ Corporation  \_\_\_\_\_\_ Limited liability company  \_\_\_\_\_\_ Limited Partnership |
| **Street Address** |  |
| **Website Address** |  |

### §227.201(b) – Directors and Officers of the Company

**Company Instructions**

This question asks for information about each person who is an officer and director of the Company. By “officer,” we mean a President, Vice-President, Secretary, Treasurer, Chief Financial Officer, Comptroller, or Chief Accounting Officer.

* Include anyone who serves in the role of an officer or director even if he or she doesn’t have the title.
* If your Company is a limited liability company, include any individual who is a manager or an officer. If your LLC is managed by its members, include all members.
* If your Company is a general partnership, include any individual who is a general partner or an officer.
* Include officers and directors of the SPV if you are using one (and if they are different).

#### Person #1

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** |  | | |
| All positions with the Company and How Long for Each Position | **Position:** | **How Long:** | |
| Business Experience During Last Three Years (Brief Description) |  | | |
| Principal Occupation During Last Three Years |  | | |
| Has this Person Been Employed by Anyone Else During the Last Three Years? | \_\_\_\_\_ Yes  \_\_\_\_\_ No | | |
| If Yes, List the Name of the Other Employer(s) and its (their) Principal Business | **Name:** | | **Business:** |

#### Person #2

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** |  | | |
| All positions with the Company and How Long for Each Position | **Position:** | **How Long:** | |
| Business Experience During Last Three Years (Brief Description) |  | | |
| Principal Occupation During Last Three Years |  | | |
| Has this Person Been Employed by Anyone Else During the Last Three Years? | \_\_\_\_\_ Yes  \_\_\_\_\_ No | | |
| If Yes, List the Name of the Other Employer(s) and its (their) Principal Business | **Name:** | | **Business:** |

#### Person #3

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** |  | | |
| All positions with the Company and How Long for Each Position | **Position:** | **How Long:** | |
| Business Experience During Last Three Years (Brief Description) |  | | |
| Principal Occupation During Last Three Years |  | | |
| Has this Person Been Employed by Anyone Else During the Last Three Years? | \_\_\_\_\_ Yes  \_\_\_\_\_ No | | |
| If Yes, List the Name of the Other Employer(s) and its (their) Principal Business | **Name:** | | **Business:** |

#### Person #4

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** |  | | |
| All positions with the Company and How Long for Each Position | **Position:** | **How Long:** | |
| Business Experience During Last Three Years (Brief Description) |  | | |
| Principal Occupation During Last Three Years |  | | |
| Has this Person Been Employed by Anyone Else During the Last Three Years? | \_\_\_\_\_ Yes  \_\_\_\_\_ No | | |
| If Yes, List the Name of the Other Employer(s) and its (their) Principal Business | **Name:** | | **Business:** |

### §227.201(c) – Each Person Who Owns 20% or More of the Voting Power

**Company Instructions**

This question asks for the name of each person who owns 20% or more of the voting power of the Company.

This should be based on current ownership at the time you’re filling in this form, *not* based on the ownership that will exist after your offering.

* If your Company is a corporation, make the 20% calculation based on who has the right to vote for the election of directors.
* If your Company is a limited liability company managed by its members, make the 20% calculation based on who has the right to make decisions.
* If your Company is a limited liability company managed by one or more managers, the manager(s) typically hold the “voting power.”
* If your Company is a limited partnership, the general partner(s) typically hold the “voting power.”

|  |  |
| --- | --- |
| **Name** |  |
| **Name** |  |
| **Name** |  |
| **Name** |  |
| **Name** |  |

### §227.201(d) – The Company’s Business and Business Plan

#### About the Project

There's a story to be told and your Investors want to hear it.

Why this project?

And why this neighborhood?

Is it a renovation or a new building?

Residential, office or retail?

How big?

Where is it located?

What’s the project timeline?

Do you have an architect, drawings, zoning approval?

What’s your timeline?

You get the picture. Fill us in!

#### About the Developer

Investors really want to know about you. Provide a bio and include links to projects, awards, press or anything else of relevance. Make sure your Linkedin Profile is up to date as well. If you have partners involved in this offering, then provide their bio as well.

#### About the Change

We’ll provide you with our proprietary analytical tool. Fill it in and we’ll create a Small Change Index for your project.

### About the Offering

The Company is engaged in a Regulation Crowdfunding (Reg CF) offering (the “Offering” to raise money for a real estate project in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (briefly describe project).

As of today, we are trying to raise up to $1,070,000 in the Offering because that is the maximum allowed under current law. However, the Securities and Exchange (the “SEC”) is considering proposals that would increase the limit. If the SEC adopts those proposals while our Offering is ongoing, we will increase our maximum to the lesser of (1) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or (2) the new maximum allowed by the SEC.

We are trying to raise a maximum of $1,070,000 (subject to change as described above), but we will move forward with the Project and use investor funds if we are able to raise at least $\_\_\_\_\_\_\_\_\_\_\_ (the “Target Amount”). If we have not raised at least the Target Amount by \_\_\_\_\_\_\_\_\_\_\_, EST (the “Target Date”), we will terminate the Offering and return 100% of their money to anyone who has subscribed.

The minimum you can invest in the Offering is $\_\_\_\_\_\_. Investments above $\_\_\_\_\_\_\_\_\_\_ may be made in $100 increments (e.g., $1,100 or $1,200, but not $1,136). An investor may cancel his or her commitment up until 11:59 pm on \_\_\_\_\_\_\_\_\_\_ 2020 (i.e., two days before the Target Date). If we have raised at least the Target Amount we might decide to accept the funds and admit investors to the Company before the Target Date; in that case we will notify you and give you the right to cancel.

After we accept the funds and admit investors to the Company, whether on the Target Date or before, we will continue the Offering until we have raised the maximum amount.

The SEC is considering other changes to Reg CF, in addition to raising the maximum offering amount. Where applicable, we will reference possible changes in the applicable sections of this Form C.

Each Investor will receive an annual [preferred return](http://learn.smallchange.com/glossary/) of \_\_\_% on their investment, which will accumulate but not be [compounded](http://learn.smallchange.com/glossary/). In addition, Investors will receive a pro-rata share of \_\_\_% of any profit on the project. This \_\_\_\_% is assigned to the total equity goal of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If, for example, an Investor was to invest $1,000, they would receive a 1/\_\_\_\_\_th (or approximately 0.\_\_\_\_%) pro-rata share of \_\_\_% of profits available. The Company plans to sell the property in \_\_\_\_\_\_\_\_ 0) years’ time and anticipates that the sale price of the property at that time will be over $\_\_\_\_\_\_\_\_\_. (See “About Investor Return” for a description of the return of equity to Investors)

#### About the Market

Explain the market your project sits in. Investors want to know why you think this is a good place to develop your project. Be expansive. Talk about the good, the bad and the ugly, places to eat, play and stay, demographics and more. Provide comparables to explain how you justify your rental or sales prices.

#### Key Deal Points

Give us 5 or 6 key deal points that make your project strong and unique.

**Qualified Opportunity Zone**

The Company intends to qualify as a “qualified opportunity fund,” or “QOZF.” This section summarizes the rules regarding QOZFs and the potential tax benefits for Investors. However, we are not tax advisors. Every Investor should consult with his or her own tax professional concerning an investment in the Company in general and the possible effect of the QOZF rules in particular.

**Summary**

Sections [1400Z-1](http://airmail.calendar/2019-05-14%2011:00:00%20EDT) and [1400Z-2](http://airmail.calendar/2019-05-14%2012:00:00%20EDT) were added to the Internal Revenue Code by the Tax Cuts and Jobs Act of 2017. Intended to stimulate economic activity in depressed areas, the rules generally allow investors to defer and even avoid Federal income tax on certain capital gains by investing in areas designated as “qualified opportunity zones.”

**Qualified Opportunity Zones**

In general, a “qualified opportunity zone,” or “QOZ,” is a low-income area that has been designated as such by governmental authorities and approved by the United States Treasury Secretary. As of the date of this Disclosure Document, over 8,000 QOZs have been designated across the United States. The Project is located in a QOZ.

**Qualified Opportunity Funds**

A “qualified opportunity zone fund” or “QOZF” is a corporation or partnership (or an entity, like the Company, that is treated as a partnership for Federal income tax purposes) that holds 90% of its assets in any mix of the following assets:

* Stock of a corporation that is a “qualified opportunity zone business.”
* An interest in a partnership that is a “qualified opportunity zone business.”
* “Qualified opportunity zone business property.”

A business is a “qualified opportunity zone business” if at least 70% of its tangible assets consist of “qualified opportunity zone business property.”

”Qualified opportunity zone business property” means property that is:

* Located in a QOZ;
* Used by the QOZF or the qualified opportunity zone business in a trade or business; and
* Either:
  + The original use of the property began with the QOZF; or
  + During any 30 months following the date of acquisition, the QOZF “substantially improves” the property, which means spending at least as much to renovate or improve the property as it paid to acquire it.

The Internal Revenue Service (“IRS”) has clarified that where a QOZF purchases land and improvements, then in determining whether the QOZF has “substantially improved” the property, only the cost of the building is taken into account, not the cost of the land.

EXAMPLE: Suppose a QOZF purchases land and a building for $2 million, of which $1,500,000 million is attributable to the land cost and $500,000 to the building. The QOZF will be deemed to have “substantially improved” the property if it spends at least $500,000 to renovate the building during any period of 30 months following acquisition.

**Application to Company**

Because the Project is located in a QOZ and will be used in a trade or business (the trade or business of operating\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) it will be treated as “qualified opportunity zone business property” if either (i) the original use of the Project begins with the Company, or (ii) within 30 months the Company “substantially improves” the Project. [Because the Project is new construction, the original use of the Project will begin with the Company.] [Because the Project is not new, the original use will not begin with the Company. However, we believe the renovations planned by the Company (discussed below) should qualify as “substantial improvements” for purposes of the law.]

Thus, the Project should be treated as “qualified opportunity zone business property” and, because the Project will make up more than 90% of the Company’s assets, the Company should be treated as a QOZF, with the attendant potential tax benefits for investors.

**Potential Tax Benefits**

Investing in a QOZF can allow a taxpayer to defer and possibly avoid Federal income taxes on capital gains.

a) Level One Savings: A taxpayer who realizes a capital gain and invests an amount equal to the gain in a QOZF within 180 days can defer recognizing (and thus paying tax on) the gain until the earlier of (i) the date the taxpayer sells his or her interest in the QOZF, or (ii) [December 31, 2026](http://airmail.calendar/2026-12-31%2012:00:00%20EST).

b) Level Two Savings: If the taxpayer holds his or her investment in the QOZF for at least five years, he or she can increase his or her tax basis in the QOZF by 10% of the gain deferred, further reducing his or her tax bill.

c) Level Three Savings: If the taxpayer holds the QOZF for at least 10 years, he or she pays no capital gain tax on the appreciation in the QOZF.

#### NOTE: As described above, the potential tax benefits associated with investing in a QOZF *depend on the individual tax circumstances of the investor*. Consult with your personal tax advisors before investing.

#### About the Finances

Provide a short narrative of how the project will be financed. Explain the capital stack and other sources of financing. Explain how the crowd fits in. For example:

Total acquisition and development costs of approximately $\_\_\_\_\_\_\_ million will be financed with a bank loan of approximately $\_\_\_\_\_\_ million for acquisition and construction. In \_\_\_\_\_\_, the third year after the Project is stabilized, the Company expects to pay down the acquisition and construction loan with a permanent loan of approximately $\_\_\_\_\_\_\_\_\_ million. The Company anticipates refinancing once the project is stabilized, followed by a sale after the \_\_\_\_\_\_\_ of operations. After all debts have been paid and reserves established, Investors will receive \_\_\_\_% of any profits and the Sponsor will receive 30% on an equal basis.

The Project requires $\_\_\_\_\_\_\_\_\_\_\_\_ in total equity. The Company has invested $\_\_\_\_\_\_\_ on the same terms as the other Investors. It is anticipated that Investors, including the Company (in its capacity as an Investor), will contribute \_\_\_\_\_\_\_% of the required equity financing during the pre-development phase, and therefore will receive \_\_\_\_\_\_% of the annual cash flow from the operations of the Project.

The financing assumptions to purchase and develop the project are as follows:

|  |  |  |
| --- | --- | --- |
| **Projects costs** |  |  |
| Building purchase |  |  |
| Closing costs |  |  |
| Soft costs |  |  |
| Hard costs |  |  |
| **Total project costs** |  |  |
| **Sources** |  |  |
| Bank loan | \_\_% of project cost |  |
| Equity | \_\_% of project cost |  |
| **Total sources** |  |  |

During the holding period the Company expects cash flow from operations to increase from approximately $\_\_\_\_\_\_\_ in year one to approximately $\_\_\_\_\_\_\_ in year three. The Company plans on selling/refinancing the project in year \_\_\_. For more detail review *Exhibit B: Operating Proforma.*

Show comps for the purchase, sale and/or rental of the property. Describe how you arrive at each of these. Provide 3rd party links to comps. Tables might look something like this:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Address** | **Sales Price** | **Date** | **Size** | **Per .s.f** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

### Investor Return

Under the LLC Agreement, all distributions will be made in the following order of priority, after bank loans have been repaid:

* + - 1. First, the Available Cash shall be distributed to the Investor Members until they have received their Preferred Return for the current year.
      2. Second, the balance of the Available Cash, if any, shall be distributed to the Investor Members until they have received any shortfall in the Preferred Return for any prior year.
      3. Third, the balance of the Available Cash, if any, shall be distributed to the Investor Members until they have received a full return of their Unreturned Investment.
      4. Fourth, the balance of the Available Cash, if any, shall be distributed:
         1. \_\_\_\_ % to the Investor Members; and
         2. \_\_\_\_% to Sponsor as a promoted interest.

The table below illustrates our estimate of how much an Investor would receive for a $1000 investment made under two scenarios, either a \_\_\_\_% market cap rate or a \_\_\_% market cap rate, if repaid in \_\_\_ years.

|  |  |  |
| --- | --- | --- |
| **$1000 investment** | **Cap rate 1** | **Cap rate 2** |
| Net operating income, year of sale |  |  |
| Capitalized value |  |  |
| Less closing costs |  |  |
| Less balance on loans |  |  |
| After-sales cash available |  |  |
| Less \_\_\_% preferred return to all Investors for \_\_\_ years |  |  |
| Less return of equity |  |  |
| Remaining profit |  |  |
| Profit to Investors @ \_\_% |  |  |
| **Total return on $1000** |  |  |
| Pro-rata share of profit |  |  |
| Total preferred return |  |  |
| Return of equity | $1,000 | $1,000 |
| Total return |  |  |

*Caution:  This table is merely an illustration based on current assumptions and estimates as of the date of this offering and may change at any time based on market or other conditions and may not come to pass. All investments carry risk of loss and there is no assurance that an investment will provide a positive return. Many things could go wrong with this offering, including those listed in the Exhibit C: Risks of Investing.*

**COVID19 Disclosure**

**Multi-Family Housing Example**

With unemployment reaching levels not seen since the Great Depression, by some estimates already 20% and rising, we are already experiencing a number of negative effects from the COVID-19 pandemic:

* We are experiencing a decrease in the number of phone calls and visits from potential new tenants. Year-to-year compared to 2019, we experienced a decrease in traffic of approximately \_\_\_\_% in March and \_\_\_\_% in April.
* We are experiencing an increase in rent delinquency. Year-to-year compared to 2019, the rate of delinquencies greater than 30 days rose from \_\_\_\_% to \_\_\_\_% during March and \_\_\_\_% to \_\_\_\_% during April.
* We are spending more time and resources on collections and marketing.

Although we are working from incomplete information, we expect these trends to continue and perhaps accelerate, depending on the trajectory of the virus and the ability to re-open the economy. Among possible outcomes:

* Occupancy levels might decrease, although they have not decreased yet as compared to the same periods in 2019.
* We do not intend to raise rents until the pandemic eases. Depending on circumstances we could be forced to decrease rents.
* We expect some tenants to re-locate for economic reasons, from Class A projects to Class B projects and from Class B projects to Class C projects. In some cases tenants might leave the market altogether, by moving in with relatives, for example. Because we operate primarily Class B properties, we are uncertain whether the net effect for our properties will be positive or negative.
* Conversely, we expect that economic uncertainty will cause some families to postpone buying a house and rent instead, increasing the pool of potential tenants.
* The pandemic has caused significant uncertainty in the value of many assets, including real estate. Until the uncertainty is resolved it might be difficult for us to borrow money or raise capital by selling equity.
* If occupancy rates and rents decrease while delinquencies increase, we could be unable to meet our obligations as they become due. A reduction in cash flows and/or asset values could also cause us to be in default under the loan covenants under our senior debt. Either scenario could lead to foreclosure and the loss of one or more properties.

At least in the short run we expect the pandemic to cause our revenue to decrease, perhaps significantly. As a result, we are taking steps to conserve cash. Among other things we have decided not to make any cash distributions until the economic outlook stabilizes and have reduced our staff. We have also begun to contact lenders to request a deferral of our mortgage loan obligations.

We do not know how long the pandemic will last or how its effects will ripple through the American economy. In a best-case scenario we would experience a short-term drop in cash flow and a dip in asset values as the economy adjusts to a new reality. In a worst-case scenario, where occupancy and rent levels drop significantly over an extended period of time, we would be unable to make mortgage payments and possibly lose assets, risking or even forfeiting investor equity if asset values drop far enough. Based on the information currently available to us we expect an outcome closer to the former scenario than to the latter and are marshalling all our experience and assets toward that end.

### §227.201(e) – Number of Employees

**Company Instructions**

This question asks only for the *number* of your employees, not their names.

* This information should be based on current employees, not those you intend to hire with the proceeds of the offering.
* Include both full-time and part-time employees.
* Include only people who are W-2 employees for tax purposes. Don’t include people who are 1099 independent contractors.

The Company currently has \_\_\_\_\_\_\_\_ employees.

### §227.201(f) – Risks of Investing

#### Required Statement:

A crowdfunding investment involves risk. You should not invest any funds in this offering unless you can afford to lose your entire investment.

In making an investment decision, Investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.

The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature.

These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

#### Additional statement:

There are numerous risks to consider when making an investment such as this one and financial projections are just that - projections. Returns are not guaranteed. Conditions that may affect your investment include unforeseen construction costs, changes in market conditions, and potential disasters that are not covered by insurance. Review the attached *Exhibit C: Risks of Investing* for a more expansive list of potential risks associated with an investment in this Company.

Unless otherwise noted, the images on the offering page are used to convey the personality of the neighborhood in which the project is planned. Properties shown in these images are not included in the offering and Investors will not receive an interest in any of them.

### §227.201(g) – Target Offering Amount and Offering Deadline

**Company Instructions**

This question asks for the “target offering amount.” That means the *minimum* amount of money you’re trying to raise in this offering. For example, if you’re trying to raise a minimum of $600,000 but would accept up to $800,000, your “target offering amount” would be $600,000. This question also asks for the “offering deadline.” That means the date when, if you haven’t raised at least the target offering amount, you’d call off the offering and return any money to Investors.

Target Offering Amount \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Offering Deadline \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### Required Statement:

If the sum of the investment commitments does not equal or exceed the Target Offering Amount as of the Offering Deadline, no securities will be sold in the offering, investment commitments will be canceled, and all committed funds will be returned.

### §227.201(h) – Commitments that Exceed the Target Offering Amount

**Company Instructions:**

This question asks whether the Company will accept more money from Investors once the Target Offering Amount is raised and, if so, how you will deal with “oversubscriptions.” The question deals only with this offering – it’s not asking whether you will try to raise more money in the future.

|  |  |
| --- | --- |
| Will the Company accept commitments that exceed the Target Offering Amount? | \_\_\_\_\_\_\_\_ Yes  \_\_\_\_\_\_\_\_ No |
| What is the maximum you will accept in this Offering (it may not exceed $5,000,000)? | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| If Yes, how will the Company deal with the oversubscriptions? | \_\_\_\_\_\_\_\_ We will reduce the subscription of every Investor (including those whose commitments made up the Target Offering Amount) on a *pro-rata* basis, so that every Investor who subscribes will be able to participate.  \_\_\_\_\_\_\_\_ We will accept subscriptions on a first-come, first-served basis.  \_\_\_\_\_\_\_\_ Other (explain): |

### §227.201(i) – How the Company Intends to Use the Money Raised in the Offering

**Company Instructions**

If you’re reasonably sure how you’re going to use some or all of the money, use the first table below. If you’re not yet sure, you should identify and describe each probable use and the factors you might consider in making a final decision. And if your answer to question 201(h) above was that Yes, you will accept commitments that exceed the Target Amount, then you should also briefly describe how you will spend those “extra” dollars in the second table.

#### The Company is Reasonably Sure it Will Use the Money as Follows:

If we raise the target amount of $\_\_\_\_\_\_:

|  |  |
| --- | --- |
| **Use of Money** | **How Much (approximately)** |
| Other Costs of the Offering (*e.g.*, legal and accounting fees) | $\_\_\_\_\_\_\_\_\_\_\_\_ |
| Cost of Land | $\_\_\_\_\_\_\_\_\_\_\_\_ |
| Cost of Construction | $\_\_\_\_\_\_\_\_\_\_\_\_ |
| Real Estate Commissions | $\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | $\_\_\_\_\_\_\_\_\_\_\_\_ |
| **TOTAL** | **$\_\_\_\_\_\_\_\_\_\_\_\_** |

If we raise the maximum goal of $\_\_\_\_\_\_:

|  |  |
| --- | --- |
| **Use of Money** | **How Much (approximately)** |
| Other Costs of the Offering (*e.g.*, legal and accounting fees) | $\_\_\_\_\_\_\_\_\_\_\_\_ |
| Cost of Land | $\_\_\_\_\_\_\_\_\_\_\_\_ |
| Cost of Construction | $\_\_\_\_\_\_\_\_\_\_\_\_ |
| Real Estate Commissions | $\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | $\_\_\_\_\_\_\_\_\_\_\_\_ |
| **TOTAL** | **$\_\_\_\_\_\_\_\_\_\_\_\_** |

### §227.201(j) – The Investment Process

#### To Invest

* Review this Form C and the business plan, and the Campaign Page;
* If you decide to invest, press the *Add Some Change* button
* Follow the instructions

#### To Cancel Your Investment

Send an email to hello@smallchange.co no later than 48 hours before the Offering Deadline. In your email, include your name and the name of the Company.

#### Note

For more information about the investment and cancellation process, see the Educational Materials on the www.smallchange.co. See also the Investment Agreement attached, *Exhibit D: Reg CF Investment Agreement.*

#### Required Statements

Investors may cancel an investment commitment until 48 hours prior to the Offering Deadline.

Small Change will notify Investors when and if the Target Offering Amount has been raised.

If the Company reaches the Target Offering Amount before the Offering Deadline, it may close the offering early if it provides notice about the new Offering Deadline at least five business days before such new Offering Deadline, absent a material change that would require an extension of the offering and reconfirmation of the investment commitment.

If an Investor does not cancel an investment commitment before the 48-hour period before the Offering Deadline, the funds will be released to the Company upon closing of the offering and the Investor will receive securities in exchange for his or her investment.

### §227.201(k) – Material Changes

#### Required Statement

If an Investor does not reconfirm his or her investment commitment after a material change is made to the offering, the Investor's investment commitment will be cancelled, and the committed funds will be returned.

#### Explanation for Investors

A “material change” means a change that an average, careful Investor would want to know about before making an investment decision. A material change could be good or bad. If a material change occurs after you make an investment commitment but before the Offering closes, then the Company will notify you and ask whether you want to invest anyway. If you do not affirmatively choose to invest, then your commitment will be cancelled, your funds will be returned to you, and you will not receive any securities.

### §227.201(l) – Price of the Securities

The Company is offering “securities” in the form of limited liability company interests, which we refer to as “Investor Shares.” The price is $1.00 per Investor Share.

We arrived at the price of Investor Shares as follows:

* We estimated how much money we need to complete the project.
* We estimated the value of the project when it’s completed.
* We estimated what we believe is a fair return to Investors.
* Based on those estimates, we established the manner for sharing profits in our LLC Agreement.

### §227.201(m) – Terms of the Securities

#### Overview

The Company is offering “securities” in the form of limited liability company interests, which we refer to as “Investor Shares.” When you purchase an Investor Share, you will become an owner of the Company, which is a Delaware limited liability company. Your ownership will be governed by the limited liability company Agreement of the Company dated \_\_\_\_\_\_\_\_\_\_\_\_\_ and any amendments to that agreement (whether adopted now or in the future), which are together referred to as the “LLC Agreement.” A copy of the LLC Agreement is attached as *Exhibit F: LLC Agreement.*

#### Your Right to Distributions

If the Company is profitable, it will make distributions to its owners from time to time. Under the LLC Agreement, the source of the distribution is immaterial. Instead, all distributions will be made in the following order of priority:

* First, we will distribute available cash to the owners of the Investor Shares until they have received a cumulative, compounding return of 8% on their investment the through the date of the distribution;
* Second, any remaining cash available will be distributed to the owners of the Investor Shares until they have received a full return of their capital; and
* Third, any remaining cash available will be distributed in the proportion of 75% to the owners of the Investor Shares (pro rata relative to their invested capital), and 25% to the owner of the Sponsor Shares as a “promoted interest.”

For any year that the Company realizes a taxable profit or gain, the Company will try to distribute at least enough money to you to pay any associated Federal and State income tax liabilities.

#### Obligation to Contribute Capital

Once you pay for your Investor Shares, you will have no obligation to contribute more money to the Company, and you will not be personally obligated for any debts of the Company. However, under some circumstances you could be required by law to return some or all of a distribution you receive from the Company.

#### No Voting Rights

Although you will be an owner of the Company, you will generally not have the right to vote or otherwise participate in the management of the Company. Instead, the Manager will control all aspects of the Company’s business. For all practical purposes you will be a passive Investor.

#### No Right to Transfer

Investor Shares will be illiquid (meaning you might not be able to sell them) for four reasons:

* The LLC Agreement prohibits the sale or other transfer of Investor Shares without the Manager’s consent.
* If you want to sell your Investor Shares the Manager will have the first right of refusal to buy it, which could make it harder to find a buyer.
* Even if a sale were permitted, there is no ready market for Investor Shares, as there would be for a publicly-traded stock.
* For a period of one year, you won’t be allowed to transfer the Investor Shares except (i) to the Company itself, (ii) to an “accredited” Investor, (iii) to a family or trust, or (iii) in a public offering of the Company’s shares.

As a result, you should plan to hold your Investor Shares until the Company is dissolved.

#### Modification of Terms of Investor Shares

The terms of the Investor Shares may not be modified or amended.

#### Other Classes of Securities

As of now, the Company has only two classes of securities: Investor Shares and Sponsor Shares. The Investors in this Offering (which may include the Sponsor and its affiliates) will own all the Investor Shares, while all of the Sponsor Shares will be owned by the Manager.

The owner of the Sponsor Shares has the right to receive the distributions described above.

Whereas the owners of the Investor Shares have no right to vote or otherwise participate in the management of the Company, the Manager, who will own all the Sponsor Shares, has total control over all aspects of the Company and its business.

#### Dilution of Rights

Under the LLC Agreement, the Manager has the right to create additional classes of securities, including classes of securities with rights that are superior to those of the Investor Shares. For example, the Manager could create a class of securities that has the right to vote and/or the right to receive distributions before the Investor Shares.

#### The Person Who Controls the Company

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ owns all of the interests in the Manager, and the Manager has complete control over the Company. Therefore, Mr./Ms. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ effectively controls the Company.

#### How the Manager’s Exercise of Rights Could Affect You

* The Manager has full control over the Company and the actions of the Manager could affect you in a number of different ways, including these:
* The Manager decides whether and when to sell the project, which affects when (if ever) you will get your money back. If the Manager sells the project “too soon,” you could miss out on the opportunity for greater appreciation. If the Manager sells the project “too late,” you could miss out on a favorable market.
* The Manager decides when to make distributions, and how much. You might want the Manager to distribute more money, but the Manager might decide to keep the money in reserve or invest it into the project.
* The Manager could decide to hire himself or his relatives to perform services for the Company and establish rates of compensation higher than fair market value.
* The Manager could decide to refinance the project. A refinancing could raise money to distribute, but it could also add risk to the project.
* The Manager decides on renting the project, including the terms of any lease.
* The Manager decides how much of its own time to invest in the project.
* The Manager could decide to raise more money from other Investors and could decide to give those Investors a better deal.

#### How the Securities are Being Valued

The price of the Investor Shares was determined by the Manager based on the Manager’s opinion about the value of the project.

The Manager doesn’t expect there to be any reason to place a value on the Investor Shares in the future. If we had to place a value on the Investor Shares, it would be based on the amount of money the owners of the Investor Shares would receive if the project were sold.

#### Risks Associated with Minority Ownership

Owning a minority interest in a Company comes with risks, including these:

* The risk that the person running the Company will do a bad job.
* The risk that the person running the Company will die, become ill, or just quit, leaving the Company in limbo.
* The risk that your interests and the interests of the person running the Company aren’t really aligned.
* The risk that you’ll be “stuck” in the Company forever.
* The risks that the actions taken by the person running the Company – including those listed above under “How the Manager’s Exercise of Rights Could Affect You” – won’t be to your liking or in your interest.

### §227.201(n) – The Funding Portal

The Company is offering its securities through NSSC Funding Portal, LLC, which is a “Funding Portal” licensed by the Securities and Exchange Commission and FINRA. The SEC File number is 007-00012 and the Funding Portal Registration Depository (FPRD) number is 282942.

### §227.201(o) – Compensation of the Funding Portal

The Company will compensate NSSC Funding Portal, LLC as follows:

An administrative fee of $\_\_\_\_\_\_\_\_\_; plus

A success fee equal to \_\_\_\_\_% of the amount raised.

NSSC Funding Portal, LLC owns no interest in the Company, directly or indirectly, and will not acquire an interest as part of the Offering, nor is there any arrangement for NSSC Funding Portal, LLC to acquire an interest.

### §227.201(p) – Indebtedness of the Company

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Creditor** | **Amount** | **Interest rate** | **Maturity Date** | **Other Important Terms** |
|  | $\_\_\_\_\_\_ | \_\_\_\_\_% |  |  |
|  | $\_\_\_\_\_\_ | \_\_\_\_\_% |  |  |
|  | $\_\_\_\_\_\_ | \_\_\_\_\_% |  |  |
|  | $\_\_\_\_\_\_ | \_\_\_\_\_% |  |  |

#### Explanation for Investors

The indebtedness listed in that table is our “material” indebtedness, meaning indebtedness that is significant relative to the value of the Company as a whole. In addition to the indebtedness listed in the table, we also have miscellaneous “trade debt,” meaning debt to trade creditors like landlords, lawyers, and accountants, of about $\_\_\_\_\_\_\_\_\_\_\_ in total.

### §227.201(q) – Other Offerings of Securities within the Last Three Years

**Company Instructions**

If you’ve raised money from third parties, then you’ve conducted an offering of securities. This question asks for all such offerings within the last three years.

* Don’t include money invested by the principals of the Company
* Don’t include money you’ve borrowed from banks or other financial institutions
* Don’t include credit card debt
* Third parties includes friends and family members
* Do include money you borrowed (not from banks or other financial institutions)
* Do not include this Regulation Crowdfunding offering

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date Offering Began** | **Offering Exemption** | **Type of Securities** | **Amount Sold** | **How the Money was Used** |
|  | \_\_\_\_\_ Rule 506(b)  \_\_\_\_\_ Rule 506(c)  \_\_\_\_\_ Rule 504  \_\_\_\_\_ Other | \_\_\_\_ Common Stock  \_\_\_\_ Preferred Stock  \_\_\_\_ Debt  \_\_\_\_ Convertible Note  \_\_\_\_ Other | $\_\_\_\_\_\_\_ |  |
|  | \_\_\_\_\_ Rule 506(b)  \_\_\_\_\_ Rule 506(c)  \_\_\_\_\_ Rule 504  \_\_\_\_\_ Other | \_\_\_\_ Common Stock  \_\_\_\_ Preferred Stock  \_\_\_\_ Debt  \_\_\_\_ Convertible Note  \_\_\_\_ Other | $\_\_\_\_\_\_\_ |  |

### §227.201(r) – Transactions Between the Company and “Insiders”

**Company Instructions**

The term “transaction” means any business transaction, including stock purchases, salaries, property rentals, consulting arrangements, guaranties, etc.

* Include only transactions that occurred since the beginning of your last fiscal year (the one before the current fiscal year) and transactions that are currently planned.
* Include only transactions that involved an amount of money (or other value) greater than 5% of the total amount you’ve raised in Regulation Crowdfunding during the last 12 months, plus the Target Offering Amount for the current Offering. For example, if you haven’t raised money using Regulation Crowdfunding before, and your current Target Offering Amount is $600,000, include only transactions that involved more than $30,000 each.
* Include only transactions between the Company and:
  + Anyone listed in your answer to question 227.201(b); or
  + Anyone listed in your answer to question 227.201(c); or
  + If the Company was organized within the last three years, any promotor you’ve used; or
  + Any family member of any of those people, meaning a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent (meaning someone you live with and can’t stand), sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships; or
  + Any corporation or other entity in which any of those people owns an interest.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description of Transaction** | **Date of Transaction** | **Name of Insider** | **Relationship to Company** | **Value of Insider’s Interest in Transaction** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

### §227.201(s) – The Company’s Financial Condition

#### Liquidity

The Company was organized under the Delaware Limited liability company Act on \_\_\_\_\_\_\_\_\_\_\_\_. As of now, we have not yet begun operations other than those associated with general start-up and organizational matters. We have no revenues and very minimal liquid resources (cash).

We intend to use the proceeds of this Offering to buy and operate the project, as described in our business plan, as soon as the Offering closes. We will also use debt (borrow money) to finance a portion of the costs.

If we cannot raise money in this Offering, or cannot borrow money on the terms we expect, then the Company will probably dissolve.

#### Capital Resources

As of now, we have not purchased any assets or entered into any agreements to do so. We expect to buy the project as soon as we raise money from Investors in this Offering.

Other than the proceeds we hope to receive from the Offering, our only other source of capital is the loan from the bank.

#### Historical Results of Operations

The Company is in the development stage and has no history of operations.

#### Changes and Trends

We are not aware of any changes or trends in the financial condition or operations of the Company since the date of the financial information provided in this Form C.

**[The Financial Condition of the SPV]**

[The SPV was formed for the sole purpose of facilitating the offering of the Company. It has no assets and no liabilities and will not engage in any business.]

### §227.201(t) – The Company’s Financial Statements

**Company Instructions**

If this offering involves an SPV, you are required to provide financial statements only for the Company, not for the SPV.

Our financial statements are attached as *Exhibit H: Financial Statements*

### §227.201(u) – Disqualification Events

#### Explanation for Investors

A Company is not allowed to raise money using Regulation Crowdfunding if certain designated people associated with the Company (including its directors or executive officers) committed certain prohibited acts (mainly concerned with violations of the securities laws) on or after May 16, 2016. (You can read more about those rules in the Educational Materials posted on SmallChange.co). This item requires a Company to disclose whether any of those designated people committed any of those prohibited acts before May 16, 2016.

A Company called CrowdCheck ran background checks on the principals of the Company (i.e., those covered by this rule). You can see the CrowdCheck reports attached as *Exhibit I: Background Checks.*

For the Company, the answer is No, none of the designated people committed any of the prohibited acts, ever.

### §227.201(v) – Updates on the Progress of the Offering

### As described above under *§227.201(g) – Target Offering Amount and Offering Deadline,* the ‘target amount’ for this offering is $1,000. You can track our progress in raising money under the Reg CF Offering and the Reg D Offering at Small Change on the Offering page.

### 227.201(w) – Annual Reports for the Company

We will file a report with the Securities and Exchange Commission annually and post the report on our website at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, no later than 120 days after the end of each fiscal year.

It’s possible that at some point, the Company won’t be required to file anymore annual reports. We will notify you if that happens.

### §227.201(x) – Our Compliance with Reporting Obligations

#### Explanation for Investors

This item requires a Company to disclose whether it has ever failed to file the reports required by Regulation Crowdfunding.

The Company has never raised money using Regulation Crowdfunding before, and therefore has never been required to file any reports.

### §227.201(y) – Other Important Information Prospective Investors Should Know About

**Company Instructions**

Read through everything you’ve told prospective Investors on this Form C, in the business and in *Exhibit C: Risks of Investing.* Is there anything else important you would tell your grandmother if she were considering an investment? Something about the neighborhood where the project is located? The builder? The local economy? Anything at all? If so, list it here.

**§227.201(z) – Testing the Waters Materials**

**Company Instructions**

Under SEC Rule 206 a company that is considering a Regulation Crowdfunding offering may solicit indications of interest, while under SEC Rule 241 a company that is considering some of offering of securities but hasn’t decided what type of offering may also solicit indications of interest. This is often referred to as “testing the waters.”

If you have relied on Rule 206 to solicit indications of interest you must include a copy of any written materials you used and a written transcript of any audio/visual materials.

If you have relied on Rule 241 to solicit indications of interest you must include a copy of any written materials you used and a written transcript of any audio/visual materials, but only for solicitations made within 30 days before your Regulation Crowdfunding offering goes live.

**Explanation for Investors**

This item requires a Company to provide certain materials it has used to solicit indications of interest in its offering (i.e., to “test the waters”) before the offering became effective.