

FAMILY OFFICE DUE DILIGENCE

Investor Safeguards & Alignment

Integrated execution.
Independent accountability.



01

**Independent
cost review**



02

**Controlled funds
& reporting**



03

**Project-specific
first-lien security**



04

**Investor-first
sponsor economics**

PROPOSED PROTECTION FRAMEWORK

Project-specific protections require signed agreements and verified implementation.
This overview is not a guarantee of return or recovery.

Four safeguards. **One accountability framework.**

A project-level approach to independent review, controlled capital and contractual investor priority.



Independent cost review

Review budgets, comparable pricing, affiliated compensation and change orders. Interested parties do not approve their own economics.



Controlled funds & reporting

Separate safekeeping, administrative verification, technical review and payment release, with an investor-visible record.



Project-specific first-lien security

For an eligible project, document a secured note and the intended recorded lien priority as closing conditions.



Investor-first sponsor economics

Under the introductory proposal, investor capital and the contractual priority return precede sponsor profit and agreed deferred compensation.

MANAGEMENT-DESCRIBED

Sponsor philosophy and per-project review.

DRAFT-DOCUMENTED

Controls in drafts; execution is not established.

PROPOSED COMMITMENT

Additional project-specific terms to agree.

The questions investors ask. **The controls to document.**

Make costs transparent, require independent challenge and put sponsor upside behind contractual investor priority.

01 Could affiliates overcharge?

Independent committee review of budgets, comparable pricing, affiliated compensation and changes; no self-approval.

02 Who controls the money?

A named bank, custodian or escrow provider holds the account. A separately engaged administrator verifies records and prepares payments.

03 What prevents unsupported draws?

Require independent work verification, invoices and separate payment approval. Hold disputed or incomplete requests.

04 When does sponsor upside begin?

Under the proposal, investor capital and the contractual priority return are paid before sponsor profit and agreed deferred compensation.

05 How is senior security established?

For eligible projects, require a secured note and recorded first-priority deed of trust. Fund equity alone does not confer a personal lien.

Manage conflicts. Do not conceal them. / Disclose, independently approve, document and enforce.

A committee with authority to challenge the price.

The proposed charter makes independent review an approval requirement for contractors, engineering firms and related-party vendors.



Independent reviewer

An unaffiliated contractor or cost consultant evaluates scope, quantities, unit costs, fees and the remaining cost to complete.



Investor designee

An investor representative participates in approvals. The investor approves the independent reviewer's appointment, compensation and replacement.



Technical specialist

A separate qualified engineer or engineering-cost specialist reviews technical scope, staffing and fees when needed.

PROPOSED DECISION RIGHTS

Disclose independence

Financial, ownership, family and recurring business ties; no award- or profit-contingent pay.

Require both approvals

Affiliated awards and fee increases need written reviewer + investor-designee approval, plus required project approvals.

No override or self-vote

The fee recipient cannot vote on its economics. The sponsor cannot override withheld sign-off. Record the decision and reasons.

Competitive pricing. **Open-book economics.**

Benchmark comparable scope before award; separate legitimate project costs from every fee, markup and margin.

3

written bids

**For packages above
\$25,000**

Review affiliated arrangements
of any size.

Like-for-like scope

Compare the same specifications, exclusions, schedule, insurance and warranty terms across local or regional proposals.

Engineering review

Review hours, staffing grades, technical deliverables and reimbursable costs.

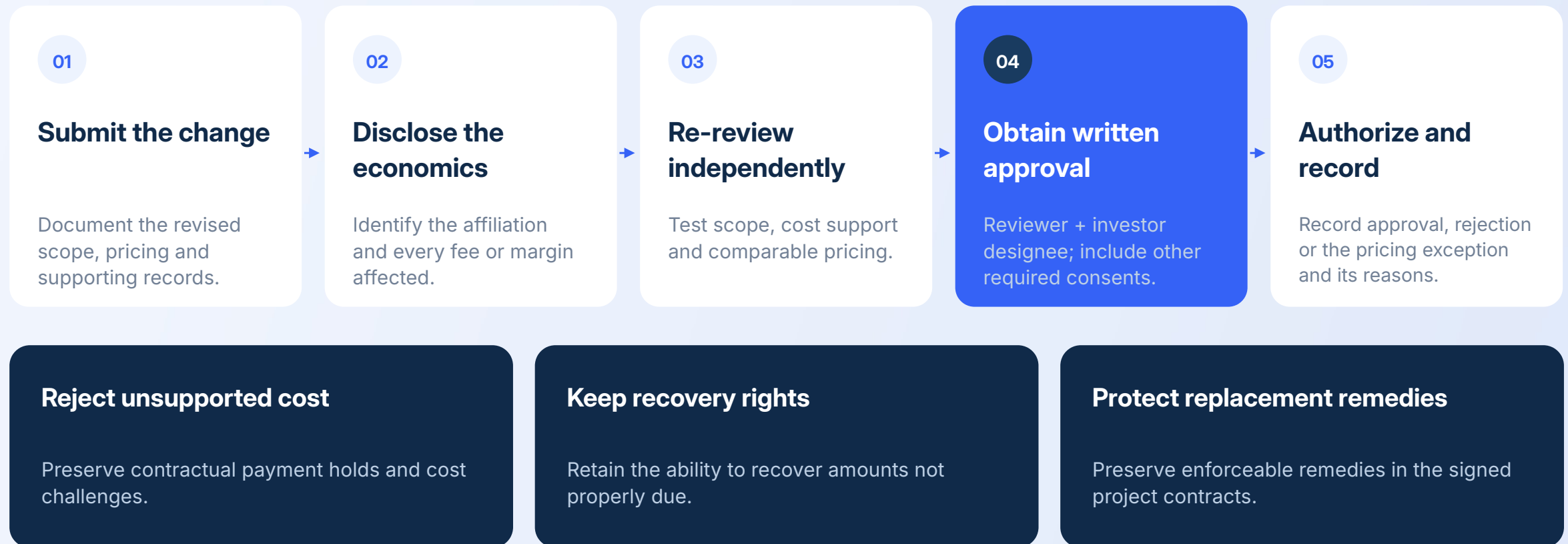
Open-book costs

Identify direct costs, overhead, fees, profit and subcontractor markups. No undisclosed or duplicate charges. Rebates, credits and discounts benefit the project.

**Exceptions require written approval from the independent reviewer and investor designee.
Evidence: signed independence disclosures, bid comparison, approved fees, committee minutes and a version-controlled budget.**

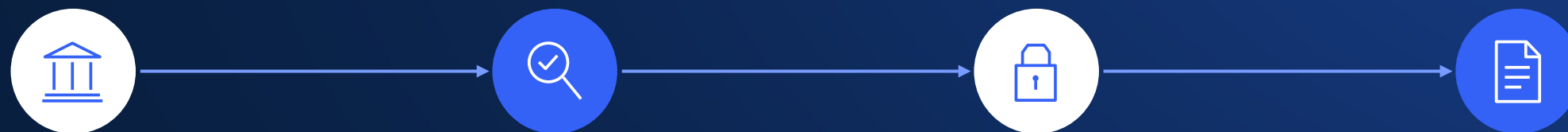
No silent fee increases. No unsupported changes.

Affiliated change orders and fee increases return through independent review before the work is authorized.



Separate execution. Control money movement.

The proposed arrangement separates safekeeping, verification, technical review and payment release.



Investor funds

Designated account

Review & verify

Scope + invoices

Authorize release

Independent controls

Reconcile & report

Investor visibility

Segregate the cash

Do not mix project funds with sponsor operating cash or transfer them to unrelated projects. Direct lot-sale, sale and refinance proceeds into the controlled account.

Apply release controls

Use dual authorization, independently verify payment-instruction changes and pay vendors directly where practical. Unresolved exceptions stop the affected payment.

Four responsibilities. **No self-approval.**

No contractor or engineer can approve its own payment under the proposed control arrangement.



Bank / custodian / escrow

Holds cash in a properly titled account under a written agreement. Confirm provider identity, signers, restrictions and release controls before funding.



Third-party administrator

Moras drafts identify T-Capital through Yadira Treviño for deposit tracking, draw review, reconciliation and distributions. Verify entity, independence and authority.



Construction reviewer

Confirms work in place, approved scope, remaining funding needs and support for the draw. Accounting review does not replace technical verification.



Payment approvers

Follow the written control matrix. Separate preparation from release permissions, prohibit self-release and require an independent gate for affiliated payments.

An administrator is not automatically a “qualified custodian.” T-Capital / HQ Tax are not represented as one. Counsel must confirm applicable custody requirements and the selected arrangement.

A complete draw package comes before release.

A complete request is the entry requirement—not permission for a contractor to move the money.

01 Approved contract + budget line

Tie the payment to an authorized scope and cost category.

02 Invoices + payment history

Support the amount and identify prior payments.

03 Independent work verification

Confirm work performed and technical support for the draw.

04 Lien-waiver documentation

Use documentation in legally appropriate form.

05 Change-order approvals

Include the required written approvals for scope or fee changes.

06 Cost-to-complete update

Show remaining cost, funding needs and supporting records.

07 Verified vendor + bank instructions

Match the payee, approved amount and independently verified account.



Separate approval. Then release.

Require the account-control approvals after document review and technical verification.

A preparer does not approve and release its own payment.

Missing support, conflicting instructions or an unresolved exception stops the affected payment.

Trace every dollar. **Account to distribution.**

The proposed monthly package links the account statement, approved project cost and investor distribution.

01 Cash & reconciliation

Opening and closing cash, bank statements, deposits, payments, completed bank reconciliation and unresolved differences.

02 Budget & cost to complete

Original and revised budgets, actual and committed costs, remaining cost, contingency use, schedule milestones and funding gaps.

03 Affiliated compensation

Payee and ownership relationship, approved fee or markup, current and cumulative payments, deferred compensation and remaining cap.

04 Draws & exceptions

Requests approved, rejected or on hold; review support, change orders, unpaid obligations, lien concerns and corrective actions.

05 Investor accounting

Capital ledger, priority-return calculations, distributions by type, closing proceeds, required reserves and proposed next distribution.

Monthly administration, reconciliation and exception reporting—not a completed independent audit.

A defined cadence. A clear escalation path.

Proposed delivery targets belong in the signed administration agreement.

20

CALENDAR DAYS

Monthly package

By the 20th calendar day after month-end.

Cash, costs, affiliated payments, draws and investor accounting.

30

DAYS

Quarterly review

Within 30 days after quarter-end.

Review project progress, financial position and unresolved items.

2

BUSINESS DAYS

Material-issue notice

Within two business days after awareness.

Control failure, suspected misuse, significant cost gap or lien/default issue.

Material-issue escalation includes a remediation owner and timetable.

Final deadlines, recipients and enforcement rights are set in the definitive administration agreement.

Administration is not **an independent audit**.

The source distinguishes monthly administrative account reports from independent certified audits.



Administrative reporting

Tracks cash, reconciles records, calculates distributions and reports exceptions.

Supports visibility but is not a financial-statement audit and does not replace operating approval controls.



Independent audit / procedures

Requires a separate engagement and appropriate accountant qualifications.

Require audits mandated by applicable law or definitive documents. Additional annual audits or agreed-upon procedures can be specified.

PROPOSED INVESTOR RIGHTS

Direct reports

Receive the package directly.

Supporting records

Access subject to confidentiality.

Escalation route

Document responsibility and process.

Affected-draw hold

Suspend until the exception is resolved.

Senior project security. Defined upside participation.

For an eligible initial project, the proposed structure pairs a senior-secured note with a separately defined profit-participation feature.



**Senior-secured
project note**



**Defined profit
participation**

01 Senior secured investor note

First-priority consensual lien on specified collateral, subject to title exceptions and superior claims. Principal and contractual interest are secured only as stated in enforceable documents.

02 Permitted subordinate claims

Only expressly permitted junior debt or sponsor advances. No new senior or equal-ranking lien without required investor consent; disclose any shared first-lien tranche.

03 Residual project economics

Investor profit participation and sponsor equity follow the agreed residual waterfall. Equity upside is not automatically secured because the investor also holds a note.

First-lien security. A documented closing.

A marketing summary or a preferred-equity label does not establish a lien.

01

Identify the collateral

Name the borrower, property and complete legal description.

02

Execute security documents

Sign the note, deed of trust and applicable assignments.

03

Confirm title priority

Obtain title confirmation of the intended first-priority position.

04

Resolve competing liens

Clear or subordinate competing claims as required for closing.

05

Record and perfect

Complete required recording and perfection through counsel and title.

06

Match the legal holder

Identify the lienholder, beneficiary, enforcement rights and any pari passu sharing.

Fund equity alone does not provide a personal project lien. Security must match the investor's legal instrument.

Before every advance. **Through final repayment.**

Set collateral coverage, repayment mechanics and enforcement rights before subscription and deployment.

Before each advance

01 Budget + cost to complete

Verify the independent budget and the remaining funding needed to finish.

02 Reserves + collateral coverage

Confirm approved reserves and the collateral support for the advance.

03 Advance rate + valuation basis

Specify the maximum advance rate and the basis used to value collateral.

04 Completion + release pricing

Define completion funding and minimum lot-release prices before subscription.

Repayment & enforcement

01 Maturity + payment terms

Define maturity, interest accrual and principal-payment obligations.

02 Upside + proceeds sweeps

Specify the profit-participation formula and treatment of incoming proceeds.

03 Defaults + enforcement authority

Define default triggers, cure periods and who may exercise remedies.

04 Payoff + collateral preservation

Sale, refinance and lot releases follow approved payoff mechanics and required coverage.

Security follows **the legal instrument.**

Terms are negotiated for the selected collateral; they do not apply automatically to every Fund investment.



Project note / documented participation

The investor may hold a project note directly or through a properly documented collateral-agent or participation structure. Identify the actual lienholder, beneficiary, enforcement rights and any shared priority.



High Growth Fund I membership

A Fund I interest is not, by itself, a personal first lien on Fund properties. Holding a note does not automatically secure a separate equity or profit-participation feature.

First lien describes priority—not guaranteed recovery.

Tax and other statutory claims, construction liens, title exceptions, falling values, completion costs and enforcement delays can affect recovery. Profit participation is contingent. Counsel must review enforceability and applicable lending and securities requirements.

Investor paid first. **Sponsor profits second.**

Proposed introductory-program terms distinguish necessary project costs from sponsor fees, affiliated margins and profit distributions.

Necessary project costs

Actual, supported and approved labor, materials, taxes, insurance, permits, administration and other operating costs may be paid during execution. They are not investor distributions.

Unaffiliated service-provider fees

Market-tested, contracted third-party fees may be paid as services are delivered, subject to the approved budget and draw controls.

Sponsor fees & affiliated profit

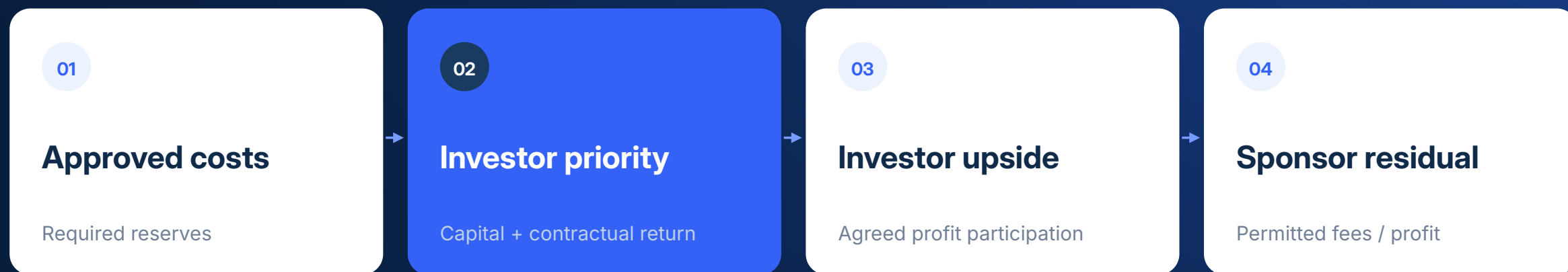
Proposed deferral covers acquisition, development and management fees, affiliated contractor/engineering profit margins and sponsor distributions until investor capital and the priority return are paid.

Written deferral & subordination

Each affected entity agrees in writing. Separately identify legitimate cost reimbursements. No substitute-affiliate payment, hidden markup or reclassification may bypass the signed priority.

A clear sequence. Investor priority before sponsor residual.

Illustrative introductory-program waterfall. The signed agreement defines interim distributions, reserves and residual sharing.



Sponsor distributions remain blocked while the investor's required priority amount is unpaid.

Before sponsor payment

Administrator prepares a distribution statement for disinterested approval. Require overpayment recovery and investor consent to changes in priority or compensation.

Deferral must match the documents

Full affiliated-margin deferral is not represented as already in place. Any earlier service-fee or margin payment must be disclosed; the narrower claim is priority before sponsor profit distributions.

Before funding. Operating controls must be documented.

“Draft identified” means reviewed in the source packet—not signed, implemented or independently tested.

CONTROL / EVIDENCE	STATUS IN THE SOURCE	REQUIRED BEFORE FUNDING
Construction committee charter	Management-described; enhanced charter proposed.	Named reviewer and investor designee; signed authority, independence and replacement rules.
Budget & fee benchmarking	Competitive-bid and no-self-approval controls identified in draft D1.	Comparable bids, independent review, approved budget, fee caps and change controls.
Administration engagement	T-Capital duties and reporting identified in draft D2.	Executed engagement; verified entity, relationships, scope, insurance and deadlines.
Cash safekeeping & release	Controlled-account procedures in D2–D3; provider not verified.	Bank or custodian identity, account title, permissions, independent release and tested controls.

Approval authority, independence and account permissions must be demonstrated—not assumed.

Before funding. Confirm rights and readiness.

Project-specific rights, reporting obligations and reference permissions need their own supporting evidence.

CONTROL / EVIDENCE	STATUS IN THE SOURCE	REQUIRED BEFORE FUNDING
First-lien security	Proposed; no property-specific perfected lien established by the packet.	Executed and recorded security, confirmed title priority and lienholder details.
Investor-first economics	Proposed for the selected introductory transaction.	Signed waterfall, fee deferral, subordination, consent rights and document consistency.
Reports & independent audit	Monthly report format in D2; no completed audit verified.	Sample reports, deadlines and independent audit engagement where required or agreed.
Client references & track record	Two project-document examples; reference contacts incomplete.	Client permissions, named contacts, verified prior roles and reference calls.
Funding gate		
Investor and counsel receive executed documents and confirmation that controls are in place. Funds may remain in documented escrow pending closing.		
Sponsor coordinates • Counsel confirms rights • Reviewer validates costs • Administrator + bank confirm controls • Investor approves conditions		

Source documents. Clear distinctions.

The following references are carried forward from the supplied safeguards packet; they are not a new verification of the underlying files.

DOCUMENTARY BASIS

D1 Moras construction / development agreement

GST Construction; 6 Sep 2026, RAETZER DRAFT. §§6–9: costs, rebates, affiliate pricing, bids, self-approval and changes.

D2 Moras project administration agreement

T-Capital; 6 Sep 2026, RAETZER DRAFT. §§3–10 and Schedules 1–5: accounts, permissions, distributions and reports; §10.3 audit distinction.

D3 Moras LLC initial organizational consent

File dated 6 Sep; text marked RAETZER DRAFT 7 Sep 2026. Proposed administration and account-control resolutions; execution not established.

D4 Royal Oaks Deck.pdf

Sponsor documentary history: 81-unit McAllen property; closed and funded 4 Aug 2025. Not third-party performance verification.

D5 Lot 87 plans + detailed construction budget

Bryan Landing, Mission; Meridian named in the plans. No current valuation or completion certification inferred.

PUBLIC REFERENCES IN THE PACKET

R1 / Private-fund fee conflicts

SEC staff, Observations from Examinations of Investment Advisers Managing Private Funds, 23 Jun 2020, pp. 3–5.

Affiliated-provider conflicts and fee controls. Staff observations—not a new rule.

R2 / Custody and audit terminology

SEC staff custody-rule FAQs and 17 CFR 275.206(4)-2. The source records access on 22 Sep 2026. Applicability depends on the adviser and arrangement; no registration or compliance certification is made.

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