

NOTE PURCHASE AGREEMENT

This Note Purchase Agreement, dated as of June 11, 2015 (this “**Agreement**”), is entered into by and among Falah Capital, Inc., a Delaware corporation (the “**Company**”), and the persons and entities listed on the Schedule of Investors attached hereto as **Schedule I** (each an “**Investor**” and collectively, the “**Investors**”), as such Schedule I may be amended in accordance with **Section 7** hereof.

RECITALS

A. On the terms and subject to the conditions set forth herein, each Investor is willing to purchase from the Company, and the Company is willing to sell to such Investor, a Note (as defined below) in the principal amount set forth opposite such Investor’s name on **Schedule I** hereto.

B. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Note.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing, and the representations, warranties, and conditions set forth below, the parties hereto, intending to be legally bound, hereby agree as follows:

1. *The Notes*

(a) *Issuance of Notes.* Subject to all of the terms and conditions hereof, the Company agrees to issue and sell to each of the Investors, and each of the Investors agrees severally and not jointly to purchase, a convertible promissory note in the form of **Exhibit A** hereto (each, a “**Note**” and, collectively, the “**Notes**”) in the principal amount set forth opposite the respective Investor’s name on **Schedule I** hereto. The aggregate principal amount for all Notes issued hereunder shall not exceed Eight Hundred Thousand Dollars (\$800,000).

(b) *Initial Closing.* The initial sale and purchase of the Notes shall take place at a closing (the “**Closing**”) to be held on the date of this Agreement or by electronic delivery of signature pages and funds at a time as the Company and the Investors participating therein may determine, either in writing or orally (the “**Closing Date**”). All payments to the Company by the applicable Investor shall be made by check or wire of immediately available funds in accordance with the Company Wire Instructions attached hereto as **Exhibit B**. At the Closing, the Company will deliver to such Investor the Note to be purchased by such Investor, against receipt by the Company of the corresponding purchase price set forth on **Schedule I** hereto (the “**Purchase Price**”).

(c) *Additional Closings.* If any Notes authorized for purchase hereunder remain available for purchase following the Closing, then, subject to the terms and conditions hereunder, the Company may sell and issue up to the balance of the Notes authorized and available for issuance hereunder in one or more additional closings (each, an “**Additional Closing**”) each to be held at such place and time as the Company and the Investors participating in such Additional Closing may determine (each, an “**Additional Closing Date**”); provided however, that all such Additional Closings shall occur within one hundred eighty (180) days of the Closing Date. At each Additional Closing, the Company will deliver to each of the Investors participating in such Additional Closing the Note to be purchased by such Investor, against receipt by the Company of the corresponding Purchase Price. Each of the Notes will be registered in such Investor’s name in the Company’s records.

(d) *Use of Proceeds.* The proceeds of the sale and issuance of the Notes shall be used for general corporate purposes and working capital.

2. **Representations and Warranties of the Company.** The Company represents and warrants to each Investor that:

(a) *Due Incorporation, Qualification, etc.* The Company (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation; (ii) has the power and authority to own, lease and operate its properties and carry on its business as now conducted; and (iii) is duly qualified, licensed to do business and in good standing as a foreign corporation in each jurisdiction where the failure to be so qualified or licensed could reasonably be expected to have a material adverse effect on the Company.

(b) *Authority.* The Company has all requisite corporate power and authority to execute, deliver and consummate the transactions provided under this Agreement and each of the Notes hereunder (collectively, the “**Transaction Documents**”), and the execution, delivery and consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company.

(c) *Enforceability.* Each Transaction Document executed, or to be executed, by the Company has been, or will be, duly executed and delivered by the Company and constitutes, or will constitute, a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

(d) *Non-Contravention.* The execution and delivery by the Company of the Transaction Documents and the performance and consummation of the transactions contemplated hereby and thereby, and the issuance and sale of the Securities (as defined below) pursuant hereto do not and will not (i) violate the Company’s Certificate of Incorporation or Bylaws (as amended, the “**Charter Documents**”) or any material judgment, order, writ, decree, statute, rule or regulation applicable to the Company; (ii) violate any provision of, or result in the breach or the acceleration of, or entitle any other person or entity (“**Person**”) to accelerate (whether after the giving of notice or lapse of time or both), any material mortgage, indenture, agreement, instrument or contract to which the Company is a party or by which it is bound or be in conflict with or constitute a default that would have a material adverse effect on the Company; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations, or any of its assets or properties.

(e) *Approvals.* No consent, approval, order or authorization of, or registration, declaration or filing with, any governmental authority or other Person (including, without limitation, the stockholders of any Person) is required in connection with the execution and delivery of the Transaction Documents and the performance and consummation of the transactions contemplated thereby, other than such as have been obtained and remain in full force and effect and other than such qualifications or filings under applicable securities laws as may be required in connection with the transactions contemplated by this Agreement, which will be timely filed within applicable periods therefor, and other than the necessary corporate approvals for the authorization of any shares of preferred stock of the Company into which the Notes may be converted.

(f) *No Violation or Default.* To the knowledge of the Company, it is not in violation of or in default with respect to (i) its Charter Documents or any material judgment, order, writ, decree, statute, rule or regulation applicable to the Company; or (ii) any material mortgage, indenture, agreement, instrument or contract to which the Company is a party or by which it is bound (nor is there any waiver in effect which, if not in effect, would result in such a violation or default), where, in each case, such violation or default,

individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(g) *Intellectual Property.* To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights (“**Intellectual Property**”) necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others. Except for agreements with its own employees or consultants, standard end-user license agreements, support/maintenance agreements and agreements entered in the ordinary course of the Company’s business, there are no outstanding options, licenses or agreements relating to such Intellectual Property, and the Company is not bound by or a party to any options, licenses or agreements necessary to the business of the Company as currently conducted or currently proposed to be conducted with respect to the Intellectual Property of any other Person. The Company has not received any written communication alleging that the Company has violated any of the Intellectual Property rights of any other Person.

3. *Representations and Warranties of Investors.* Each Investor, for that Investor alone, represents and warrants to the Company upon the acquisition of a Note as follows:

(a) *Authorization.* The Investor has full power, authority and legal capacity to execute, deliver and consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Investor, and constitutes the Investor’s valid and legally binding obligation, enforceable in accordance with its terms except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and (ii) the effect of rules of law governing the availability of equitable remedies.

(b) *Investment.* The Investor is acquiring a Note and the shares issuable upon conversion of such Note (collectively, the “**Securities**”) for investment for the Investor’s own account and not with the view to the public resale or distribution thereof within the meaning of the Securities Act of 1933, as amended (the “**Securities Act**”), and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the Securities. No other person has a direct or indirect beneficial interest, in whole or in part, in the Securities. The Investor understands that the Securities have not been registered under the Securities Act by reason of a specific exemption thereunder, which depends upon, among other things, the bona fide nature of the Investor’s investment intent as expressed herein.

(c) *Experience.* The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of its investment in the Securities, is able to incur a complete loss of such investment and is able to bear the economic risk of such investment for an indefinite period of time. If other than an individual, the Investor has not been organized solely for the purpose of acquiring the Securities. If an individual, the Investor is at least 21 years of age.

(d) *Restrictions on Transfer.* The Investor has been advised that the Securities have not been registered under the Securities Act or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Investor is aware of the provisions of Rule 144 promulgated under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

(e) *No Public Market.* The Investor understands that no public market now exists for the Securities, that there can be no assurance that a public market will ever exist for the Securities and that the Company is under no obligation to register the Securities.

(f) *Access to Information.* The Investor has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management and the opportunity to inspect Company facilities and such books and records and material contracts as the Investor deemed necessary to the Investor's determination to purchase the Securities.

(g) *Residence.* The Investor, if a corporation, partnership, trust or other entity, has its principal place of business as set forth on the signature page hereof. The Investor, if an individual, resides in the state or province identified in the address of such Investor set forth on such Investor's signature page hereto.

(h) *Accredited Investor.* The Investor is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

(i) *Foreign Investors.* If the Investor is not a citizen of the U.S., the Investor hereby represents that the Investor is satisfied as to the full observance of the laws of the Investor's jurisdiction in connection with any invitation to subscribe for the Securities or any use of this Agreement, including (i) the legal requirements with the Investor's jurisdiction for the purchase of the Securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, which may be relevant to the purchase, holding, redemption, sale, or transfer of the Securities. The Investor's subscription and payment for, and continued ownership of, the Securities will not violate any applicable securities or other laws of the Investor's jurisdiction.

(j) *Bad Actor Representations and Covenants.* The Investor has not been convicted of any of the felonies or misdemeanors nor has been subject to any of the orders, judgments, decrees or other conditions set forth in Rule 506(d) of Regulation D promulgated by the Securities and Exchange Commission (the "*SEC*"). The Investor shall provide immediate written notice to the Company in the event such Lender is convicted of any felony or misdemeanor or becomes subject to any order, judgment, decree or other condition set forth in Rule 506(d) of Regulation D promulgated by the SEC, as may be amended from time to time. The Investor shall provide such information to the Company as the Company may reasonably request in order to comply with the disclosure obligations set forth in Rule 506(e) of Regulation D promulgated by the SEC, as may be amended from time to time.

4. *Conditions to Closing of the Investors.* Each Investor's obligations at the Closing or any Additional Closing, as applicable, are subject to the fulfillment, on or prior to the Closing Date or Additional Closing Date, as applicable, of all of the following conditions, any of which may be waived in whole or in part by the Majority Holders.

(a) *Representations and Warranties.* The representations and warranties made by the Company in **Section 2** hereof shall have been true and correct when made, and shall be true and correct on the Closing Date.

(b) *Governmental Approvals and Filings.* Except for any notices required or permitted to be filed after the Closing Date or Additional Closing Date, as applicable, with certain federal and state securities commissions, the Company shall have obtained all governmental approvals required in connection with the lawful sale and issuance of the Notes.

(c) *Transaction Documents.* The Company shall have duly executed and delivered to the Investors this Agreement and each Note issued hereunder.

5. **Conditions to Obligations of the Company.** The Company's obligation to issue and sell the Notes at the Closing or any Additional Closing, as applicable, is subject to the fulfillment, on or prior to the Closing Date or Additional Closing Date, as applicable, of the following conditions, any of which may be waived in whole or in part by the Company:

(a) *Representations and Warranties.* The representations and warranties made by the Investors in **Section 3** hereof shall be true and correct when made, and shall be true and correct on the Closing Date or Additional Closing Date, as applicable.

(b) *Governmental Approvals and Filings.* Except for any notices required or permitted to be filed after the Closing Date or Additional Closing Date, as applicable, with certain federal and state securities commissions, the Company shall have obtained all governmental approvals required in connection with the lawful sale and issuance of the Notes.

(c) *Purchase Price.* Each Investor shall have delivered to the Company the Purchase Price for the Note being purchased by such Investor under **Section 1(b)** hereof.

(d) *Transaction Documents.* Each Investor participating in the Closing or Additional Closing, as applicable, shall have duly executed and delivered to the Company this Agreement.

6. **Restrictive Legend.** Each certificate or document representing the Securities, and any other securities issued in respect of the Securities upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event shall be stamped or otherwise imprinted with a legend in substantially the following form (in addition to any legend required under applicable state securities laws):

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

7. **Miscellaneous**

(a) *Waivers and Amendments.* Any provision of this Agreement or the Notes may be amended, waived, modified or eliminated (either generally or in a particular instance, either retroactively or prospectively and either for a specified period of time or indefinitely) upon the written consent of the Company and the Majority Holders; provided however, that no such amendment, waiver, modification or elimination shall: (i) reduce the principal amount of any Note without the affected Investor's written consent or (ii) reduce the rate of interest of any Note without the affected Investor's written consent. Any amendment, waiver, modification or elimination effected in accordance with this paragraph shall be binding upon all of the parties hereto. Notwithstanding the foregoing, this Agreement (together with **Schedule I** attached hereto) may be amended to add a party as an Investor hereunder in connection with each Additional Closing without the need to obtain consent of any other Investor upon delivery to the Company of a counterpart signature page to this Agreement by such new party. Such amendment shall take effect at the

Additional Closing and such party shall thereafter be deemed an “Investor” for all purposes hereunder and **Schedule I** shall be updated to reflect the addition of such Investor.

(b) *Governing Law.* This Agreement and all actions arising out of or in connection with this Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard to the conflicts of law provisions of the State of Washington or of any other state.

(c) *Survival.* The representations, warranties, covenants and agreements made herein shall survive the execution and delivery of this Agreement.

(d) *Successors and Assigns.* Subject to the restrictions on transfer described in **Sections 7(e)** and **7(f)** below, the rights and obligations of the Company and the Investors shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

(e) *Registration, Transfer and Replacement of the Notes.* The Notes issuable under this Agreement shall be registered notes. The Company will keep, at its principal executive office, books for the registration and registration of transfer of the Notes. Prior to presentation of any Note for registration of transfer, the Company shall treat the Person in whose name such Note is registered as the owner and holder of such Note for all purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to any restrictions on or conditions to transfer set forth in any Note, the holder of any Note, at its option, may in person or by duly authorized attorney surrender the same for exchange at the Company’s principal executive office, and promptly thereafter and at the Company’s expense, except as provided below, receive in exchange therefor one or more new Note(s), each in the principal requested by such holder, dated the date to which interest shall have been paid on the Note so surrendered or, if no interest shall have yet been so paid, dated the date of the Note so surrendered and registered in the name of such Person or Persons as shall have been designated in writing by such holder or its attorney for the same principal amount as the then unpaid principal amount of the Note so surrendered. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note and (a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it; or (b) in the case of mutilation, upon surrender thereof, the Company, at its expense, will execute and deliver in lieu thereof a new Note executed in the same manner as the Note being replaced, in the same principal amount as the unpaid principal amount of such Note and dated the date to which interest shall have been paid on such Note or, if no interest shall have yet been so paid, dated the date of such Note.

(f) *Assignment by the Company.* The rights, interests or obligations hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of the Majority Holders.

(g) *Entire Agreement.* This Agreement together with the other Transaction Documents constitute and contain the entire agreement among the Company and Investors and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(h) *Expenses.* The Company and the Investors shall each bear their respective expenses and legal fees incurred in connection with this Agreement and the transactions contemplated hereby.

(i) *No Finder’s Fees.* Each party represents that it neither is nor will be obligated for any finder’s or broker’s fee or commission in connection with this transaction.

(j) *Notices.* All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall be in writing and faxed, mailed or delivered to each party as follows: (i) if to an Investor, at such Investor's address, facsimile number or email address set forth in the Schedule of Investors attached as **Schedule I**, or at such other address, facsimile number or email address as such Investor shall have furnished the Company in writing, or (ii) if to the Company, at the Company's address, facsimile number or email address set forth on the signature page to this Agreement, or at such other address, facsimile number or email address as the Company shall have furnished to the Investors in writing. All such notices and communications will be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one business day after being delivered by facsimile (with receipt of appropriate confirmation) or email, (iv) one (1) business day after being deposited with an overnight courier service of recognized standing or (v) four (4) days after being deposited in the U.S. mail, first class with postage prepaid.

(k) *Separability of Agreements; Severability of this Agreement.* The Company's agreement with each of the Investors is a separate agreement and the sale of the Notes to each of the Investors is a separate sale. Unless otherwise expressly provided herein, the rights of each Investor hereunder are several rights, not rights jointly held with any of the other Investors. Any invalidity, illegality or limitation on the enforceability of this Agreement or any part thereof, by any Investor whether arising by reason of the law of the respective Investor's domicile or otherwise, shall in no way affect or impair the validity, legality or enforceability of this Agreement with respect to other Investors. If any provision of this Agreement shall be judicially determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(l) *Counterparts.* This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement. Facsimile copies of signed signature pages will be deemed binding originals.

[Signature Pages Follow]

The parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first written above.

COMPANY:

FALAH CAPITAL, INC.

By: _____
Thomas Polson
Chief Executive Officer

Address: Falah Capital, Inc.
Attention: Thomas Polson, CEO
1200 Westlake Avenue North
Suite 1006
Seattle, WA 98109

Email Address: thom.polson@falah-capital.com

Acceptance Date: _____

Loan Amount Accepted: \$ _____

The parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first written above.

INVESTOR:

By: _____

Name: _____

Title: _____

Date: _____

Address: _____

Telephone: _____

Email: _____

SCHEDULE I
SCHEDULE OF INVESTORS

Closing: June 11, 2015

Name, Address, Fax Number and Email Address	Note Amount
T J Smith Family Trust u/a dated 06/09/1986 111 Chestnut Street Apartment 601 San Francisco, CA 94111 C: 925-890-8624 O: 415-397-5900 E: TSmith@LombardInvestments.com	\$300,000.00
CLOSING TOTAL:	\$300,000.00

EXHIBIT A

FORM OF CONVERTIBLE PROMISSORY NOTE

[SEE ATTACHED]

EXHIBIT B

COMPANY WIRE INSTRUCTIONS

[SEE ATTACHED]