

**MEMORANDUM OF TERMS**  
**FOR THE PRIVATE PLACEMENT OF SECURITIES OF**  
**MENTORBOX, LLC**

THIS TERM SHEET SUMMARIZES THE PRINCIPAL TERMS OF THE PROPOSED FINANCING OF MENTORBOX, LLC (THE “COMPANY”). THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY; EXCEPT FOR THE SECTIONS ENTITLED “EXCLUSIVITY,” “CONFIDENTIALITY” AND “GOVERNING LAW,” THERE IS NO OBLIGATION ON THE PART OF ANY NEGOTIATING PARTY UNTIL A DEFINITIVE NOTE PURCHASE AGREEMENT AND CONVERTIBLE PROMISSORY NOTE IS SIGNED BY ALL PARTIES. THIS TERM SHEET IS SUBJECT TO THE SATISFACTORY COMPLETION OF DUE DILIGENCE. THIS TERM SHEET DOES NOT CONSTITUTE EITHER AN OFFER TO SELL OR AN OFFER TO PURCHASE SECURITIES.

- Note Purchase Agreement:*** Each Note (as defined below) will be one of a series of convertible promissory notes containing substantially identical terms and conditions issued pursuant to a convertible note purchase agreement. The Notes shall be issued only to accredited investors.
- Type of Security:*** Convertible Promissory Notes (the “Notes”).
- Interest Rate:*** The then-current Applicable Federal Rate (current rate as of December 2017 is 1.52% per annum).
- Maturity:*** While the Note is outstanding, principal and accrued interest shall be due on December 18, 2019 (the “Maturity Date”).
- Next Equity Conversion:*** Outstanding principal and any accrued but unpaid interest under this Note (the “Conversion Amount”) shall be converted into equity securities at the initial closing of the Company’s next equity financing (the “Next Equity Securities”) in a single transaction or a series of related transactions yielding gross proceeds to the Company of at least six million dollars (\$6,000,000) (excluding the conversion of the Notes or any other convertible equity certificates or safes) (the “Next Equity Financing”).
- Terms of Conversion:*** If there is a Next Equity Financing before the Maturity Date, the Company’s obligation to repay the Conversion Amount shall be cancelled and instead the Company will automatically issue to the Holder that number of Preferred Units equal to the Conversion Amount divided by the applicable Conversion Price.

***Definitions:***

“Common Units” means the Company’s non-voting Common Units under the Operating Agreement.

“Company Capitalization” means, as of immediately prior to the Next Equity Financing (or Change of Control), of all Units (on an as-converted basis) issued and outstanding, assuming exercise or conversion of all outstanding vested and unvested warrants and other convertible securities, but excluding (A) the Note(s), (B) all other Notes (or similar instruments), and (C) convertible equity certificates or safes (simple agreement(s) for future equity).

“Conversion Price” means the lower of (i) the Price or (ii) the Preferred Unit Price determined under the Valuation Cap applicable to each respective Note multiplied by 80% (eighty percent).

“Interest” means the entire ownership interest (designated as Units in the Company) of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which a Member may be entitled as provided in the Operating Agreement, together with the obligations of such Member to comply with all the terms and provisions of the Operating Agreement.

“Maturity Capitalization” means the number, as of immediately prior to the conversion, of Units (on an as-converted basis) outstanding, assuming exercise or conversion of all outstanding vested and unvested warrants and other convertible securities, but excluding: (A) the Notes; and (B) any other convertible equity certificates or safes.

“Member” means each Person who is an initial signatory to the Operating Agreement, or has been admitted to the Company as a Member in accordance with the Operating Agreement.

“Operating Agreement” means the Company’s Limited Liability Company Agreement, as may be amended from time to time.

“Person” means an individual, partnership, limited partnership, limited liability company, corporation, trust, estate, association or any other entity.

“Preferred Units” means the Units of a series of Preferred Stock issued to the holder in a Next Equity Financing.

“Price” means the price per Preferred Unit at which the Preferred Units are sold in the Next Equity Financing.

“Unit” means that undivided Interest in the Company owned by a Member, including, without limitation, such Member’s rights to profits, losses and distributions of the Company, including, without limitation, Common Units and Preferred Units.

“Valuation Cap” means (1) \$40,000,000 (forty million dollars) with respect to Notes issued on or before February 15, 2018, (2) \$60,000,000 (sixty million dollars) for Notes issued after February 15, 2018 and on or before May 16, 2018, and (3) \$80,000,000 (eighty million dollars) for Notes issued after May 16, 2018 and on or before August 16, 2018.

***Automatic Conversion At Maturity:***

If (i) no Next Equity Financing has been consummated on or before the Maturity Date and (ii) as of such Maturity Date, there has not been a Change of Control, then the Conversion Amount shall convert automatically into such number of the Company’s Common Units (or the units or shares of the common equity security of Company’s successor entity) at a price per Unit equal to 80% (eighty percent) of the quotient obtained by dividing (x) the applicable Valuation Cap based upon the issuance date of this Note by (y) the Maturity Capitalization.

***Change of Control:***

In the event of a Change of Control (as defined below) prior to repayment or conversion in full of this Note, then, immediately prior to such Change of Control, the outstanding principal and any accrued but unpaid interest on this Note shall, at the option of the Holder, convert into either: (i) cash equal to 2 times (twice) the Conversion Amount; or (ii) non-voting Common Units equal to the quotient obtained by dividing (x) the applicable Valuation Cap by (y) the then-current Company Capitalization.

***Amendments:***

The Notes may be amended only with the written consent of the Company and the holders of at least a majority of the aggregate unpaid principal amount of the Notes.

***Unsecured Notes:***

The Notes will be unsecured.

***Conversion to Corporation***

The Notes shall provide that in the event that the Company elects to convert from a limited liability company to a corporation, the Notes shall become convertible into shares of the corporation with substantially similar rights, preferences and privileges.

***Closing Date:*** The initial closing of the sale of the Notes will be on or before December 18, 2017.

***Confidentiality:*** The terms and conditions described in this term sheet including its existence shall be confidential information and shall not be disclosed by the undersigned parties to any third party. If an undersigned party determines that it is required by law to disclose information regarding this term sheet or to file this term sheet with any regulatory or governmental authority, it shall, a reasonable time before making any such disclosure or filing, consult with the other undersigned parties regarding such disclosure or filing and use its best efforts to obtain confidential treatment for such portions of the disclosure or filing as may be requested by any of the other undersigned parties.

***Applicability of Terms:*** This term sheet is a summary of proposed terms for the issuance of Notes, and is intended only as a preliminary summary of proposed terms, and is subject to change. The transactions contemplated herein will be subject to the completion and execution of definitive documentation for the purchase of the Notes. **IT IS IMPORTANT THAT YOU REVIEW SUCH DOCUMENTATION BEFORE MAKING ANY INVESTMENT DECISION.** In the event of any variance in the terms and conditions of the Notes and the summaries of terms provided here, the terms of the Notes and other related documentation, including but not limited to the Operating Agreement and other agreements referenced in the Notes or a Note Purchase Agreement, shall control.

***Governing Law:*** This term sheet and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of California, without giving effect to principles of conflicts of law.