FORM 1-A

Offering statement under Regulation A

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FILER

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Mailing Address
2942 N 24TH ST
SUITE 114-700
PHOENIX AZ 85016

Business Address
2942 N 24TH ST
SUITE 114-700
PHOENIX AZ 85016
(602) 424-7472

An offering statement pursuant to Regulation A relating to these securities has been filed with the Securities and Exchange Commission. Information contained in this Preliminary Offering Circular is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted before the offering statement filed with the Commission is qualified. This Preliminary Offering Circular shall not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sales of these securities in any state in which such offer, solicitation or sale would be unlawful before registration or qualification under the laws of any such state. We may elect to satisfy our obligation to deliver a Final Offering circular by sending you a notice within two business days after the completion of our sale to you that contains the URL where the Final Offering Circular or the offering statement in which such Final Offering Circular was filed may be obtained.

Elio Motors, Inc.

2,090,000 Shares of Common Stock
Minimum purchase: 50 Shares ($600.00)

We are offering a minimum of 1,050,000 shares of common stock and a maximum of 2,090,000 shares of common stock on a "best efforts" basis. If $12,600,000 in subscriptions for the shares (the "Minimum Offering") is not deposited on or before _____, 2015 (the "Minimum Offering Period"), all subscriptions will be refunded to subscribers without deduction or interest. Subscribers have no right to a return of their funds during the Minimum Offering Period. If this minimum offering amount has been deposited by _____, 2015, the offering may continue until the earlier of _____, 2016 (which date may be extended at our option) or the date when all shares have been sold. We reserve the right to accept subscriptions for up to an additional 418,000 shares, for an additional $5,016,000 in gross proceeds. See "Plan of Distribution" and "Securities Being Offered" for a description of our capital stock.

Generally, no sale may be made to you in this offering if the aggregate purchase price you pay is more than 10% of the greater of your annual income or net worth. Different rules apply to accredited investors and non-natural persons. Before making any representation that your investment does not exceed applicable thresholds, we encourage you to review Rule 251(d)(2)(i)(C) of Regulation A. For general information on investing, we encourage you to refer to www.investor.gov.

There is currently no trading market for our common stock. We intend to apply to have our shares of common stock approved for trading on the OTCQX marketplace and expect to trade under the symbol "____" upon the completion of this offering.

These are speculative securities. Investing in our shares involves significant risks. You should purchase these securities only if you can afford a complete loss of your investment. See "Risk Factors" beginning on page 4.

	Number of Shares	Price to Public	Underwriting discounts and commissions (1)	Proceeds to issuer (2)
Per share:	1	$12.00	$0.00	$12.00
Total Minimum:	1,050,000	$12,600,000	$0.00	$12,600,000
Total Maximum:	2,090,000	$25,080,000	$0.00	$25,080,000

(1) We do not intend to use commissioned sales agents or underwriters.

(2) Does not include expenses of the offering, including costs of blue sky compliance, fees to be paid to FundAmerica Securities, LLC, and costs of posting offering information on StartEngine.com. See "Plan of Distribution".

The United States Securities and Exchange Commission does not pass upon the merits of or give its approval to any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering circular or other solicitation materials. These securities are offered pursuant to an exemption from registration with the Commission; however, the Commission has not made an independent determination that the securities offered are exempt from registration.

We are providing the disclosure in the format prescribed by Part II of Form 1-A.

2942 North 24th Street, Suite 114-700, Phoenix, Arizona 85016
(480) 500-6800 ext 5; www.eliomotors.com

The date of this Preliminary Offering Circular is August 28, 2015

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OFFERING SUMMARY

The following summary highlights selected information contained in this offering circular. This summary does not contain all the information that may be important to you. You should read the more detailed information contained in this offering circular, including, but not limited to, the risk factors beginning on page 4. References to "we," "us," "our," or the "company" mean Elio Motors, Inc.

Our Company

Elio Motors, Inc. ("Elio" or the "Company"), is a designer, developer and manufacturer of highly efficient, low cost automobiles. Leveraging existing automotive technologies and partnerships with the world's leading automotive engineering firms and component suppliers, the Company is engineering and building a high quality, safe, environmentally-friendly vehicle – *the Elio* – for sale initially in the United States market.

This Offering

Securities offered	Minimum of 1,050,000 shares of common stock ($12,600,000) Maximum of 2,090,000 shares of common stock ($25,080,000)
Common stock outstanding before the offering (1)	25,077,500 shares
Common stock outstanding after the offering (1)(2)	27,167,500 shares
Use of proceeds	The net proceeds of this offering will be used primarily to develop and validate additional prototypes of *the Elio.*
Risk factors	Investing in our shares involves a high degree of risk. As an investor you should be able to bear a complete loss of your investment. You should carefully consider the information set forth in the "Risk Factors" section of this offering circular.

(1) Does not include the following currently exercisable or convertible outstanding securities: shares of common stock issuable upon an option to purchase a 7% ownership interest in the Company; [49,243] shares of common stock issuable upon exercise of a warrant; and [492,432] shares of common stock issuable upon conversion of [$2,945,460] in aggregate principal amount of our convertible notes.

(2) Assumes the sale of 2,090,000 shares.

We effected a 500-for-1 forward stock split on our issued and outstanding shares of common stock as of July 14, 2015. Unless the context indicates otherwise, all share and per-share common stock information in this offering circular gives effect to the 500-for-1 stock split.

RISK FACTORS

An investment in our shares involves a high degree of risk and many uncertainties. You should carefully consider the specific factors listed below, together with the cautionary statement that follows this section and the other information included in this offering circular, before purchasing our shares in this offering. If one or more of the possibilities described as risks below actually occur, our operating results and financial condition would likely suffer and the trading price, if any, of our shares could fall, causing you to lose some or all of your investment. The following is a description of what we consider the key challenges and material risks to our business and an investment in our securities.

Risks Related to our Business and Industry

We have a limited operating history and have not yet generated any revenues.

Our limited operating history makes evaluating the business and future prospects difficult, and may increase the risk of your investment. Elio Motors was formed in October 2009 and we have not yet begun producing or delivering our first vehicle. To date, we have no revenues. We intend in the longer term to derive substantial revenues from the sales of *Elio* vehicles. *The Elio* is in development, and we do not expect to start delivering to customers until the fourth quarter of 2016 at the earliest. *The Elio* vehicle requires significant investment prior to commercial introduction, and may never be successfully developed or commercially successful.

It is anticipated that we will experience an increase in losses prior to the launch of the Elio.

For the fiscal year ended December 31, 2014, Elio Motors generated a loss of over $24 million, bringing the accumulated deficit to $44,956,239 at December 31, 2014. We anticipate generating a significant loss for the current fiscal year. The independent auditor's report on our financial statements includes an explanatory paragraph relating to our ability to continue as a going concern.

We have no revenues, are currently in debt, and expect significant increases in costs and expenses to forestall revenues for the foreseeable future. Even if we are able to successfully develop *the Elio*, there can be no assurance that we will be commercially successful. If we are to ever achieve profitability, we must have a successful commercial introduction and acceptance of *the Elio*, which may not occur.

We expect the rate at which we will incur losses to increase significantly in future periods from current levels as we:

- design, develop and manufacture *the Elio* and its components;
- develop and equip our manufacturing facility;
- build up inventories of parts and components for *the Elio*;
- open Elio Motors stores;
- expand our design, development, maintenance and repair capabilities;
- develop and increase our sales and marketing activities; and
- develop and increase our general and administrative functions to support our growing operations.

Because we will incur the costs and expenses from these efforts before we receive any revenues with respect thereto, our losses in future periods will be significantly greater than the losses we would incur if we developed the business more slowly. In addition, we may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in increases in our revenues, which would further increase our losses.

We have a significant amount of debt, which is secured by all of our assets, including manufacturing equipment.

As of December 31, 2014, we had outstanding secured loans totaling $30,696,259, of which $1,600,000 is classified as short-term. Our manufacturing equipment located in the Shreveport, Louisiana, facility has been pledged as collateral to secure the repayment of these loans. If we are unable to repay any of our secured loans, a decision by the lender to foreclose on its security interest would materially and adversely affect our future.

We have a significant working capital deficiency.

At December 31, 2014, our working capital deficit was $8,446,483. We have been raising funds through reservations of *the Elio,* a private placement of our securities, and the sale of excess equipment to meet our cash needs. Our current liabilities include a note due December 31, 2015, which was in the principal amount of $1,600,000 at December 31, 2014.

We may not be able to obtain adequate financing to continue our operations.

The design, manufacture, sale and servicing of vehicles is a capital-intensive business. We expect that our current sources of liquidity, including the proceeds from this offering, will not be sufficient to fund anticipated costs of operations based on current expectations and estimates. We will need to raise additional funds through the issuance of equity, equity-related, or debt securities or through obtaining credit from government or financial institutions. This capital will be necessary to fund ongoing operations, continue research, development and design efforts, establish sales centers, improve infrastructure, and make the investments in tooling and manufacturing equipment required to launch *the Elio*. We cannot assure anyone that we will be able to raise additional funds when needed.

Terms of subsequent financings may adversely impact your investment.

We may have to engage in common equity, debt, or preferred stock financing in the future. Your rights and the value of your investment in the common stock could be reduced. Interest on debt securities could increase costs and negatively impacts operating results. Preferred stock could be issued in series from time to time with such designation, rights, preferences, and limitations as needed to raise capital. The terms of preferred stock could be more advantageous to those investors than to the holders of common stock. In addition, if we need to raise more equity capital from the sale of common stock, institutional or other investors may negotiate terms at least as, and possibly more, favorable than the terms of your investment. Shares of common stock which we sell could be sold into any market which develops, which could adversely affect the market price.

We face significant barriers in our attempt to produce the Elio, and if we cannot successfully overcome those barriers the business will be negatively impacted.

We face significant barriers as we attempt to produce our first mass produced vehicle. We currently have a few drivable early prototypes of *the Elio*, but do not have a full production intent prototype, a final design, a built-out manufacturing facility or manufacturing processes. The automobile industry has traditionally been characterized by significant barriers to entry, including large capital requirements, investment costs of designing and manufacturing vehicles, long lead times to bring vehicles to market from the concept and design stage, the need for specialized design and development expertise, regulatory requirements and establishing a brand name and image and the need to establish sales and service locations. As a manufacturer and seller of only three-wheeled vehicles, we face a variety of added challenges to entry that a traditional automobile manufacturer would not encounter including additional costs of developing and producing a power train, suspension, chassis and other systems with comparable performance to a traditional, four-wheeled gasoline powered or hybrid vehicle in terms of range and power, inexperience with servicing vehicles, and unproven high-volume customer demand for three-wheeled vehicles. We must successfully overcome these barriers to be successful.

Our success is dependent upon consumers' willingness to adopt three-wheeled, front and back seated two-passenger vehicles.

If we cannot develop sufficient market demand for three-wheeled vehicles, we will not be successful. Factors that may influence the acceptance of three-wheeled vehicles include:

- perceptions about three-wheeled vehicle comfort, quality, safety, design, performance and cost;
- the availability of alternative fuel vehicles, including plug-in hybrid electric and all-electric vehicles;
- improvements in the fuel economy of the internal combustion engine;
- the environmental consciousness of consumers;
- volatility in the cost of oil and gasoline; and
- government regulations and economic incentives promoting fuel efficiency and alternate forms of transportation.

Developments and improvements in alternative technologies such as hybrid engine or full electric vehicles or in the internal combustion engine, or continued low retail gasoline prices may materially and adversely affect the demand for our three-wheeled vehicles.

Significant developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways that we do not currently anticipate. If alternative energy engines or low gasoline prices make existing four-wheeled vehicles with greater passenger and cargo capacities less expensive to operate, we may not be able to compete with manufacturers of such vehicles.

We face several regulatory hurdles.

As described in the "Business" section of this offering circular, *the Elio* will need to comply with many governmental standards and regulations relating to vehicle safety, fuel economy, emissions control, noise control, and vehicle recycling, among others. In addition, manufacturing facilities such as ours will be subject to stringent standards regulating air emissions, water discharges, and the handling and disposal of hazardous substances. Compliance with all of these requirements may delay our production launch, thereby adversely affecting our business and financial condition.

Our proposed distribution model is different from the distribution model currently used by most automobile manufacturers.

Our proposed distribution model is not common in the automobile industry today, particularly in the United States. We plan to sell our vehicles in company-owned stores. This model is new and unproven, especially in the United States. It also subjects us to substantial risk as it requires a significant expenditure to establish company-owned stores and provides for slower expansion of our distribution and sales systems than may be possible by utilizing a more traditional dealer franchise system. Moreover, we will be competing with companies with well-established distribution channels. We do not know whether our company-owned store strategy will be successful.

Demand in the vehicle industry is highly volatile.

Volatility of demand in the vehicle industry may materially and adversely affect our business prospects, operating results and financial condition. The markets in which we will be competing have been subject to considerable volatility in demand in recent periods. For example, according to automotive industry sources, sales of passenger vehicles in North America during the fourth quarter of 2008 were

over 30% lower than those during the same period in the prior year. Demand for automobile sales depends to a large extent on general, economic, political and social conditions in a given market and the introduction of new vehicles and technologies. As a new start-up manufacturer, we will have fewer financial resources than more established vehicle manufacturers to withstand changes in the market and disruptions in demand.

Our success is highly dependent on Paul Elio, our founder and Chief Executive Officer.

Paul Elio has been the driving force behind the development of *the Elio* and the company. The loss of his services would have a material adverse effect on our business. We have not obtained any "key man" insurance for Mr. Elio.

Risks Related to the Investment in our Common Stock

The ownership of our common stock is concentrated among existing executive officers and directors.

Upon the sale of all of the shares offered in this offering, our executive officers and directors will continue to own beneficially, in the aggregate, a vast majority of the outstanding shares. As a result, they will be able to exercise a significant level of control over all matters requiring shareholder approval, including the election of directors, amendments to our Articles of Incorporation, and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of Elio Motors or changes in management and will make the approval of certain transactions difficult or impossible without the support of these shareholders.

Investors in this offering will experience immediate and substantial dilution.

Due to our significant accumulated deficit, investors in this offering will suffer immediate and substantial dilution of $12.26 per share or approximately 102% of the offering price of the shares if the maximum offering is sold or $12.70 per share or approximately 106% of the offering price if only the minimum offering is sold. Further, if all of the shares offered hereby are sold, investors in this offering will own less than 8% of the then outstanding shares of common stock, but will have paid over 60% of the total consideration for our outstanding shares. See "Dilution."

There currently is no public trading market for our securities and an active market may not develop or, if developed, be sustained. If a public trading market does not develop, you may not be able to sell any of your securities.

There is currently no public trading market for our common stock, and an active market may not develop or be sustained. If an active public trading market for our securities does not develop or is not sustained, it may be difficult or impossible for you to resell your shares at any price. Even if a public market does develop, the market price could decline below the amount you paid for your shares.

Our issuance of convertible notes and warrants could substantially dilute the interests of shareholders and depress the market price for our common stock.

The $[2,795,460] in convertible notes we issued in 2015 are convertible by the holders into shares of our common stock at any time prior to their maturity in 2022 at a conversion price equal to $5.98 per share. In addition, we issued to Network 1 Financial Securities, Inc., the placement agent for our convertible note offering, a warrant to purchase up to [46,735] shares of common stock at $7.18 per share. This warrant is exercisable until [September] 2020. Lastly, we entered into option agreements with Stuart Lichter that allow him to purchase a 7% ownership interest in Elio Motors for a total of $10,500,000. These option agreements expire in 2024 and 2025. Accordingly, these future issuances of common stock could substantially dilute the interests of our existing shareholders and investors in this offering.

DILUTION

If you invest in our shares, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the as adjusted net tangible book value per share of our capital stock after this offering. Our net tangible book value as of December 31, 2014 was $(29,880,806), or $(1.19) per share of outstanding common stock. Without giving effect to any changes in the net tangible book value after December 31, 2014 other than the sale of 2,090,000 shares in this offering at the initial public offering price of $12.00 per share, our pro forma net tangible book value as of December 31, 2014 was $(7,140,806) or $(0.26) per share of outstanding capital stock. Dilution in net tangible book value per share represents the difference between the amount per share paid by the purchasers of our shares in this offering and the net tangible book value per share of our capital stock immediately afterwards. This represents an immediate increase of $0.93 per share of capital stock to existing shareholders and an immediate dilution of $12.26 per share of common stock to the new investors, or approximately 102% of the assumed initial public offering price of $12.00 per share. The following table illustrates this per share dilution:

	Minimum Offering	Maximum Offering
Initial price to public	$ 12.00	$ 12.00
Net tangible book value as of December 31, 2014	$ (1.19)	$ (1.19)
Increase in net tangible book value per share attributable to new investors	0.49	0.93
As adjusted net tangible book value per share after this offering	(0.70)	(0.26)
Dilution in net tangible book value per share to new investors	$ 12.70	$ 12.26

The following table summarizes the differences between the existing shareholders and the new investors with respect to the number of shares of common stock purchased, the total consideration paid, and the average price per share paid, on both a minimum and maximum offering basis:

Minimum Offering:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Founders	18,995,000	72.7%	$ 5,000,000	19.8%	$ 0.26
Private placement investors	6,082,500	23.3%	8,974,344	35.4%	$ 1.48
New investors	1,050,000	4.0%	11,350,000	44.8%	$ 10.81
Total	26,127,500	100.0%	$ 25,324,344	100.0%	$ 0.97

Maximum Offering:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Founders	18,995,000	69.9%	$ 5,000,000	13.6%	$ 0.26
Private placement investors	6,082,500	22.4%	8,974,344	24.5%	$ 1.48
New investors	2,090,000	7.7%	22,740,000	61.9%	$ 10.88
Total	27,167,500	100.0%	$ 36,714,344	100.0%	$ 1.35

The discussion and tables above do not give effect to the shares of common stock issuable upon an option to purchase a 7% ownership interest in the Company; [49,243] shares of common stock issuable upon exercise of a warrant; and [492,432] shares of common stock issuable upon conversion of [$2,945,460] in aggregate principal amount of our convertible notes.

USE OF PROCEEDS

We estimate that, at a per share price of $12.00, the net proceeds from the sale of the 2,090,000 shares in this offering will be approximately $22,740,000, after deducting the estimated offering expenses of approximately $2,340,000. If only the minimum number of 1,050,000 shares is sold, the net proceeds will be approximately $11,350,000 after deducting estimated offering expenses of $1,250,000.

The net proceeds of this offering will be used primarily to fund the effort for the next stage of our development plan, which is to build and analyze 25 prototype test vehicles. The prototype test vehicles will be used in rigorous experiments for safety and performance, among other things. This stage is anticipated to take four to six months.

Accordingly, we expect to use the net proceeds as follows:

	Minimum Offering		Maximum Offering	
	Amount	**Percentage**	**Amount**	**Percentage**
Prototype building and testing	$ 7,451,000	65.7%	$ 7,451,000	32.8%
Engineering design and development	2,100,000	18.5%	8,232,000	36.2%
Advertising	414,000	3.6%	1,625,000	7.1%
Working capital (1)	1,385,000	12.2%	5,432,000	23.9%
TOTAL	$ 11,350,000	100.0%	$ 22,740,000	100.0%

(1) A portion of working capital will be used for officers' salaries.

To the extent that we sell more than 2,090,000 shares, the additional net proceeds will be used for working capital.

The foregoing information is an estimate based on our current business plan. We may find it necessary or advisable to re-allocate portions of the net proceeds reserved for one category to another, and we will have broad discretion in doing so. Pending these uses, we intend to invest the net proceeds of this offering in short-term, interest-bearing securities.

BUSINESS

Corporate Background and General Overview

Motivated by the belief that America can engineer and build a high quality, reliable, safe, eco-friendly and affordable vehicle for everyone, engineering veteran Paul Elio founded Elio Motors, Inc. in October 2009 as an Arizona corporation. Today, Elio Motors is an American vehicle manufacturing company committed to providing safe, affordable and efficient vehicles. Leveraging existing technology, Elio Motors has designed a revolutionary front engine, front-wheel drive, two-seat, gasoline-powered vehicle, with two wheels in the front and one wheel in the rear – *the Elio*. Its unique design makes the vehicle more aerodynamic with significantly higher gas mileage than standard vehicles.

Elio Motors hopes to make a game-changing impact beyond sales; creating thousands of jobs, reducing dependence on foreign oil, reducing emissions, and favorably affecting the trade deficit by reducing foreign oil purchases, exporting vehicles, and providing a significant return for investors.

The Elio

Vehicle specifications for *the Elio* based on our existing prototype are as follows:

The Elio – Vehicle Specifications Overview	
Body and chassis	
Chassis/Body:	Spaceframe & panel
Layout:	Front engine, front-wheel drive, 3-wheeled, open front wheel
Powertrain	
Engine:	0.9 liter 3 cylinder, 55 horsepower
Transmission:	5 speed manual or automatic
Dimensions	
Wheelbase:	110 inches
Length:	160.5 inches
Track Width:	66.8 inches
Height:	54.2 inches
Target Curb Weight:	1250 pounds
Trunk Space:	27 inches x 14 inches x 10 inches (2.2 cubic feet)
Performance	
0-60 mph:	9.6 seconds
Top Speed:	100 miles per hour+
Fuel Economy:	84 miles per gallon EPA highway; 49 miles per gallon EPA city
Range:	672 miles
Other	
Fuel:	Unleaded gasoline
Fuel Capacity:	8 gallons

The range of the Elio exceeds the range of electric vehicles (100 to 300 miles) and that of most other vehicles of its size (400 to 500 miles). Configured in a three-wheel format, it is conceived with tandem seating for two passengers to travel in a front-to-back layout. With a targeted retail price of $6,800[1] per vehicle, we believe that *the Elio* provides the efficiency and environmental friendly benefits without the price premium, driving range anxiety or safety risks of electric or hybrid vehicles.

The tandem seating design is a key component to the achievement of *the Elio's* fuel efficiency; it reduces vehicle body[2] width by half that of the typical side-by-side seated two to four passenger compact

[1] For a "base" vehicle without optional accessories. Based on the current prototype and sources for components, the retail price is approximately $7,600, but we are working to achieve the $6,800 targeted retail price.

[2] Based on the width of the vehicle's body from left side panel to right side panel, and distinct from track width.

car (68.8 inches wide on average[3]), minimizing the wind drag on the vehicle by a corresponding one half. Drivers will benefit from the vehicle's three-wheel, two-passenger format, not only for additional practical reasons, but also as it permits them to utilize the High Occupancy Vehicle (HOV) or carpool lanes on roads and highways. By employing the three-wheel design, the vehicle qualifies as a motorcycle[4], lowering the degree of federal and state compliance requirements, as compared to vehicles with four wheels or more, and drastically reduces the cost of development and launch of the vehicle. Where the typical small car would require 1,000 to 1,500 components for vehicle assembly, *the Elio* can be produced with only 270 components. Although the vehicle is technically classified as a motorcycle, we have designed *the Elio* to meet the more stringent safety standards of cars.

Features and Options. The vehicle is designed to have the same standard comfort and functional features customers have come to expect in modern automobiles: air conditioning, heat, AM/FM stereo, power windows, power door lock, airbags, auxiliary port(s), anti-lock brakes, and traction control. Other optional luxury features will be available as well, such as leather seats, power seats, and various exterior body aesthetic add-ons. It will also have newer generation options, such as rear view/backup camera, remote engine ignition, GPS-mapping and navigation and web radio.

Customers will be able to select from seven different body color options: Rocket Silver, Sour Apple, Creamsicle, Red Hot, True Blue, Licorice and Marshmallow.

Vehicle Development and Existing Technologies Used. While *the Elio* is unique from what exists in the current market, many of its planned components and technologies are already in use and accessible in today's automotive production market, thus reducing the need for, and costs and execution risks of, vehicle development. Over 65% of the components utilized in the construction of the vehicle's interior, chassis, powertrain and body, such as the transmission, steering column, brakes, rack and pinion system, airbags, and many others, are either available off-the-shelf or can be modified from off-the-shelf items for use in production of the vehicle. "Off-the-shelf" means the components are in current production in other automaker vehicles and the component suppliers either own the production tooling and/or designs to these components or have the permission to sell these components to Elio Motors. The benefits of using off-the-shelf components are proven and durable performance and lowered costs due to economies of scale. We have already established letters of intent with industry-leading suppliers to provide *the Elio's* systems and components.

Spaceframe and Body Panel Design. The Elio is designed upon a spaceframe chassis, which utilizes a set of tubular steel struts, custom fitted and arranged in straight or curved geometric patterns for shape and/or strength. Optimally positioned, the struts will promote the greatest rigidity in structure for three-dimensional load-bearing points. By tailoring the spaceframe construction with the use of advanced high strength steels, the result is less weight and lower costs compared to the use of other expensive materials, such as aluminum and carbon fiber. *The Elio's* body panels, which have no structural function, are affixed to the spaceframe to add the aesthetic facets to the vehicle, and are made of sheet molding composite. Composite panels result in a lighter weight, dent-resistant structure, as compared to steel body panels. In addition, the use of composite panels can reduce repair costs, as it facilities a "replacement" strategy rather than a "repair" strategy. In-mold reinforcements positioned within the panels help to further reduce tooling costs.

This frame and body design contrasts with the unibody frame design, common in the market today and which requires sheet metal stampings to serve as both the safety structure and aesthetic surface for a typical car design. This frame technology is not unique to *the Elio* – spaceframes for automotive applications have been used frequently for decades in the production of motorcycles and racecars, and the spaceframe and body panel architecture are currently utilized in the production of autos ranging from exotic sports cars to more modestly priced models. The advantages of this frame and panel

[3] Source: Edmunds.com as of 2007 (http://usatoday30.usatoday.com/money/autos/2007-07-15-little-big-cars_N.htm)

[4] The National Highway Traffic Safety Administration (NHTSA) defines a motorcycle as "a motor vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground."

design are the far greater utilization of materials in production, decreased tooling costs, and greater potential for left hand to right hand commonality. As well, by decoupling the aesthetic and functional aspects of the frame, Elio Motors has greater freedom in design of the spaceframe itself.

Engine/Powertrain. Perhaps the most critical aspect to the vehicle's performance is the engine. *The Elio* engine is an inline 0.9 liter combustible three-cylinder engine, which has been custom-developed for *the Elio* application. Like the rest of the vehicle, it relies heavily on off-the-shelf components and is a great execution of current automotive technology. To achieve *the Elio's* fuel efficiency and power requirements, this version will include existing technologies found in production automobiles today: variable valve lift and exhaust gas recirculation.

Newly Tooled Parts and Components. While much of the vehicle's construction involves readily available, off-the-shelf components and existing technologies, some parts are unique to the vehicle and will require new tooling of equipment to fabricate parts for production. As described above, it has been noted that the engine powertrain for the vehicle will involve a new engine with off-the-shelf parts where possible and unique parts, such as the engine block being manufactured by current market leaders. This system, along with other powertrain, interior, chassis and body components will also require new parts production to accommodate the performance, styling and features of the vehicle.

Engineering and Development, to Date; Prototype Build and Design Validation. Our development process of *the Elio* comprises five stages: Concept Design, Engineering Analysis, Detailed Design, Prototype Build and Validation Testing. As of the date of this offering circular, we have made considerable progress through the first three stages of the vehicle's development. Virtually all of the component design and engineering work has been completed on *the Elio*. The next stage of vehicle engineering and development process is prototype build, vehicle test and engineering validation stage. The primary use of proceeds for this financing round is to fund this stage. Through this process, the vehicle safety characteristics, the gasoline efficiency and the cost of manufacturing the vehicle will be confirmed.

Technosports Creative is the Livonia, Michigan-based prototype maker that is partnering with us to build 25 *Elio* prototypes and certain other manufactured parts used in the engineering and safety testing process. Technosports will build prototypes using a combination of fabricated and soft-tooled and off-the-shelf components provided by *the Elio* suppliers. Supplier components will take six to eight weeks from engineering drawing release. Computer-aided design models or physical hardware are in place for over 90% of all non-off-the-shelf components. Once the components are available, the actual vehicle builds will likely take four to six weeks. The vehicles will be built on a pilot manufacturing line to simulate the production build. During the prototype build process, issues will be tracked and reported back to the component and vehicle engineering teams to be addressed.

The following tests are planned for the 25 prototypes, with some vehicles to be used for multiple tests:

1) Underhood thermal & HVAC testing – 4 vehicles
2) Electrical – 12 vehicles
3) General inspection – all vehicles
4) Serviceability – 1 vehicle
5) Powertrain (to include altitude testing, emission certification, engine/transmission development & calibration, economy and software development & verification) – 9 vehicles
6) Interior – 4 vehicles
7) Noise, vibration & harness – 4 vehicles
8) Steering – 1 vehicle
9) Ride & handling (to include vehicle turning, objective measurements, NHTSA Fish Hook, tire wear and electronic stability) – 6 vehicles
10) Performance (to include engine/transmission shift validation, 0-60 mph, hill climb, cold temperature start-up and drivability and maximum speed) – 1 vehicle

11) Fuel systems – 1 vehicle
12) Brakes – 4 vehicles
13) Body systems – 12 vehicles
14) Durability – 7 vehicles
15) Safety tests – 8 vehicles

Cost Estimates Developed with Vendors. We have also made considerable progress towards identifying and procuring component and parts supply partners who will provide the setup for and future production of components in the vehicle at the start of production. To date, we have obtained cost estimates from nearly 90% of our potential parts and components supply partners, with detailed estimates from each supplier for the pre-production equipment tooling and the per part costs (based on vehicle production volumes).

The Market

We will be selling into the North American automobile market, which is highly competitive. We have examined various considerations with regard to *the Elio's* market impact, including driving cost analyses, *the Elio's* unique profile, cost comparisons to existing vehicles in the market, market testing and target consumer markets.

Driving Cost Analyses. We expect the total cost of operating an *Elio* to be substantially below that of any available vehicle due largely to the expected retail price of an *Elio* and its anticipated fuel efficiency.

Unique profile. We have carefully assessed whether a two-passenger vehicle profile will be an impediment to broad market acceptance. According to a survey of 150,000 households completed by the US Department of Transportation's Federal Highway Administration in 2009 (the "2009 National Household Travel Survey"), the average vehicle occupancy across all types of trips (work, shopping, family errands, and social and recreational) totaled 1.67. When traveling to and from work, the average vehicle occupancy declined to just 1.13, suggesting that almost all work commutes by automobile are made with the driver as the sole vehicle occupant. Only social and recreational trips averaged more than two occupants, measuring at 2.2.

Cost comparisons to existing vehicles. When compared to internal combustion engine vehicles (i.e., those powered by gasoline or diesel oil), *the Elio* is substantially more attractive on the basis of purchase cost, operating costs and efficiency. When compared to electric vehicle alternatives, *the Elio* still represents a significantly better value proposition on the basis of purchase cost and convenience. Electric vehicles range in purchase cost from $23,000 (Mitsubishi i-MiEV) to $70,000 (Tesla Model S), and the lack of available charging stations limits the driving range of many of the models, making them less convenient and impractical for longer trips.

Market testing. Since May 2013, we have been touring a prototype *Elio* across the United States to build awareness, gather feedback and refine the offering. The vehicle has been well received at more than 125 events nationwide. We have been taking reservations through our website for future production models of *the Elio*, which require deposits of $100 to $1,000, with the average deposit received per reservation of $419, with 94% of the reservation dollar amounts being non-refundable. As of July 31, 2015, the number of reservations taken through the website has exceeded 44,000.

Target markets. We have surveyed consumers several times to understand the groups most likely to purchase an *Elio*. The results of these surveys indicate that the demographics of an *Elio* purchaser will evolve, as the initial purchasers, or "early adopters," will have a slightly different demographic profile than the broader group of purchasers anticipated in future years. Based on our analyses, we are targeting the Second Vehicle and Used Car markets, the Clunker Replacement market, and the Third Vehicle market.

- Second Vehicle and Used Car Markets – According to the 2009 National Household Travel Survey, there were 1.86 vehicles per household, and greater than 41 million households had two vehicles, accounting for 36.3% of all US households. The 2014 Used Car Industry Report published by the National Independent Automobile Dealers Association indicated that for 2013, 41.99 million used vehicles and 15.58 new vehicles were sold. The 2014 Used Vehicle Market Report prepared by Edmunds.com revealed that the average transaction price for a ten-year old vehicle was $7,689. We believe that *the Elio* presents an attractive alternative to purchasing a used car for a second vehicle. Given the option of purchasing a used vehicle with 120,000 miles on it for $7,689 versus a new vehicle with all the guarantees and warranties for under $7,600, many buyers, especially first-time buyers and college students, will present a solid opportunity.

- Clunker Segment - Of the 258[5] million vehicles on the road in the U.S. today, 120 million are six to 14 years old or older, or "Clunkers." This segment consists of clunker drivers who today, have no intention of getting a different vehicle. They do not want to (or cannot) purchase a substantially better vehicle. Given the low upfront cost of *the Elio* and its low operating cost, we believe that *the Elio* will stand out as a newer, lost-cost alternative for clunker drivers. If one were to finance the cost of *the Elio* over six years, and replaced a vehicle with 18 miles per gallon or less, the savings on gas from the new *Elio* would entirely pay for the vehicle[6].

- Third Vehicle - We had Berline (a Detroit advertising agency), perform a survey to assess the market for *the Elio*. Berline surveyed 2,000 people who watched a video about *the Elio* and then completed a questionnaire. 23.8% of the respondents classified themselves as either "Very Likely" or "Extremely Likely" to purchase an *Elio*, an impressive result for a new vehicle. Even more interesting, 73% of this group of "Very Likely" or "Extremely Likely" indicated they would buy *an Elio* in addition to their current vehicles.

Reservations for an *Elio*

Since 2013, we have been accepting reservation deposits ranging from $100 to $1,000 for purposes of securing vehicle production slots. We offer reservations on a non-refundable and refundable basis at the following levels: $1,000, $500, $250 and $100. Those holding non-refundable reservations have priority over those holding refundable reservations and within each group, those with higher deposits have greater preference over those with lower deposits. As of December 31, 2014 and 2013, we received refundable deposits of $913,700 and $200,250, respectively, which are included as current liabilities on our balance sheets. As of December 31, 2014 and 2013, we received nonrefundable deposits of $14,852,183 and $2,616,200, respectively, which are included as long-term liabilities on our balance sheets. As of July 31, 2015, we had over 44,000 reservations totaling over $18.6 million.

Sales and Service Model

Sales Model. The sales model for our vehicle is based on the establishment and operation of our own retail store network, as opposed to the conventional model utilizing factory-authorized dealer franchises. Our distribution model is designed to enable customers to choose specific options for their vehicles at the point-of-sale. Since they will be purchasing directly from the manufacturer, customers would be able to obtain their desired mix of options and features, rather than choosing from pre-set option packages. With seven color choices and the choice of either a manual or automatic transmission, there will be 14 vehicle combinations available. Customers can then select from an extensive list of add-ons to customize their vehicles.

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[5] IHS Automotive. (2015). Average Age of Light Vehicles in the U.S. Rises Slightly in 2015 to 11.5 years, IHS Reports [Press release]. Retrieved from http://press.ihs.com/press-release/automotive/average-age-light-vehicles-us-rises-slightly-2015-115-years-ihs-reports.

[6] Assumes price of gas is $2.75 per gallon, vehicle is driven approximately 10,000 miles per year, cost of an *Elio* is $7,600 and *the Elio* gets 84 miles per gallon.

We envision situating our stores as small, stand-alone locations in highly visible community shopping centers of major cities, in which three full-size *Elio* vehicles can be displayed – one inside the store and two (a standard and an automatic) outside the store to accommodate test drives. Customers would access four to six interactive kiosks placed in-store to assist in their vehicle and vehicle options choices, providing such information as option/accessory menus, pricing, warranty information, service locations and financing options. With only three vehicles being displayed, our retail stores are expected to comprise approximately 4,000 square feet of space.

Fulfillment and Delivery. Once a customer has finalized his/her vehicle and option selections, the order would be transmitted to one of several *Elio* marshaling/configuration centers, positioned within nine hours of an *Elio* retail store. These marshaling centers would maintain a stock of base vehicles, provide parts installation of customers' selected option add-ons to the vehicles, and facilitate the delivery of the vehicle to the retail location of purchase. We expect vehicle orders to be transmitted real time throughout the day, then building out and customizing a base vehicle according to the customer's specifications. To provide the marshaling services, we have identified ADESA, Inc., a large national provider of vehicle remarketing services to automotive manufacturers, financial institutions, vehicle rental companies, and fleet management companies.

Service. Since our retail stores are planned only as sales and distribution locations, we have identified an outsourced service partner - The Pep Boys - Manny, Moe & Jack, a publicly-traded, national provider and retailer of automotive aftermarket service and parts. We believe that with an existing base of approximately 800 service centers in 36 states located in 90% of the markets in which we will operate, Pep Boys has the right combination of brand recognition and customer focus for its desired factory authorized service provider. We entered into a preliminary memorandum of understanding as a first step towards securing this working relationship.

Production Plan

Manufacturing Facility. See "Properties" for a description of the manufacturing facility.

Sourcing. We intend to sole-source components initially from major component suppliers under multi-year supply agreements and develop dual sources of certain components as quickly as practical.

Production Plan. Our Vice President of Manufacturing and Product Launches, Gino Raffin, and our consultant for project management of Shreveport operations have developed the production plan and facility layout. The facility layout has been developed to utilize the existing infrastructure and flexible design of the buildings at the Shreveport facility. A detailed 47-week launch plan has been developed, which includes 24 weeks of pre-production activities, 10 weeks of manufacturing validation and training, and 12 weeks[7] of increased production to reach optimal production output. Incorporated into the launch is the plan that the first 125 vehicles produced will not be sold, but utilized for internal purposes.

Intellectual Property

Patents. In order to minimize the cost of bring the Elio to market, we have chosen not to apply for patents for any of our mechanical innovations related to our development of the Elio. The design of the Elio is copyrighted, but others could design a vehicle similar to the Elio and argue that although similar, the design has not been copied. This means that others could develop a vehicle with a similar design and produce a competing product, which would adversely affect our business, prospects, financial condition and operating results.

Trademark and Trade Name. We have registered the following with the United States Patent and Trademark Office:

[7] 12 weeks to reach steady state production with one shift; 23 weeks to reach steady state with second shift.

- "ELIO and Design" (the logo consisting of the name "Elio" in a circle) – Registered April 8, 2014, registration number 4510655.
- "ELIO MOTORS" (name only) – Registered September 2, 2014, registration number 4598749.

Government Regulation

Many governmental standards and regulations relating to safety, fuel economy, emissions control, noise control, vehicle recycling, substances of concern, vehicle damage, and theft prevention are applicable to new motor vehicles, engines, and equipment manufactured for sale in the United States, Europe, and elsewhere. In addition, manufacturing and other automotive assembly facilities in the United States, Europe, and elsewhere are subject to stringent standards regulating air emissions, water discharges, and the handling and disposal of hazardous substances. The most significant of the standards and regulations affecting us are discussed below:

Mobile Source Emissions Control. The federal Clean Air Act imposes stringent limits on the amount of regulated pollutants that lawfully may be emitted by new vehicles and engines produced for sale in the United States. The current ("Tier 2") emissions regulations promulgated by the Environmental Protection Agency (EPA) set standards for motorcycles. Tier 2 emissions standards also establish durability requirements for emissions components to 5 years or 30,000 kilometers.

California has received a waiver from EPA to establish its own unique emissions control standards for certain regulated pollutants. New vehicles and engines sold in California must be certified by the California Air Resources Board (CARB). CARB's emissions standards for motorcycles are in line with those of the EPA.

Motor Vehicle Safety. The National Highway Traffic Safety Administration (NHTSA) defines a motorcycle as "a motor vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground." In order for a manufacturer to sell motorcycles in the US, the manufacturer has to self-certify to meet a certain set of regulatory requirements promulgated by the NHTSA in its Federal Motor Vehicle Safety Standards (FMVSS).

Our FMVSS strategy is designed to meet motorcycle requirements and conform as much as possible to automotive FMVSS requirements while not violating the motorcycle requirements that we must meet.

The National Traffic and Motor Vehicle Safety Act of 1966 (the "Safety Act") regulates vehicles and vehicle equipment in two primary ways. First, the Safety Act prohibits the sale in the United States of any new vehicle or equipment that does not conform to applicable vehicle safety standards established by NHTSA. Meeting or exceeding many safety standards is costly, in part because the standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards. Second, the Safety Act requires that defects related to motor vehicle safety be remedied through safety recall campaigns. A manufacturer is obligated to recall vehicles if it determines the vehicles do not comply with a safety standard. Should we or NHTSA determine that either a safety defect or noncompliance exists with respect to any of our vehicles, the cost of such recall campaigns could be substantial.

Operator's License and Helmet Requirements. Since *the Elio* is a motorcycle by NHTSA definition, laws and regulations pertaining to the operation of a motorcycle and wearing a helmet apply to us. We are approaching several state legislatures to seek an exemption from the application of these requirements. As of the date of this offering circular, five states require the use of helmets while operating an enclosed three-wheel vehicle if the operator is under a specified age (generally under 18, although one state requires a helmet if under the age of 21) and two states require the use of helmets regardless of age.

The American Association of Motor Vehicle Administrators (AAMVA), which is a tax-exempt, nonprofit organization developing model programs in motor vehicle administration, law enforcement and

highway safety, and which represents the state and provincial officials in the United States and Canada who administer and enforce motor vehicle laws, issued a report in October 2013, titled "Best Practices for the Regulation of Three-Wheel Vehicles." In that report, the AAMVA distinguishes a traditional three-wheel motorcycle from what it calls an "autocycle" – a three-wheel motorcycle that has a steering wheel and seating that does not require the operator to straddle or sit astride it. In addition, the AAMVA issued the following recommendations for autocycles:

- Registering autocycles differently than three-wheel motorcycles – using AU instead of 3W for the body style and creating a distinguishing plate alpha/numeric configuration or using a distinguishing feature on the plate to indicate the vehicle is registered as an autocycle; and

- With respect to driver license requirements, allowing operation of autocycles with a standard automobile license

As of the date of this offering circular, 19 states recognize the definition of autocycle (with the added provision that it must be an enclosed or partially enclosed motorcycle).

Pollution Control Costs. We are required to comply with stationary source air and water pollution and hazardous waste control standards that are now in effect or are scheduled to come into effect with respect to our manufacturing operations. We do not yet have an estimate of the cost of compliance.

Competition

The worldwide automotive market, particularly for economy and alternative fuel vehicles, is highly competitive today and we expect it will become even more so in the future. Other manufacturers have entered the three-wheeled vehicle market and we expect additional competitors to enter this market within the next several years. As they do so we expect that we will experience significant competition. With respect to *the Elio*, we also face strong competition from established automobile manufacturers, including manufacturers of high-MPG vehicles, such as Toyota Prius, Smart, Fiat, Nissan Leaf, and other high efficiency, economy cars.

Most of our current and potential competitors have significantly greater financial, technical, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. Virtually all of our competitors have more extensive customer bases and broader customer and industry relationships than we do. In addition, almost all of these companies have longer operating histories and greater name recognition than we do. Our competitors may be in a stronger position to respond quickly to new technologies and may be able to design, develop, market and sell their products more effectively.

Furthermore, certain large manufacturers offer financing and leasing options on their vehicles and also have the ability to market vehicles at a substantial discount, provided that the vehicles are financed through their affiliated financing company. We do not currently offer any form of direct financing on our vehicles. The lack of our direct financing options and the absence of customary vehicle discounts could put us at a competitive disadvantage.

We expect competition in our industry to intensify in the future in light of increased demand for alternative fuel vehicles, continuing globalization and consolidation in the worldwide automotive industry. Factors affecting competition include product quality and features, innovation and development time, pricing, reliability, safety, fuel economy, customer service and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in a further downward price pressure and adversely affect our business, financial condition, operating results and prospects. Our ability to successfully compete in our industry will be fundamental to our future success in existing and new markets and our market share. There can be no assurances that we will be able to compete successfully in our markets. If our competitors introduce new cars or services that compete with or surpass the quality, price or performance of our vehicles or services, we may be unable to satisfy existing

customers or attract new customers at the prices and levels that would allow us to generate attractive rates of return on our investment. Increased competition could result in price reductions and revenue shortfalls, loss of customers and loss of market share, which could harm our business, prospects, financial condition and operating results.

Research and Development

During the fiscal years ended December 31, 2014 and 2013, we spent $5,715,716 and $6,903,023, respectively, on engineering, research and development activities.

Employees

As of July 31, 2015, we employed a total of 17 full-time and no part-time people. None of our employees are covered by a collective bargaining agreement. Most of the significant engineering work on *the Elio* design has occurred through our prospective suppliers and partners and engineering consultants.

Legal Proceedings

There are no legal proceedings material to our business or financial condition pending and, to the best of our knowledge, there are no such legal proceedings contemplated or threatened.

PROPERTIES

Our principal office is located at 2942 North 24th Street, Suite 114-700, Phoenix, Arizona, which is a mailing address of an executive suite leased on a month-to-month basis for $46 per month. In August 2015, we entered into a one-year lease agreement for an office located at 2266 South Dobson Road, Suite 263, Mesa, Arizona for $799 per month.

In 2013, we purchased the former General Motors (GM) light truck assembly plant in Shreveport, Louisiana to house our manufacturing operations. The property was one of the facilities transferred to the Revitalizing Auto Communities Environmental Response ("Racer") Trust in March 2011, which was created to redevelop and sell 89 former GM facilities. The facility was purchased by us from the Racer Trust, with all of the GM manufacturing equipment in place, for $3 million in cash and a $23 million promissory note. The real property was purchased by an affiliate of Industrial Realty Group, LLC ("IRG"), the Shreveport Business Park, LLC, for $7.5 million. IRG and Shreveport Business Park, LLC are entities owned and controlled by Stuart Lichter, one of our directors and significant shareholders.

A portion of the purchased machinery and equipment secures a promissory note due to CH Capital Lending, LLC in the principal amount of $9,850,000. CH Capital Lending purchased the note from GemCap Lending I, LLC in August 2014. GemCap Lending originally made the loan to us in February 2013. Interest accrues on the note at 10% per annum, which was due on July 31, 2015. We entered into a forbearance agreement with CH Capital Lending in which CH Capital Lending has agreed to forbear on enforcing the payment of the note until July 31, 2016. CH Capital Lending, LLC is an affiliate of Stuart Lichter and Mr. Lichter has guaranteed the repayment of this note. At December 31, 2014, the unpaid principal balance of the note was $9,850,000. See Note 4. Long-Term Debt of the Notes to Financial Statements for more information regarding this debt obligation.

The note to Racer Trust is secured by a lien subordinated to the lien of CH Capital Lending on certain machinery and equipment and is non-interest bearing. The note, as amended, requires monthly principal payments of $173,500 from January 1, 2016 through July 1, 2017, with the remaining outstanding principal due on July 1, 2017. As of December 31, 2014, the outstanding principal balance was $21,038,818. See Note 4. Long-Term Debt of the Notes to Financial Statements for more information regarding this debt obligation.

We plan to keep some of the equipment that is appropriate for our own manufacturing activities and sell the balance, with the sales proceeds to be used to satisfy the CH Capital Lending note.

GM invested $1.5 billion during the 2002 expansion of the facility and as a result, it is one of the most modern automobile manufacturing facilities in North America, with fully integrated chassis conveyors, and moving workstations for engine, interior, body, and glass installation and fluid filling. We believe that the use of this facility by us greatly lowers start-up production risks of the project, prospectively saving as much as $350 million in facility and equipment costs prior to the start of production.

The facility is located on approximately 437 acres in Caddo Parish, in an industrial park southwest of Shreveport, Louisiana. There are three main structures on the property, excluding the wastewater treatment and power generation facilities. The three structures include the general assembly building (to be used by us), the former metal stamping and body manufacturing building (not to be used by us) and the original manufacturing building and paint shop (to be partially used by us). Of the approximately 3.2 million square feet of manufacturing space, we will utilize less than a third.

The facility is located 2 miles from Interstate 20 and approximately 12 miles from downtown Shreveport. It is serviced by 7 active rail spurs, utilized for delivery of raw material and component supplies to the factory floor, as well as for the loading and rail transport of finished vehicles in the marshaling and shipping yard (to be used by us) at the northern end of the property.

In December 2013, we entered into an agreement with Shreveport Business Park, LLC to lease 997,375 rentable square feet of manufacturing and warehouse space for a 25-year term, which provides for a rent-free period until the earlier of four months after the start of production or August 1, 2015, after which the base rent will be $249,344 per month. We have two options to extend the term of the lease for 25 additional years each, as well as an option to expand into additional space. Since December 2013, we have been obligated to pay taxes, insurance expenses and common expenses with respect to this space. On July 31, 2015, we entered into an amendment to the lease which extended the base rent commencement date to February 1, 2016 and deferred payment of the base rent for the period February 1, 2016 through July 31, 2016 until August 1, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Since our incorporation in October 2009, we have been engaged primarily in developing the design of *the Elio* and obtaining loans and funds from investors to fund that development. We are considered to be a development stage company, since we are devoting substantially all of our efforts to establishing our business and planned principal operations have not commenced. We completed the initial design for *the Elio* as well as our business model in December 2012. We began accepting reservations in January 2013 for *the Elio,* closed on the purchase of manufacturing equipment in February 2013, built three prototypes from January 2013 through January 2014, secured a manufacturing facility in December 2013, sourced suppliers and services providers during 2014, and applied for the ATVM loan (described below) in August 2014.

Cash investment has totaled $8,599,344, net of related expenses, from incorporation through December 31, 2014 and loans have totaled $39,776,659 from incorporation through December 31, 2014. We have also obtained deposits from persons desiring to reserve an *Elio* totaling $15,765,883 through December 31, 2014.

Operating Results

We have not yet generated any revenues and do not anticipate doing so until late in 2016 at the earliest, but more likely in 2017.

Operating expenses for the 2014 fiscal year increased by 49% over the 2013 fiscal year, reflecting our first full year of headcount and activity. We had 11 full-time employees at December 31, 2013 who started with us at various times during the 2013 fiscal year, as compared to 13 full-time employees at December 31, 2014, most of whom were us for the entire 2014 fiscal year. Marketing costs increased by 199% from $1,269,987 to $3,800,353 due to increased advertising, social media and promotions. General and administrative expenses for the 2014 fiscal year increased from $1,777,971 to $5,328,108 (200%), with the majority of the increase being due to $1,545,521 in taxes, insurance and common expenses associated with the Shreveport facility, an increase in professional services of $985,970 for lobbying expenses and consultants, and $261,563 in credit card processing fees.

Interest expense increased by 188% for the 2014 fiscal year over the 2013 fiscal year, due to the default interest charges on the note to Racer Trust. See Note 4. Long-Term Debt of the Notes to Financial Statements for more information regarding this debt obligation.

As a result, our net loss for the 2014 fiscal year was $24,661,441, as compared to $13,365,228 for the 2013 fiscal year, an increase of 84%. Our accumulated deficit was $44,956,239 at December 31, 2014.

Liquidity and Capital Resources

As of December 31, 2014, we had cash of $374,652 and a working capital deficit of $8,446,483, as compared to cash of $869,107 and working capital of $260,884. Included in the current liabilities is a note payable due to IAV Automotive Engineering Inc. in the amount of $1,600,000 as payment for research and development work. The note is due December 31, 2015 and secured by a third position security interest in our equipment at the Shreveport facility. We have agreed to pay monthly installments of $150,000 against the note.

The decrease in working capital was due primarily to the net loss for the 2014 fiscal year. We funded our operations primarily with customer reservation deposits of $12,949,433 and net advances received from related party of $11,708,900.

We obtained a forbearance agreement until July 31, 2016 with respect to a $9,850,000 loan due July 31, 2015, secured by a first position in equipment in the Shreveport, Louisiana manufacturing facility.

The lender, CH Capital Lending, is an affiliate of Stuart Lichter, one of our directors and significant shareholders. We have three loans from Mr. Lichter totaling $1,900,500 which are also due July 31, 2016. We also obtained a deferral of the lease payments on the Shreveport facility until August 1, 2016. Such payments were to have commenced on August 1, 2015. The lessor, Shreveport Business Park, is an affiliate of Mr. Lichter.

We also have a long-term loan of $23,000,000 from the Racer Trust which was incurred in March 2013 in connection with the purchase of the equipment at the Shreveport facility. This loan was to be repaid in monthly installments of $173,500 beginning on November 1, 2013, with the entire remaining balance due September 1, 2016. We were delinquent on the first payment, which triggered default interest to be charged on the loan at 18% per annum. Payments made in 2014 were applied to this interest. In March 2015, we entered into an amendment to the promissory note which deferred the installment payments until January 1, 2016 and extended the maturity date to July 1, 2017.

In addition to the agreements made with our lenders to defer cash outlays, we have funded our operations during the current fiscal year primarily through customer reservations (approximately $3.1 million) and the net proceeds from a placement of convertible subordinated secured notes due September 30, 2022 (approximately $2.9 million).

These notes, which have offered and sold only to accredited investors, are convertible into shares of our common stock at any time prior to their maturity in 2022 at a conversion price equal to $5.98 per share. Interest of 5% per annum accrues on the unpaid principal balance and all unpaid principal and interest are to be paid at maturity. The notes are secured, but subordinated to the liens of CH Capital Lending, the Racer Trust, and IAV Automotive Engineering. We have granted unlimited piggyback registration rights covering the shares issuable upon conversion of the notes and holders of the notes have a right of participation for an amount equal to 25% of future equity or convertible financings ("Subsequent Financings") undertaken by us at the valuation of such future financings. If a note holder decides not to participate in a Subsequent Financing, the note holder will lose its right to participate in future Subsequent Financings.

Plan of Operations

For the next twelve months, we plan to continue with the development of *the Elio*. The proceeds from this offering will provide funding to complete our next phase of development, which is the building of prototypes. We will need additional resources to move into pre-production and beyond and are pursuing multiple options for such funding, rather than relying on one source. We believe funding will come from a combination of short-term and long-term sources.

Customer Reservations. Customer reservations have provided significant funding for us in the past and we expect reservations to be a significant source of short-term liquidity in the future. With each progressive step in our development, we have experienced a surge in reservations. Thus far, we have received over $18.6 million in reservations, an average of $600,000 per month. As we achieve each additional milestone in the development of *the Elio*, customer confidence increases. Accordingly, we expect to see surges in reservations as the following milestones are achieved and announced: completion of prototypes, testing results, confirmation of mileage, guarantee of the sales price, hiring at the manufacturing facility, and, hopefully before production commences, scarcity.

Sale of Excess Equipment. We will not use all of the equipment purchased at the Shreveport facility. Thus far, sales of excess equipment has yielded approximately $1 million. We will continue to sell excess equipment and use the proceeds to pay down the CH Capital Lending loan.

Release of Reservation Holdbacks. We currently have $4.5 million held by former credit card processing companies as a percentage of non-refundable reservations. These funds are expected to be released in the next six to twelve months.

Advanced Technology Vehicles Manufacturing (ATVM) Loan Program. In 2007, the Advanced Technology Vehicles Manufacturing (ATVM) Program was established by Congress to support the production of fuel-efficient, advanced technology vehicles and components in the United States. To date, the program, which is administered by the U.S. Department of Energy's Loan Programs Office, has made over $8 billion in loans, including loans to Ford ($5.9 billion), Nissan ($1.45 billion) and Tesla ($465 million). This loan program provides direct loans to automotive or component manufacturers for re-equipping, expanding, or establishing manufacturing facilities in the United States that produce fuel-efficient advanced technology vehicles (ATVs) or qualifying components, or for engineering integration performed in the U.S. for ATVs or qualifying components. The ATVM loans are made attractive to applicants due to their low interest rates (set at U.S. Treasury rates (approximately 2% to 4%), minimal fees (no application fees or interest rate spread and only a closing fee of 0.1% of loan principal amount), and long loan term life of up to 25 years (set at the assets' useful life). In order to qualify, auto manufacturers must be able to deliver "light duty vehicles" having 25% greater fuel economy than comparable models produced in 2005 or "ultra efficient vehicles" that achieve at least 75 miles per gallon. In addition, ATVM borrowers must remain financially viable over the life of the loan without the receipt of additional federal funding associated with the proposed project.

We have engaged Black Swan LLC to provide lobbying services on our behalf. We issued 62,500 shares of our common stock to Black Swan as partial compensation for these lobbying services and owe Black Swan a $400,000 cash payment. If the event we obtain funds as a result of the ATVM loan program, or its successor program if ATMV were to be modified, we have agreed to pay a success fee to Black Swan in the amount of $1,000,000.

We have submitted an application for a loan of approximately $185 million, the proceeds of which would be used to partly fund the purchase of equipment and equipment installation into the Shreveport facility prior to and ramp up after the start of production. As of January 15, 2015, we have received information from the Department of Energy that we have achieved the technical criteria for the loan and that remaining due diligence is pending upon confirmation of our financial backing, which includes this offering.

CAFE Credits. In 1975 in response to the Arab oil embargo, the U.S. Congress enacted Corporate Average Fuel Economy (CAFE) standards in an effort to reduce U.S. dependence on foreign oil and save on fuel costs through the improvement of U.S. automobile fuel efficiencies. The National Highway Traffic Safety Administration (NHTSA) is responsible for administering the CAFE program, which was amended in 2007 to establish a trading credit program to incentivize auto manufacturers to further improve vehicle fuel efficiencies. Auto manufacturers may earn CAFE credits (or be penalized) by exceeding (or failing to meet) increasingly more ambitious compliance standards for the model year of each passenger car or light duty truck produced. Accumulated CAFE credits are transferable and saleable to other auto manufacturers and can be carried forward up to five years. Credits (or penalties) are totaled for the manufacturer's entire production fleet for a particular model year, and are applied at a rate of $55 per 1 mpg above (or below) the standard. The CAFE standard has been amended to increase mpg for cars and light trucks to 48.7 to 49.7 mpg by 2025.

According to the estimated fuel economy of *the Elio*, it is expected that we could be well positioned to earn a substantial number of credits, from which we could generate extensive future revenues through the sale and transfer of these credits to other auto industry manufacturers. We have received indications from auto industry manufacturers that they would purchase our credits upon confirmation that we can participate in the CAFE program. Currently, we do not qualify for participation in the CAFE program, since *the Elio* is not an automobile. We have been working with members of Congress and with the former acting head of the NHTSA to permit participation in the program by autocycles.

DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

Our directors, executive officers and significant employees, and their ages as of July 31, 2015, are as follows:

Name	Position	Age	Term of Office
Executive Officers:			
Paul Elio	Chairman and Chief Executive Officer	51	October 2009
Hari Iyer	Chief Operating Officer	50	January 2014
Connie Grennan	Chief Financial Officer	67	March 2013
Directors:			
Paul Elio	Director	51	October 2009
James Holden	Director	64	November 2012
Hari Iyer	Director	50	November 2012
Stuart Lichter	Director	66	November 2012
David C. Schembri	Director	62	November 2012
Kenneth L. Way	Director	76	November 2012
Significant Employees:			
Gino Raffin	Vice President of Manufacturing and Product Launches	72	March 2013
Steven Semansky	Vice President of Supply Chain Management	51	March 2013
Don Harris	Vice President of Retail Operations	60	April 2014
Tim Andrews	Senior Vice President of Marketing	49	November 2013
Chip Stempeck	Vice President of Customer Experience	50	March 2013
Jerome Vassallo	Vice President of Sales	50	April 2013
Joel Sheltrown	Vice President of Governmental Affairs	68	March 2013

All of our executive officers and significant employees work full-time for us. There are no family relationships between any director, executive officer or significant employee. During the past five years, none of the persons identified above has been involved in any bankruptcy or insolvency proceeding or convicted in a criminal proceeding, excluding traffic violations and other minor offenses.

Executive Officers

Paul Elio, Chief Executive Officer and Elio Motors Board Chairman. Mr. Elio founded Elio Motors and has been its CEO and Chairman since the Company's inception. He has over 18 years of experience in business management and engineering, most recently as founder and CEO, from 1998 to 2011, of Elio Engineering, dba ESG Engineering. ESG was a Tempe, Arizona company which designed, engineered and prototyped products using state-of-the-art design tools and techniques, evaluated them for engineering feasibility and designed them for high volume manufacturing and assembly. Mr. Elio held various positions at Johnson Controls from 1992 to 1997. He holds numerous patents related to various mechanisms. He graduated from the General Motors Institute of Engineering & Management (now Kettering University) with a Bachelor of Science in Mechanical Engineering in 1995.

Hari Iyer, Chief Operating Officer and Elio Motors Board Member. Mr. Iyer has been with Elio Motors since January 2014 and brings nearly 25 years of product development, business strategy and operations expertise in the automotive industry. From January 2011 to August 2013, Mr. Iyer was Executive Vice President at Envia Systems, a Silicon Valley battery manufacturer, where he led all aspects of business strategy and product commercialization. From October 2009 to November 2010 (and as a full-time consultant from ESG Engineering from October 2006 to September 2009), he served as Vice President of Engineering at Next Autoworks Company. At Next Autoworks, Mr. Iyer developed the original vehicle architecture, led the selection of vehicle technologies and suppliers and was responsible for all module engineering teams. From June 1999 to September 2009, Mr. Iyer was co-founder and Chief

Operating Officer at ESG Engineering, a product development firm specializing in the automotive and cleantech space. Mr. Iyer held various positions at Johnson Controls, Automotive Systems Group from January 1989 to August 1997. He received his M.S. in Mechanical Engineering from Penn State and his M.B.A. from Stanford Graduate School of Business.

Connie Grennan, Chief Financial Officer. Ms. Grennan has been the Chief Financial Officer of Elio Motors since March 2013, and has over 30 years of financial and operational experience in similar positions in several startup organizations, as well as valuable experience in the large corporate environment with a division of Lockheed Martin as Director of Finance and Administration. Her experience includes management of accounting and finance, banking and investor relationships, human resources, facilities, information systems, and contract management. From March 2010 to February 2013, Ms. Grennan consulted as the chief financial officer for OzMo Inc., a company based in Palo Alto, California, which developed and provided Wi-Fi compatible communication technology products. She received her Bachelor of Science in Accounting from Arizona State.

Directors

*James Holden, Director***.** Mr. Holden is the former Chief Executive Officer of DaimlerChrysler, where he worked in various leadership positions for 19 years until November 2000. He has been a director of Sirius XM Radio, Inc. since August 2001, of Speedway Motorsports, Inc. since 2004, and of Snap-on, Inc. since 2009. Mr. Holden was a director of Motors Liquidation Company until its dissolution in December 2011. Mr. Holden earned a B.S. in political science from Western Michigan University and a MBA degree from Michigan State University.

Stuart Lichter, Director. Mr. Lichter is President and Chairman of the Board for Industrial Realty Group, LLC (IRG), a privately-held real estate development and investment firm specializing in the acquisition, development and management of commercial and industrial real estate across the United States. IRG's core competency is retrofitting otherwise obsolete buildings, corporate campuses, former military bases and industrial complexes. Mr. Lichter oversees all critical aspects of the business, including acquisitions, leasing, and property management at IRG, which he founded 40 years ago.

David C. Schembri, Director. Since August 2012, Mr. Schembri has been the CEO of the Active Aero Group, of Belleville, Michigan, a supply-chain solutions provider focused on transportation logistics for customers with sensitive or time-critical freight, principally in the United States and Mexico. From February 2010 to August 2012, he was the CEO of Vehicle Production Group, a company based in Allen Park, Michigan, that made vans for the disabled. From July 2006 to January 2010, Mr. Schembri was the President of Smart USA, a Penske Automotive Group company. He was responsible for the successful launch of Smart USA (a division of Mercedes-Benz), which included establishing and maintaining a sales and service retail network, customer relations, logistics, advertising, marketing, PR, government relations, and a parts distribution network. Much of his career was spent in various executive positions at Mercedes-Benz (1994 to 2005) and Volkswagen (1979 to 1993). He attended the University of Detroit, where he earned both his Bachelor's degree and his MBA.

Kenneth L. Way, Director. Mr. Way served as the Chief Executive Officer of Lear Corporation from 1988 to September 2000 and Chairman of the Board from 1988 to December 2002. Mr. Way served with Lear Corporation and its predecessor companies for 37 years in various engineering, manufacturing and general management capacities. During his career he has served as a director for several organizations. At present, he is a director of CMS Energy of Jackson, Mississippi, and of Cooper Standard Auto, of Novi, Michigan, positions he has held since 1997 and 2004, respectively.

Significant Employees

Gino Raffin, Vice President of Manufacturing and Product Launches. Mr. Raffin emerged from retirement to join Elio Motors. He worked for Chrysler from 1968 to 2006 and was involved with major automotive product and automotive manufacturing process launches involving hundreds of millions of dollars in tooling, equipment, facility and launch costs of new product, process and modified facility

designs. As part of these initiatives, Mr. Raffin was responsible for all aspects of program launch including safety, quality, delivery and costs, overseeing engineering and purchasing teams for features such as dimensional management, sealing, underbody, side aperture, framing-body, closure panels – panel alignment, trim, chassis, powertrain and electrical. In addition to major product and process launches, Mr. Raffin has also been involved in advanced manufacturing engineering. He has led teams that designed, developed and executed the manufacturing production processes for tooling, equipment, facility, processing (both direct and indirect labor), material logistics, and controls and mechanicals at the operational assembly plant. Mr. Raffin is a graduate of the Lawrence Institute of Technology with a degree in Mechanical Engineering.

Steven Semansky, Vice President of Supply Chain Management. Mr. Semansky brings to Elio Motors experience in Interiors and Styling design and production, component engineering, sales, component sourcing and logistics, and international manufacturing and supplier networks. In 2001, Mr. Semansky formed Jmarc Engineering and Sales, in Wixom, Michigan, to represent manufacturers of component products supplied to Tier 1 and Tier 2 automotive companies. Products sourced included aluminum die-casting, roll form, stamping, plastic injection molded components, fasteners, and CNC machined products. In building the company to peak annual sales of $89 million and 8 sales representatives covering the USA, China and Mexico, Mr. Semansky and his team aimed to match components for fit and function, while recommending aggressive design and process changes to reduce total cost of assembly. When he joined us in March 2013, he turned day-to-day management of the company to his wife. Over his career, Mr. Semansky has completed projects for the International Sales Management (ISM) on behalf of Chrysler for lighting, electronics, storage and other interiors components used in Chrysler vehicles. Mr. Semansky received his B.S. in marketing from Wayne State University and has completed coursework towards his Mechanical Engineering degree.

Don Harris, Vice President of Retail Operations. Mr. Harris began his career in the automotive space in retail sales nearly 34 years ago, and brings a range of experience stemming from his firm background with retail and wholesale auto dealerships and automotive auction platforms. Mr. Harris joined Elio Motors in April 2014 to set up the distribution of the vehicles from the point of manufacture to their retail locations. He is knowledgeable regarding the licensing needs of various states in the realm of retail operations, and is versed in the utilization of marshaling yards nationwide for the Company's distribution model to handle 20,000 vehicles monthly. In January 2005, Mr. Harris invested in and assisted with the development of a large new concept called Automotive Consignment, in Charlotte, North Carolina, an automotive retail platform which assisted private sellers in the consignment sale of their vehicles. He continued with Automotive Consignment until March 2012, when he was approached to help develop a new business opportunity named CarBuyCo, which was developed to enable the private sellers of automobiles to get an instant purchase offer for their car via the internet. Mr. Harris led CarBuyCo to become a nationwide service by setting up buying centers across the US with the proper DMV licenses, management and processes, later generating purchase offers for thousands of prospective vehicle sellers weekly and millions of dollars of purchases each week.

Tim Andrews, Senior Vice President of Marketing. Mr. Andrews brings over 18 years executive management experience and over 22 years marketing experience working with various fortune 500 brands in the categories of automotive, communications, healthcare and travel. From September 2007 to December 2010, he served as Chief Strategy Officer of TLA Marketing Communications, a firm specializing in strategic planning and marketing management. He received industry acclaim for developing the "Hybrid Direct Marketing" strategy that enabled Cox Communications to successfully launch the concept of "bundling," which resulted in increased market share, establishing Cox as a leader in the digital spectrum. He has also helped build three major startups providing operational and marketing leadership and followed them into established companies. Prior to joining Elio Motors in November 2013, he taught at Grand Canyon University and Rio Salado Community College. Mr. Andrews is a graduate of Arizona State University with a Bachelor of Arts degree in Journalism with an emphasis in Marketing and Advertising from the Walter Cronkite School of Communications. He completed an MBA degree at the University of Phoenix.

Chip Stempeck, Vice President of Customer Experience. Mr. Stempeck brings over 25 years of automotive experience in sales, marketing and program launch to Elio Motors. Immediately prior to joining Elio Motors in March 2013, he operated a consulting business, CJS Consulting, which was started in January 2006, advising clients on sales and operations management. Mr. Stempeck also served as the vice president online operations for Brookline College from January 2010 through June 2011. He graduated from Oregon State University with a Bachelor of Science in Management and Psychology.

Jerome Vassallo, VP of Sales. Mr. Vassallo brings over 20 years of experience in the automotive and pleasure boating industries, working for notable automotive companies, such as Suzuki, Volkswagen of America and Mitsubishi. Prior to joining Elio Motors Inc. in April 2013, Mr. Vassallo most recently served as Zone Manager for Suzuki Motor Corporation from January 2012 to November 2012 and as Mitsubishi District Manager from November 2005 to January 2012 where he oversaw wholesale and retail vehicle sales as well as fixed operations within the district. Additionally, Mr. Vassallo is well-versed in all aspects of the sales process including new product launches, sales training and development, financial forecasting and reviews, distribution/logistics, dealer and supplier relationship-driven programs, contract negotiations, production planning and event marketing activities.

Joel Sheltrown, VP of Governmental Affairs. Mr. Sheltrown joined Elio Motors in March 2013 to manage governmental affairs and remain knowledgeable of any state or federal statutes or regulations that may impact the Company. He was a state representative for the 103rd district in the Michigan House of Representatives from 2005 to January 2011 and was a professional lobbyist from February 2011 to February 2013 with deep roots in the automotive industry. He provides language and legislative guidance to legislators and regulatory agencies in numerous states. He also lobbies for the elimination of helmet and motorcycle endorsement requirements. Mr. Sheltrown attended Western Michigan University and also Kirtland Community College.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information about the annual compensation of each of our three highest paid persons who were executive officers or directors during our last completed fiscal year.

Name	Capacities in which compensation was received	Cash compensation ($)	Other compensation ($)	Total compensation ($)
Paul Elio	Chief Executive Officer	250,000	-0-	250,000
Hari Iyer	Chief Operating Officer	250,000	-0-	250,000
Connie Grennan	Chief Financial Officer	150,000	-0-	150,000

Compensation of Directors

We do not compensate our directors for attendance at meetings**.** We reimburse our officers and directors for reasonable expenses incurred during the course of their performance. We have no long-term incentive plans.

Future Compensation

Compensation paid to the three individuals listed in the table above for 2015 is at the same levels as 2014.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITY HOLDERS

Set forth below is information regarding the beneficial ownership of our common stock, our only outstanding class of capital stock, as of July 31, 2015 by (i) each person whom we know owned, beneficially, more than 10% of the outstanding shares of our common stock, and (ii) all of the current directors and executive officers as a group. We believe that, except as otherwise noted below, each named beneficial owner has sole voting and investment power with respect to the shares listed. Unless otherwise indicated herein, beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, and includes voting or investment power with respect to shares beneficially owned.

Name and address of beneficial owner (1)	Amount of nature of beneficial ownership (2)	Amount and nature of beneficial ownership acquirable	Percent of class(3)
Paul Elio	17,995,000(4)	-0-	71.8%
Elio Engineering, Inc.	12,750,000	-0-	50.8%
Stuart Lichter	5,000,000	225,697(5)	20.7%
All directors and officers as a group (7 persons)	23,272,500(4)	225,697(5)	92.8%

*less than 1%

(1) The address of those listed is c/o Elio Motors, Inc., 2942 North 24th Street, Suite 114-700, Phoenix, Arizona 85016.

(2) Unless otherwise indicated, all shares are owned directly by the beneficial owner.

(3) Based on 25,077,500 shares outstanding prior to this offering. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days of July 31, 2015 are deemed outstanding for purposes of computing the percentage ownership of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

(4) Includes 12,750,000 shares owned of record by Elio Engineering, Inc. of which Mr. Elio is the President, a director and majority shareholder.

(5) Mr. Lichter has the right to convert promissory notes in the principal amount of $1,350,000 into 225,697 shares of common stock. Excludes the option held by Mr. Lichter to acquire up to 7% of the Company, exclusive of his then existing ownership. See “Interest of Management and Others in Certain Transactions.”

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Paul Elio and ESG Engineering

The original design for *the Elio* was conceived by Paul Elio and Elio Engineering, Inc., dba ESG Engineering, a company partially owned and controlled by Paul Elio. ESG Engineering transferred all rights to the design to the Company, valued at $5,000,000, as consideration for 25,000,000 shares of common stock in the Company. In addition, we assumed approximately $1,277,187 of payables that ESG Engineering had incurred on behalf of Elio Motors. At December 31, 2014 and 2013, these outstanding payables were $344,827 and $346,627, respectively. ESG Engineering transferred 12,250,000 shares of common stock in the Company to Paul Elio in November 2012 in consideration for his services in forming and organizing Elio.

Transfer of Consumer Financing Rights

In 2012, we transferred the right to provide consumer financing for the purchase of *the Elio* to Carr Finance Company, LLC in consideration of Paul Elio's efforts to devote his time and attention to developing the business of the Company with only limited compensation. Mr. Elio is a member of Carr Finance Company, LLC.

Guaranty of Loan Repayment Provided by Stuart Lichter; Loan from CH Capital Lending

On February 28, 2013, in connection with the acquisition of certain machinery and equipment at the Shreveport facility, we entered into a promissory note with GemCap Lending I, LLC for $9,850,000, the payment of which is secured by a first lien on our equipment at the Shreveport facility. Stuart Lichter personally guaranteed the payment of this note. CH Capital Lending, LLC purchased the loan from GemCap on August 1, 2014. CH Capital Lending is an affiliate of Stuart Lichter. On July 31, 2015, we entered into a forbearance agreement with CH Capital Lending in which CH Capital Lending has agreed to forbear on enforcing the payment of this note until July 31, 2016.

Lease with Shreveport Business Park, LLC

Our equipment is located in a plant in Shreveport, Louisiana, which is leased by Shreveport Business Park, LLC, an entity owned and controlled by Stuart Lichter, one of Elio's directors and significant shareholders. We entered into an agreement with Shreveport Business Park in December 2013 to sublease 997,375 square feet of manufacturing and warehouse space for a 25-year term, which provides for a rent-free period until the earlier of four months after the start of production or August 1, 2015, after which the base rent will be $249,344 per month. Since December 2013, the Company has been obligated to pay taxes, insurance expenses and common expenses with respect to this space and is past due in paying these amounts. On July 31, 2015, we entered into an amendment to the lease which extended the base rent commencement date to February 1, 2016 and deferred payment of the base rent for the period February 1, 2016 through July 31, 2016 until August 1, 2016.

Advances to Paul Elio

During 2014, we advanced a total of $74,966 to Paul Elio, our Chief Executive Officer. The advance is non-interest bearing and is due on demand.

Loans Made by Stuart Lichter

Stuart Lichter has made several loans to us, the proceeds of which were used for working capital and to pay amounts owed to GemCap Lending I, LLC. The promissory notes evidencing the loans are as follows:

Date	Amount	Maturity	Payment Terms	Interest Expense for 2014
March 6, 2014	$1,000,500	July 31, 2016	Unsecured; interest accrues at 10% per annum; all accrued interest and unpaid principal are payable upon maturity; $500 drawn March 6, 2014; $1,000,000 drawn December 2, 2014	$8,097
May 30, 2014	$300,000	July 31, 2016	Unsecured; interest accrues at 10% per annum; all accrued interest and unpaid principal are payable upon maturity; $100,000 drawn May 30, 2014; $200,000 drawn November 10, 2014	$8,806
June 19, 2014	$600,000	July 31, 2016	Secured by Elio Motors' reservation accounts and deposit held by Racer Trust; interest accrues at 10% per annum; all accrued interest and unpaid principal are payable upon maturity; $100,000 drawn April 17, 2014; $500,000 drawn June 20, 2014	$34,111

In addition to the loans described in the table above, during 2015, Mr. Lichter has purchased convertible subordinated secured notes due September 30, 2022 in the aggregate principal amount of $1,350,000 on the same terms offered to other accredited investors in this offering made pursuant to Rule 506(c) under the Securities Act of 1933. These notes are convertible into shares of our common stock at any time prior to their maturity in 2022 at a conversion price equal to $5.98 per share.

Options Granted to Stuart Lichter

In consideration for the March 6, 2014 loan of $1,000,500 and the guaranty of the $9,850,000 loan originally made to us by GemCap Lending I, LLC, we granted Stuart Lichter an option to purchase a number of shares of common stock in Elio Motors sufficient to give him a 5% ownership interest, exclusive of his existing ownership (the "5% Option"). Mr. Lichter may exercise the 5% Option at any time and from time to time until December 15, 2024 for $7,500,000.

We granted a second option to Mr. Lichter in consideration of the May 30, 2014 loan of $300,000. This second option permits Mr. Lichter to purchase a number of shares of common stock in Elio Motors sufficient to give him a 2% ownership interest, exclusive of his existing ownership (the "2% Option"). Mr. Lichter may exercise the 2% Option at any time and from time to time until June 29, 2025 for $3,000,000.

Future Transactions

All future affiliated transactions will be made or entered into on terms that are no less favorable to us than those that can be obtained from any unaffiliated third party. A majority of the independent, disinterested members of our board of directors will approve future affiliated transactions, and we will maintain at least two independent directors on our board of directors to review all material transactions with affiliates.

SECURITIES BEING OFFERED

Our authorized capital stock consists of 100,000,000 shares of common stock, no par value, and 10,000,000 shares of preferred stock, no par value. As of July 31, 2015, we had 25,077,500 shares of common stock and no shares of preferred stock outstanding.

The following is a summary of the rights of our capital stock as provided in our articles of incorporation and bylaws. For more detailed information, please see our articles of incorporation and bylaws, which have been filed as exhibits to the offering statement of which this offering circular is a part.

Common Stock

Voting Rights. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the shareholders. Arizona law provides for cumulative voting for the election of directors. As a result, any shareholder may cumulate his or her votes by casting them all for any one director nominee or by distributing them among two or more nominees. This may make it easier for minority shareholders to elect a director.

Dividends. Subject to preferences that may be granted to any then outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the board of directors out of funds legally available therefor as well as any distributions to the shareholders. The payment of dividends on the common stock will be a business decision to be made by our board of directors from time to time based upon results of our operations and our financial condition and any other factors that our board of directors considers relevant. Payment of dividends on the common stock may be restricted by loan agreements, indentures and other transactions entered into by us from time to time.

Liquidation Rights. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in all of our assets remaining after payment of liabilities and the liquidation preference of any then outstanding preferred stock.

Absence of Other Rights or Assessments. Holders of common stock have no preferential, preemptive, conversion or exchange rights. There are no redemption or sinking fund provisions applicable to the common stock. When issued in accordance with our articles of incorporation and law, shares of our common stock are fully paid and not liable to further calls or assessment by us.

Preferred Stock

Our board of directors is authorized by our articles of incorporation to establish classes or series of preferred stock and fix the designation, powers, preferences and rights of the shares of each such class or series and the qualifications, limitations or restrictions thereof without any further vote or action by our shareholders. Any shares of preferred stock so issued would have priority over our common stock with respect to dividend or liquidation rights. Any future issuance of preferred stock may have the effect of delaying, deferring or preventing a change in our control without further action by our shareholders and may adversely affect the voting and other rights of the holders of our common stock. At present we have no plans to issue any additional shares of preferred stock or to adopt any new series, preferences or other classification of preferred stock.

The issuance of shares of preferred stock, or the issuance of rights to purchase such shares, could be used to discourage an unsolicited acquisition proposal. For instance, the issuance of a series of preferred stock might impede a business combination by including class voting rights that would enable a holder to block such a transaction. In addition, under certain circumstances, the issuance of preferred stock could adversely affect the voting power of holders of our common stock. Although our board of directors is required to make any determination to issue preferred stock based on its judgment as to the best interests of our shareholders, our board could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of our shareholders might believe to be in their best

interests or in which such shareholders might receive a premium for their stock over the then market price of such stock. Our board presently does not intend to seek shareholder approval prior to the issuance of currently authorized stock, unless otherwise required by law or applicable stock exchange rules.

Certain Anti-takeover Effects

General. Certain provisions of our articles of incorporation, our bylaws, and Arizona law may have an anti-takeover effect and may delay or prevent a tender offer or other acquisition transaction that a shareholder might consider to be in his or her best interest. The summary of the provisions of our articles, bylaws and Arizona law set forth below does not purport to be complete and is qualified in its entirety by reference to our articles, bylaws and Arizona law.

Special Meetings of Shareholders. Our bylaws provide that, except as required by law, special meetings of shareholders may be called by a majority of our Board of Directors, the Chairman of the Board, the President, or shareholders who hold in the aggregate at least 25% of the voting power of the outstanding capital stock of the Company ("Requesting Shareholders"). Requesting Shareholders must meet certain qualifications and must submit a written request to our Corporate Secretary, containing the information required by our bylaws. A request for a special meeting made by Requesting Shareholders may be rejected if (1) a meeting of shareholders that included an identical or substantially similar item of business, as determined in good faith by our Board of Directors, was held not more than 90 days before our Corporate Secretary received the request; (2) our Board of Directors has called or calls for a meeting of shareholders to be held within 90 days after our Corporate Secretary receives the request and our Board of Directors determines in good faith that the business to be conducted at such meeting includes similar business to that stated in the request; or (3) the request relates to an item of business that is not a proper subject for shareholder action under, or involves a violation of, applicable law.

Shareholder Proposals and Director Nominations. A shareholder can submit shareholder proposals and nominate candidates for election to our Board of Directors in connection with our annual meeting if he or she follows the advance notice and other relevant provisions set forth in our bylaws. With respect to director nominations at an annual meeting, shareholders must submit written notice to our Corporate Secretary at least 180 days prior to the date of the meeting. With respect to shareholder proposals to bring other business before the annual meeting, shareholders must submit a written notice to our Corporate Secretary not fewer than 90 nor more than 120 days prior to the first anniversary of the date of our previous year's annual meeting of shareholders. However, if we have changed the date of the annual meeting by more than 30 days from the anniversary date of the previous year's annual meeting, the written notice must be submitted no earlier than 120 days before the annual meeting and not later than 90 days before the annual meeting or ten days after the day we make public the date of the annual meeting.

A shareholder must also comply with all applicable laws in proposing business to be conducted and in nominating directors. The notice provisions of the bylaws do not affect rights of shareholders to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 of the Exchange Act.

Amendment to Articles of Incorporation and Bylaws. Both the Board of Directors and the shareholders must approve amendments to an Arizona corporation's articles of incorporation, except that the Board of Directors may adopt specified ministerial amendments without shareholder approval. Unless the articles of incorporation, Arizona law or the Board of Directors would require a greater vote or unless the articles of incorporation or Arizona law would require a different quorum, the vote required by each voting group allowed or required to vote on the amendment would be:

- a majority of the votes entitled to be cast by the voting group, if the amendment would create dissenters' rights for that voting group; and
- in any other case, if a quorum is present in person or by proxy consisting of a majority of the votes entitled to be cast on the matter by the voting group, the votes cast by the

voting group in favor of the amendment must exceed the votes cast against the amendment by the voting group.

The Board of Directors may amend or repeal the corporation's bylaws unless either: (1) the articles or applicable law reserves this power exclusively to shareholders in whole or in part or (2) the shareholders in amending or repealing a particular bylaws provide expressly that the Board may not amend or repeal that bylaw. An Arizona corporation's shareholders may amend or repeal the corporation's bylaws even though they may also be amended or repealed by the Board of Directors. Our bylaws may not be amended or repealed without the vote of a majority of the Board of Directors then in office or the affirmative vote of a majority of votes cast on the matter at a meeting of shareholders.

Transfer Agent and Registrar

FundAmerica Stock Transfer, LLC, 2300 West Sahara Avenue, Suite 803, Las Vegas, Nevada 89102 is the transfer agent and registrant for our common stock.

PLAN OF DISTRIBUTION

We are offering a minimum of 1,050,000 shares of common stock and a maximum of 2,090,000 shares of common stock on a "best efforts" basis. If $12,600,000 in subscriptions for the shares (the "Minimum Offering") is not deposited on or before _____, 2015 (the "Minimum Offering Period"), all subscriptions will be refunded to subscribers without deduction or interest. Subscribers have no right to a return of their funds during the Minimum Offering Period. If this minimum offering amount has been deposited by _____, 2015, the offering may continue until the earlier of _____, 2016 (which date may be extended at our option) or the date when all shares have been sold.

We are not selling the shares through commissioned sales agents or underwriters. We will use our existing website, www.eliomotors.com, to provide notification of the offering. Persons who desire information will be directed to https://www.startengine.com/startup/elio-motors, a website owned and operated by an unaffiliated third party that provides technology support to issuers engaging in equity crowdfunding efforts.

This Offering Circular will be furnished to prospective investors via download 24 hours per day, 7 days per week on the startengine.com website.

In order to subscribe to purchase the shares, a prospective investor must complete a subscription agreement and send payment by check, wire transfer or ACH. Investors must answer certain questions to determine compliance with the investment limitation set forth in Rule 251(d)(2)(i)(C) under the Securities Act of 1933, which states that in offerings such as this one, where the securities will not be listed on a registered national securities exchange upon qualification, the aggregate purchase price to be paid by the investor for the securities cannot exceed 10% of the greater of the investor's annual income or net worth. In the case of an investor who is not a natural person, revenues or net assets for the investor's most recently completed fiscal year are used instead.

The investment limitation does not apply to accredited investors, as that term is defined in Rule 501 under the Securities Act of 1933. An individual is an accredited investor if he/she meets one of the following criteria:

- a natural person whose individual net worth, or joint net worth with the undersigned's spouse, excluding the "net value" of his or her primary residence, at the time of this purchase exceeds $1,000,000 and having no reason to believe that net worth will not remain in excess of $1,000,000 for the foreseeable future, with "net value" for such purposes being the fair value of the residence less any mortgage indebtedness or other obligation secured by the residence, but subtracting such indebtedness or obligation only if it is a liability already considered in calculating net worth; or

- a natural person who has individual annual income in excess of $200,000 in each of the two most recent years or joint annual income with that person's spouse in excess of $300,000 in each of those years and who reasonably expects an income in excess of those levels in the current year.

An entity other than a natural person is an accredited investor if it falls within any one of the following categories:

- an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended, (i) if the decision to invest is made by a plan fiduciary which is either a bank, savings and loan association, insurance company, or registered investment adviser; (ii) if such employee benefit plan has total assets in excess of $5,000,000; or (iii) if it is a self-directed plan whose investment decisions are made solely by accredited investors;

- a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust or a partnership, which was not

formed for the specific purpose of acquiring the securities offered and which has total assets in excess of $5,000,000;

- a trust, with total assets in excess of $5,000,000, which was not formed for the specific purpose of acquiring the securities offered, whose decision to purchase such securities is directed by a "sophisticated person" as described in Rule 506(b)(2)(ii) under Regulation D; or

- certain financial institutions such as banks and savings and loan associations, registered broker-dealers, insurance companies, and registered investment companies.

We have engaged FundAmerica Securities, LLC, a broker-dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority (FINRA), to perform the following administrative functions in connection with this offering in addition to acting as the escrow agent:

- review the subscription agreements to determine whether all of the necessary information has been obtained from the investors, to determine compliance with the investment limitation requirement, and to perform anti-money laundering checks;

- contact the investors if necessary to gather additional information or clarification;

- provide us with prompt notice for subscriptions that cannot be accepted; and

- transmit the subscription information data to FundAmerica Securities Transfer LLC, our transfer agent and an affiliate of FundAmerica Securities, LLC.

As compensation for the services listed above, we have agreed to pay FundAmerica Securities $2.00 per domestic investor for the anti-money laundering check and a fee equal to 1.0% of the gross proceeds from the sale of the shares offered hereby. If we elect to terminate the offering prior to its completion, we have agreed to reimburse FundAmerica Securities for its out-of-pocket expenses incurred in connection with the services provided under this engagement (including costs of counsel and related expenses) up to an aggregate cap of $10,000. In addition, we will pay FundAmerica Securities $225 for account set up, $25 per month for so long as the offering is being conducted, but in no event longer than two years ($600 in total fees), and up to $15.00 per investor for processing incoming funds. We will pay FundAmerica Technologies LLC, a technology service provider, $3.00 for each subscription agreement executed via electronic signature. FundAmerica Securities Transfer LLC, an affiliate of FundAmerica Securities, will serve as transfer agent to maintain stockholder information on a book-entry basis; there are no set up costs for this service, fees for this service will be limited to secondary market activity.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Board of Directors of
Elio Motors, Inc.:

We have audited the accompanying financial statements of Elio Motors, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elio Motors, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, certain conditions indicate that the Company may be unable to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Los Angeles, California
August 12, 2015

ELIO MOTORS, INC.
(AN ARIZONA CORPORATION)
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

Assets

	2014	2013
Current assets:		
Cash and cash equivalents	$ 374,652	$ 869,107
Restricted cash held in escrow	476,055	876,229
Prepaid expenses and other current assets	104,383	360,693
Total current assets	955,090	2,106,029
Restricted cash held for customer deposits	4,855,499	1,095,529
Machinery and equipment, net	20,124,788	20,340,169
Facility under capital sublease, net	7,200,000	7,500,000
Other assets	74,966	-
Total assets	$ 33,210,343	$ 31,041,727

Liabilities and Stockholders' Deficit

Current liabilities:		
Accounts payable and accrued liabilities	$ 4,420,104	$ 889,451
Customer deposits	913,700	200,250
Advances due to related party	344,827	386,427
Interest payable, current portion	2,122,942	57,563
Convertible notes payable	-	285,000
Note payable, net of discount	1,600,000	26,454
Total current liabilities	9,401,573	1,845,145
Customer deposits, net of current portion	14,852,183	2,616,200
Interest payable, net of current portion	2,241,134	-
Notes payable, net of current portion and discount	18,546,911	26,262,674
Notes payable due to related party, net of discount	10,549,348	-
Capital sublease obligation	7,500,000	7,500,000
Total liabilities	63,091,149	38,224,019
Commitments and contingencies (see notes to financial statements)		
Stockholders' deficit:		
Common stock, no par value, 1,000,000 shares authorized, 50,155 shares and 50,000 shares issued and outstanding as of December 31, 2014 and 2013, respectively	15,075,433	13,112,506
Accumulated deficit	(44,956,239)	(20,294,798)
Total stockholders' deficit	(29,880,806)	(7,182,292)
Total liabilities and stockholders' deficit	$ 33,210,343	$ 31,041,727

See accompanying notes to financial statements.

ELIO MOTORS, INC.
(AN ARIZONA CORPORATION)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Costs and expenses:		
Engineering, research and development costs	$ 5,715,716	$ 6,903,023
General and administrative expenses	5,328,108	1,777,971
Sales and marketing expenses	3,800,353	1,269,987
Total costs and expenses	14,844,177	9,950,981
Loss from operations	(14,844,177)	(9,950,981)
Other income (expense):		
Other income	213,382	69,083
Interest expense	(9,998,630)	(3,465,980)
Other expense	(32,016)	(17,350)
Total other expense, net	(9,817,264)	(3,414,247)
Net loss	$ (24,661,441)	$ (13,365,228)

See accompanying notes to financial statements.

ELIO MOTORS, INC.
(AN ARIZONA CORPORATION)
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Common Stock		Accumulated	Total Stockholders'
	Shares	Amount	Deficit	Deficit
Balance, December 31, 2012	50,000	$ 5,690,000	$ (6,929,570)	$ (1,239,570)
Net loss	-	-	(13,365,228)	(13,365,228)
Issuance of common stock, net of issuance costs of $77,494 (Note 8)	-	7,422,506	-	7,422,506
Balance, December 31, 2013	50,000	13,112,506	(20,294,798)	(7,182,292)
Net loss	-	-	(24,661,441)	(24,661,441)
Convertible notes payable converted to equity (Note 4)	-	336,838	-	336,838
Issuance of stock warrants (Note 5)	-	1,101,089	-	1,101,089
Issuance of common stock (Note 8)	155	525,000	-	525,000
Balance, December 31, 2014	50,155	$ 15,075,433	$ (44,956,239)	$ (29,880,806)

See accompanying notes to financial statements.

ELIO MOTORS, INC.
(AN ARIZONA CORPORATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Net loss	$ (24,661,441)	$ (13,365,228)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	300,000	-
Amortization of discount on note payable	2,107,366	1,189,335
Amortization of deferred financing costs	264,628	312,520
Accrued interest on capital sublease obligation	2,241,134	-
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	256,310	(354,693)
Other assets	(74,966)	-
Accounts payable and accrued liabilities	5,495,653	889,451
Customer deposits	12,949,433	2,808,100
Interest payable	2,127,217	25,650
Net cash provided by (used in) operating activities	1,005,334	(8,494,865)
Cash flows from investing activities:		
Increase in restricted cash	(3,359,796)	(1,866,740)
Purchases of machinery and equipment	-	(3,000,000)
Proceeds from sale of machinery and equipment	215,381	-
Net cash used in investing activities	(3,144,415)	(4,866,740)
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs	150,000	7,422,506
Proceeds from notes payable	-	9,850,000
Repayments of notes payable	(9,850,000)	(2,678,509)
Repayments of payables assumed from shareholder	-	(79,532)
Advances received from related party	11,750,500	-
Repayments of advances from related party	(41,600)	(5,200)
Payment of deferred loan costs	(364,274)	(529,043)
Net cash provided by financing activities	1,644,626	13,980,222
Net change in cash and cash equivalents	(494,455)	618,617
Cash and cash equivalents, at beginning of year	869,107	250,490
Cash and cash equivalents, at end of year	$ 374,652	$ 869,107
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 5,561,257	$ 1,938,475
Cash paid during the year for income taxes	$ -	$ -
Supplemental disclosures of non-cash financing activities:		
Convertible notes payable converted to equity	$ 336,838	$ 23,000,000
Conversion of accounts payable to note payable	$ 1,600,000	$ 7,500,000
Expense recognized under equity grant	$ 375,000	$ 5,659,831

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Activities

Elio Motors, Inc. (an Arizona Corporation) (the "Company"), was formed on October 26, 2009. The Company was created to provide affordable transportation to those commuters seeking an alternative to the day's offerings; at the same time provide vital American jobs. The Company is in the process of designing a three wheeled vehicle for mass production in the U.S. that achieves ultra-high fuel economy, exceeds safety standards and retails for under $7,600 per vehicle.

Pursuant to the articles of incorporation, the Company is authorized to issue 1,000,000 shares of common stock and 100,000,000 preferred shares, of which 100,000 preferred shares are designated as Series A Convertible Preferred shares ("Series A shares"). The Company's common stock and preferred shares have no par value. The Series A shares are convertible into an equal number of common shares, subject to certain dilution adjustments, at the holder's election. The Series A shares rank senior and prior to the common shares and any other class of preferred shares with respect to dividend rights, and rights upon liquidation, winding up or dissolution. Issued Series A shares shall accrue and accumulate an 8% cumulative preferential cash dividend based on the purchase price per share. Such dividends are payable when declared by the Board of Directors of the Company. There were no preferred shares issued at December 31, 2014 and 2013.

On July 14, 2015, the articles of incorporation were amended and the authorized common stock and preferred stock were modified to 100,000,000 shares and 10,000,000 shares, respectively. In connection with the amendment, the Board of Directors of the Company approved a 500 for 1 common stock split for all outstanding common stock at July 14, 2015.

Liquidity and Capital Resources

The accompanying financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. From inception, the Company has financed its business activities through debt issuance and contributions from shareholders. The Company expects to obtain funding through additional equity placement offerings until it consistently achieves positive cash flow from operations after starting production. Management expects that cash on hand combined with anticipated funding sources will provide the Company with adequate funding through December 31, 2015. There are no assurances that the Company will be able to raise adequate funds, achieve, or sustain profitability or positive cash flows from its operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Through December 31, 2014, the Company has not recorded any revenues for the sale of its vehicle product nor does it expect to record revenues of any significant amount of product prior to commercialization of its vehicle. Once the Company's planned principal operations commence, its focus will be on the manufacturing and marketing of its vehicles and the continued research and development of new products. The Company may not be profitable even if it succeeds in commercializing its product. The Company expects to make substantial expenditures and to incur additional operating losses for at least the next several years as they continue to develop the vehicle, increase manufacturing capacity for production, and enter into production and marketing collaborations with other companies, if available on commercially reasonable terms, or develop these capabilities internally.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as contained within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Significant estimates include the valuation of services provided in exchange for common stock and the discount on debt for detachable warrants granted in connection with the issuance of promissory notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid unrestricted investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash held in escrow includes cash deposited in escrow accounts with financial institutions for future payment of property taxes. Long term restricted cash is primarily related to cash proceeds held back from customer deposits deposited with financial institutions as required by the financial institutions.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Major improvements are capitalized while expenditures for maintenance, repairs and minor improvements are charged to expense. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation and amortization are eliminated from the accounts, and any resulting gain or loss is reflected in operations. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for property and equipment are as follows:

Facility under capital sublease	25 years
Machinery and equipment	10 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Warrants

The Company accounts for the issuance of debt with detachable warrants under FASB ASC Subtopic 470-20, *Debt with Conversion and Other Options* ("ASC 470-20"). Pursuant to ASC 470-20, the warrants issued in connection with the related party debt (Note 4) are accounted for as equity due to the stock settlement available to the holder. The Company used the Black-Scholes option pricing model as the valuation model to estimate the fair value of the warrants. These warrants were fair valued on the issuance date and recorded at the relative fair value of the warrants and underlying related party promissory notes. The warrants are not subsequently revalued.

Impairment of Long-Lived Assets

In accordance with FASB ASC 360, *Property, Plant and Equipment – Impairment or Disposal of Long Lived Assets*, property and equipment and identifiable intangible assets with estimable useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment losses were recognized for the years ended December 31, 2014 and 2013.

Concentrations of Business and Credit Risk

The business is subject to significant risks, including, but not limited to, the risks in the regulatory approval process, the results of research and development efforts, and competition from other vehicles.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company has its cash and cash equivalents on deposit with various financial institutions. Accounts at each U.S. institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Cash may at times exceed the amount covered by FDIC insurance; however management does not believe the Company has significant risk in this area.

Income Taxes

The Company is taxed as a C corporation in the United States of America ("U.S."). The Company uses the asset and liability method of accounting for income taxes in accordance with FASB ASC 740, *Income Taxes* ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date. The realizability of deferred tax assets is assessed throughout the year and a valuation allowance is established as necessary.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company follows the requirements of ASC 740, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, the Company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position. Management believes that the Company has taken no uncertain tax positions as of December 31, 2014 and therefore no accruals have been made in the financial statements related to uncertain tax positions. The Company is subject to U.S. federal and state income tax examinations for all years from inception. No examinations are currently pending.

Advertising Costs

Advertising costs are expensed as incurred. Such costs, which amounted to $3,800,353 and $1,269,987 for the years ended December 31, 2014 and 2013, respectively, are included in sales and marketing expenses in the accompanying statements of operations.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development expenses consists primarily of contract engineering services, payroll and employee benefits of those employees engaged in research and development activities.

Recent Accounting Pronouncements

In June 2014, the FASB issued a new accounting standard which eliminates the requirements for development stage entities to present inception to date information in the statements of income, cash flows, and shareholder equity, label the financial statements as those of a development stage entity, and disclose a description of the development stage activities in which the entity is engaged. The standard is effective for interim and annual reporting periods beginning after December 15, 2014. Early adoption of the standard is permitted. The Company adopted the new accounting pronouncement in 2013. The accompanying statements of operations, changes in stockholders' deficit and cash flows have been prepared accordingly and exclude activity from inception to December 31, 2012.

Debt Issuance Costs

Deferred financing costs are legal and other costs incurred in connection with obtaining new financing. During 2015, FASB Accounting Standards Update 2015-03, *Interest—Imputation of Interest (Subtopic 835-30)* ("ASU 2015-03") was issued. ASU 2015-03 simplifies the presentation of debt issuance costs and requires that debt issuance costs related to a recognized debt liability be presented in the balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company has elected to early adopt such guidance in order to simplify the accounting for its debt issuance costs. The Company has retrospectively applied the ASU 2015-03 to the December 31, 2013 activity included in the accompanying balance sheets at December 31, 2014 and 2013.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Issuance Costs (Continued)

ASU 2015-03 does not change the accounting for amortization of the debt issuance costs. The Company amortizes the debt issuance costs to interest expense over the term of the respective note payable using the effective yield method. Deferred financing costs amortized to interest expense amounted to $264,628 and $312,520 for the years ended December 31, 2014 and 2013, respectively.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 presentation. These reclassifications consist of debt issuances costs within the balance sheets accounted for in accordance with ASU 2015-03, as described above.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2014 and 2013:

	2014	2013
Facility under capital sublease	$ 7,500,000	$ 7,500,000
Machinery and equipment	20,124,788	20,340,169
Total property and equipment	27,624,788	27,840,169
Less: accumulated depreciation and amortization	(300,000)	-
Property and equipment, net	$27,324,788	$27,840,169

Depreciation expense related to the facility under capital sublease amounted to $300,000 for the year ended December 31, 2014. No depreciation expense has been recorded on the facility under capital sublease for the year ended December 31, 2013. There was no depreciation expense related to machinery and equipment recorded for the years ended December 31, 2014 and 2013. The Company plans to start production in the fourth quarter of 2016 at which time the machinery and equipment will be placed in service.

The Company plans to dispose of excess or not strategically useful machinery and equipment in future years. Management has identified $14,875,319 of machinery and equipment identified for disposal at December 31, 2014. However, management has determined that the sale of the identified machinery and equipment does not meet the requirements for held for sale as defined by FASB ASC 360, *Property, Plant and Equipment* since the sale is not probable and expected to be completed within one year. No impairment has been recorded as of December 31, 2014 and 2013 in the accompanying financial statements in regards to the potential sale of the machinery and equipment.

NOTE 3. CUSTOMER DEPOSITS

The Company has received customer deposits ranging from $100 to $1,000 per order for purposes of securing their vehicle production slot. As of December 31, 2014 and 2013, the Company received refundable deposits of $913,700 and $200,250, respectively, which are refundable upon demand. Refundable deposits are included in current liabilities in the accompanying balance sheets. As of December 31, 2014 and 2013, the Company received nonrefundable deposits of $14,852,183 and $2,616,200, respectively. The nonrefundable deposits are included in long term liabilities in the balance sheets since production is expected to begin in the fourth quarter of 2016.

NOTE 4. LONG-TERM DEBT

Senior Promissory Note

On February 28, 2013, in connection with the acquisition of certain machinery and equipment, the Company entered into a promissory note with GemCap Lending I, LLC, ("GemCap"), for $9,850,000. The note was secured by a first priority lien on certain machinery and equipment with an original value of $11,659,705 and is personally guaranteed by a shareholder. The note incurs interest at 15% per annum, payable monthly. All outstanding principal and interest was due upon maturity on February 28, 2014.

On February 27, 2014, the Company entered into the second amendment to the promissory note, which extended the maturity date to May 31, 2014 and reduced the interest rate to 12% per annum. On May 31, 2014, the Company entered into the third amendment to the promissory note, which extended the maturity date to July 31, 2014.

On August 1, 2014, CH Capital Lending, LLC, ("CH Capital") a related party, purchased the $9,850,000 promissory note from GemCap. On August 1, 2014, the Company and CH Capital entered into the fourth amendment to the promissory note, which extended the maturity date to July 31, 2015 and reduced the interest rate to 10% per annum.

On July 31, 2015, the Company entered into a forbearance agreement with CH Capital, which defers the enforcement of the collection of the promissory note until July 31, 2016. The debt is included in long term liabilities in the accompanying balance sheets.

Interest expense incurred on this note for the year ended December 31, 2014 and 2013 amounted to $1,238,155 and $1,264,083, respectively. During December 2013, the Company entered into the first amendment to the promissory note, which required the prepayment of the remaining interest due under the amended note at December 31, 2013. The Company prepaid $247,250, which is included in prepaid expenses and other current assets in the accompanying balance sheets at December 31, 2013, in accordance with the first amendment to the promissory note. The Company had no prepaid interest at December 31, 2014.

The debt is reflected net of debt issuance costs of $212,493 and $52,237 in the accompanying balance sheets at December 31, 2014 and 2013, respectively.

NOTE 4. LONG-TERM DEBT (Continued)

Subordinated Promissory Notes

On March 3, 2013, in connection with the acquisition of certain machinery and equipment, the Company entered into a promissory note with the Revitalizing Auto Communities Environmental Response Trust ("RACER") for $23,000,000. The promissory note is secured by a subordinated lien on certain machinery and equipment with an original value of $20,124,788. The note is non-interest bearing. In accordance with ASC 835-30, *Imputation of Interest*, a discount of $5,659,831 was recorded to reflect an imputed interest rate of 12% per annum which is based on the Company's credit, collateral, terms of repayment and similar prevailing market rates.

The outstanding balance and unamortized debt discount amounted to $21,038,818 and $2,389,228, respectively, at December 31, 2014. The outstanding balance and unamortized debt discount amounted to $21,126,147 and $4,470,496 at December 31, 2013, respectively. Monthly minimum payments of $173,500 per month are due beginning November 1, 2013 through September 1, 2016. The remaining outstanding principal is due on maturity September 1, 2016.

On November 1, 2013, the Company missed a required monthly minimum payment triggering default interest of 18% per annum in accordance with the promissory note agreement. The default was cured in December 2013; however, default interest remained in effect throughout 2014. Accrued default interest amounted to $1,942,267 at December 31, 2014 under the subordinated promissory note. There was no accrued default interest at December 31, 2013. Default interest expense incurred amounted to approximately $4,016,000 and $220,614 for the year ended December 31, 2014 and 2013.

On March 17, 2015, the Company entered into the first amendment to the subordinated promissory note with RACER. The first amendment delayed the monthly minimum payments from January 1, 2015 until January 1, 2016. The first amendment also extended the maturity date from September 1, 2016 to July 1, 2017. The principal balance outstanding shall continue to bear default interest of 18% per annum until the payments are resumed on January 1, 2016.

The debt is reflected net of debt issuance costs of $102,679 and $164,286 in the accompanying balance sheets at December 31, 2014 and 2013, respectively.

On December 5, 2014, the Company converted $1,600,000 of payables owed to one of the research and development vendors to a promissory note. The note incurs interest at the Federal Funds rate (0.34% at December 31, 2014) per annum. The outstanding principal and interest are payable at maturity on December 31, 2015. Interest expense incurred on the note for the year ended December 31, 2014 amounted to $255.

Related Party Subordinated Promissory Notes

On June 19, 2014, the Company entered into a promissory note agreement with a shareholder of the Company for $600,000. The promissory note incurs interest at 10% per annum. All accrued interest and unpaid principal are payable upon maturity. The note matured on December 31, 2014, but was amended and the maturity date was extended to July 31, 2016. The outstanding principal and interest amounted to $600,000 and $34,111, respectively, at December 31, 2014. Interest expense incurred on the note for the year ended December 31, 2014 amounted to $34,111.

NOTE 4. LONG-TERM DEBT (Continued)

Related Party Subordinated Promissory Notes (Continued)

On March 6, 2014, the Company entered into a promissory note agreement with a shareholder of the Company for $1,000,500. The promissory note incurs interest at 10% per annum. All accrued interest and unpaid principal are payable upon maturity at July 31, 2016. The outstanding principal and interest amounted to $1,000,500 and $8,097, respectively, at December 31, 2014. Interest expense incurred on the note for the year ended December 31, 2014 amounted to $8,097.

On May 30, 2014, the Company entered into a promissory note agreement with a shareholder of the Company for $300,000. The promissory note incurs interest at 10% per annum. All accrued interest and unpaid principal are payable upon maturity at July 31, 2016. The outstanding principal and interest amounted to $300,000 and $8,806, respectively, at December 31, 2014. Interest expense incurred on the note for the year ended December 31, 2014 amounted to $8,806.

The $1,000,500 and $300,000 promissory notes described above were issued with detachable warrants. The promissory notes have been discounted using the relative fair value approach for the fair value of the warrants and the fair value of the debt. As of December 31, 2014, the unamortized discount amounted to $988,659. Amortization of the discount amounted to $112,430 during 2014 using the effective interest method, which is included in the accompany statements of operations. See Note 5 for additional information regarding the warrants.

Estimated future amortization of the debt discount at December 31, 2014 is as follows:

Years ending December 31,	
2015	$ 624,416
2016	364,243
Total	$ 988,659

Convertible Notes Payable

The Company had executed various unsecured convertible notes payable (“convertible notes”) to multiple individuals and trusts. The convertible notes incurred interest, payable upon maturity, at 9% per annum on the principal amount. The convertible notes convert to common stock based on 200% of the ratio of the convertible note principal amount over the value of the Company.

At December 31, 2013, $285,000 and $57,563 of convertible notes principal and accrued interest, respectively, remained outstanding. At December 31, 2013, no convertible notes had been converted. During February 2014, the outstanding convertible notes and accrued interest were converted to 825 shares of common stock, which were transferred from the President and CEO’s personal holdings to the convertible note holders. The President and CEO did not receive any compensation for this transfer of shares. There are no outstanding convertible notes at December 31, 2014.

NOTE 4. LONG-TERM DEBT (Continued)

Annual principal maturities of long-term debt are as follows:

Years ending December 31,	
2015	$ 1,944,827
2016	32,876,647
Total	34,821,474
Less: amount representing imputed interest	(2,476,557)
Less: amount representing deferred loan costs	(315,172)
Less: amount representing discount on debt	(988,659)
	31,041,086
Less: current portion	(1,944,827)
	$29,096,259

NOTE 5. WARRANTS

During 2014, in connection with obtaining subordinated promissory notes for $1,000,500 from a stockholder, the Company issued detachable warrants for the purchase of up to an aggregate of 5% of the Company's common stock as of the date of the option agreement at an exercise price of $7,500,000. These warrants are exercisable, in whole or part at any time up until the expiration of the warrant agreement at December 15, 2024. The aggregate fair value attributed to these detachable warrants was $839,375.

The fair value for the warrant issued was calculated using the Black-Scholes model with the following assumptions:

Dividend yield	0.0%
Volatility	55.30%
Risk free interest rate	0.4%
Expected life	10 years

As of December 31, 2014, none of the warrants had been exercised.

During 2014, in connection with obtaining subordinated promissory notes for $300,000 from a stockholder, the Company issued detachable warrants for the purchase of up to an aggregate of 2% of the Company's common stock as of the date of the option agreement at an exercise price of $3,000,000. These warrants are exercisable, in whole or part at any time up until the expiration of the warrant agreement June, 29, 2025. The aggregate fair value attributed to these detachable warrants was $261,714.

NOTE 5. WARRANTS (Continued)

The fair value for the warrant issued was calculated using the Black-Scholes model with the following assumptions:

Dividend yield	0.0%
Volatility	55.30%
Risk free interest rate	0.5%
Expected life	10 years

As of December 31, 2014, none of the warrants had been exercised.

NOTE 6. INCOME TAXES

The Company has not recorded a provision for income taxes for the years ended December 31, 2014 and 2013 since the Company has incurred net losses from inception to December 31, 2014. The Company had deferred tax assets of $14,974,675 and $5,757,599 related to net operating loss carryforwards, which were fully reserved at December 31, 2014 and 2013, respectively, as further discussed below. The Company did not have any deferred tax liabilities at December 31, 2014 and 2013.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or the availability of refunds of previously paid taxes. The Company had federal and state net operating loss (“NOL”) carryforwards of approximately $37,437,000 and $14,394,000 at December 31, 2014 and 2013, respectively. These NOL carryforwards expire at various dates starting in December 31, 2016 for state and December 31, 2031 for federal returns. Management recorded a valuation allowance for $14,974,675 and $5,757,599 as of December 31, 2014 and 2013, respectively, against the deferred tax assets related to these NOL carryforwards, as realization of the benefits of these assets is uncertain. Management’s assessment is based on the Company’s historical and projected future taxable income.

NOTE 7. CAPITAL SUBLEASE OBLIGATION

On December 27, 2013, the Company entered into a long term capital sublease agreement with a related party for its manufacturing facility in Shreveport, Louisiana with an aggregate cost of $7,500,000, which is based on the recent selling price of the property. The imputed interest under the capital sublease amounted to 26.4%. Initial sublease payments are waived until the earlier of the start of production or August 1, 2015, after which sublease payments of $249,343 are payable monthly. Capital sublease payments increase by 3% on each 10 year anniversary of the sublease commencement date. The sublease expires on December 27, 2038 and includes two 25 year options to extend. The Company recognized $2,241,134 in interest expense under this sublease agreement for the year ended December 31, 2014, which is included in long term interest payable on the accompanying balance sheets as of December 31, 2014. No interest expense was recognized under this sublease agreement for the year ended December 31, 2013 as the amount is insignificant to the financial statements.

NOTE 7. CAPITAL SUBLEASE OBLIGATION (Continued)

On July 31, 2015, the Company entered into an amendment to the capital sublease agreement. The amendment deferred the monthly sublease payments of $249,343 until February 1, 2016. Monthly payments for the period February 1, 2016 through July 31, 2016 shall be deferred and shall be due and payable in full on August 1, 2016 under the amendment.

Future minimum sublease payments under the noncancelable capital sublease are summarized as follows based on the amendment dated July 31, 2015 as described above:

Years ending December 31,	
2015	$ -
2016	2,742,773
2017	2,992,116
2018	2,992,116
2019	2,992,116
Thereafter	58,841,158
Total minimum sublease payments	70,560,279
Less: amount representing interest	(63,060,279)
	$ 7,500,000

NOTE 8. STOCKHOLDERS' DEFICIT

During December 2013, in connection with an investor's capital contribution of $7,422,506, net of equity issuance fees of $77,494, the President and CEO transferred 10,000 shares of common stock from his personal holdings to the investor. The President and CEO did not receive any compensation for this transfer of shares. The Company's total shares issued and outstanding did not change as a result of this transfer during 2013.

During 2009, the Company received lobbying services from Black Swan, LLC ("Black Swan"). In exchange for these lobbying services, the Company issued a contingent equity grant. Black Swan is entitled to receive up to 4% of outstanding common stock of the Company if the Company receives funding in excess of $10,000,000 under the Advanced Technology Vehicle Manufacturing program. On July 17, 2014, the Company entered into an amended agreement where Black Swan relinquished their contingent equity grant in exchange for 125 shares of common stock. The Company recorded the common stock granted to Black Swan using the relative fair value approach based on the Company's estimated fair value. The grant vested immediately and $375,000 was recorded to general and administrative expenses in the accompanying statement of operations for the year ended December 31, 2014.

During December 2014, two of the Company's board members contributed $150,000 in exchange for 30 shares of common stock.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Sales Discounts

The Company provides a sales discount for nonrefundable deposit customers equal to 50% of the nonrefundable deposit, up to $500 per deposit. The deposit will be applied toward the purchase of vehicle at the time of customer purchase. No liability has been recorded for the nonrefundable deposit sales discount since the utilization cannot be reasonably estimated at this time. Future committed sales discounts offered amounted to approximately $7,435,000 and $1,308,100 as of December 31, 2014 and 2013, respectively.

Legal

In management's opinion, the Company is not currently involved in any legal proceedings, which, individually or in the aggregate, could have a material effect on its financial condition, operations and/or cash flows.

NOTE 10. RELATED PARTY TRANSACTIONS

During 2012, as part of the acquisition of the design rights for the vehicle, the Company assumed $426,159 in payables from a shareholder, ESG Engineering. There are no scheduled repayment terms, and the payables are non-interest bearing. Outstanding payables assumed amounted to $344,827 and $346,627 as of December 31, 2014 and 2013, respectively. The assumed payables are included in current liabilities on the accompanying balance sheets.

During 2014, the Company advanced to its President and CEO $74,966. This advance is reflected on the balance sheets as a long term asset. The advance is non-interest bearing and is due on demand. As of the date of the audit report, the President and CEO had not repaid the advance.

At December 31, 2013, the Company had advances due to a related party of $39,800. Accordingly, the advances are included in current liabilities on the accompanying balance sheets. The related party advances were repaid during 2014.

On August 1, 2014, CH Lending, a related party, purchased the promissory note from GemCap as further described in Note 4. In conjunction with the purchase, the Company and CH Lending entered into the fourth amendment to the promissory note which extended the maturity date to July 31, 2015 and reduced the interest rate to 10% per annum.

During 2014, the Company entered into three subordinated promissory notes with a stockholder of the Company for total proceeds of $1,900,500 as further discussed in Note 4 above. The secured promissory notes included detachable warrants as discussed in Note 4 and Note 5 above.

NOTE 11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events that have occurred through August 12, 2015, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements except as discussed in Note 1, Note 4, Note 7 and below.

During 2015, the Company issued various convertible notes for combined proceeds of approximately $2,500,000.

As of August 12, 2015, the Company has received additional refundable and nonrefundable customer deposits for purposes of securing their vehicle production slot of approximately $128,000 and $1,979,000, respectively.

PART III

Index to Exhibits

Item 17 Number	Exhibit
2.1	Articles of Incorporation, as amended
2.2	Amended and Restated Bylaws
3.1	Form of Convertible Subordinated Secured Note due September 30, 2022
3.2	Form of Registration Rights Agreement
3.3	Form of Pledge and Security Agreement
4.1	Form of Subscription Agreement
6.1	Loan and Security Agreement with GemCap Lending I, LLC dated February 28, 2013
6.2	Loan Agreement Schedule with GemCap Lending I, LLC dated February 28, 2013
6.3	Continuing Guarantee from Stuart Lichter dated February 28, 2013
6.4(i)	Amendment Number 4 to the Loan and Security Agreement and Loan Agreement Schedule with CH Capital Lending, LLC dated August 1, 2014
6.4(ii)	Fourth Amended and Restated Secured Promissory Note (Term Loan) to CH Capital Lending, LLC dated August 1, 2014
6.5	Forbearance Agreement with CH Capital Lending, LLC dated July 31, 2015
6.6	Promissory Note to Racer Trust
6.7	Security Agreement with Racer Trust
6.8	First Amendment to Promissory Note
6.9	Lease with Shreveport Business Park, LLC dated December 27, 2014
6.10	First Amendment to Lease with Shreveport Business Park, LLC dated July 31, 2015
6.11	Promissory Note and Security Agreement to IAV Automotive Engineering, Inc. dated December 5, 2014
6.12	Installment Payment Agreement with IAV Automotive Engineering, Inc. dated March 13, 2015
6.13	Promissory Note to Stuart Lichter dated March 6, 2014
6.14	Promissory Note to Stuart Lichter dated May 30, 2014
6.15	Secured Promissory Note to Stuart Lichter dated June 19, 2014
6.16	First Amendment to Secured Promissory Note to Stuart Lichter dated July 20, 2015
6.17	Option Agreement with Stuart Lichter dated as of December 15, 2014
6.18	Option Agreement with Stuart Lichter dated as of June 29, 2015
6.19	Form of Broker-Dealer Services Agreement with FundAmerica Securities, LLC
8.1	Form of Escrow Agreement (to be filed by amendment)
10.1	Power of attorney – reference is made to the signature page of this offering statement.
11.1	Consent of Holthouse Carlin & Van Trigt LLP
12.1	Opinion of Dill Dill Carr Stonbraker & Hutchings, P.C.
13.1	Testing the Waters materials

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form 1-A and has duly caused this offering statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, on August 27, 2015.

ELIO MOTORS, INC.

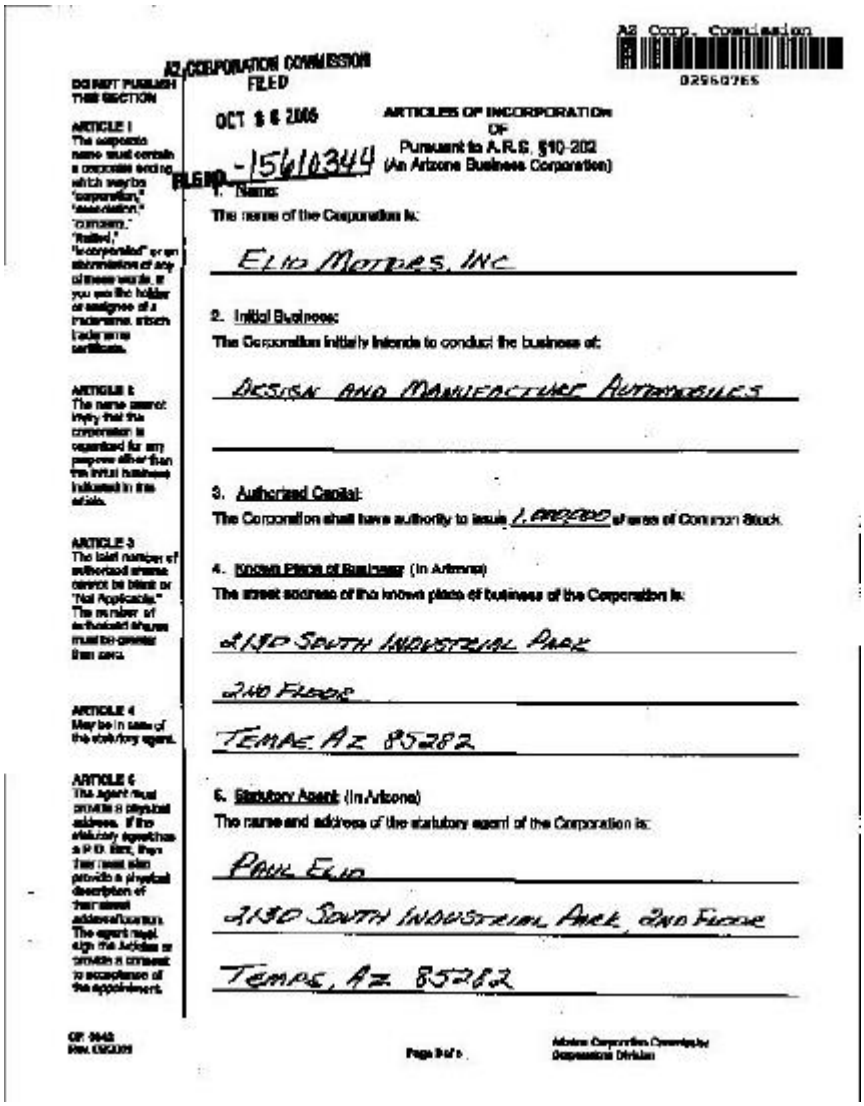
By: /s/ Paul Elio
Paul Elio, Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Paul Elio and Hari Iyer, or any of them, his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Form 1-A offering statement, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

This offering statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	**Title**	**Date**
/s/ Paul Elio Paul Elio	Chief Executive Officer and Director (Principal Executive Officer)	August 27, 2015
/s/ Connie Grennan Connie Grennan	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 27, 2015
/s/ Hari Iyer Hari Iyer	Director	August 27, 2015
/s/ James Holden James Holden	Director	August 27, 2015
/s/ Stuart Lichter Stuart Lichter	Director	August 27, 2015
/s/ David C. Schembri David C. Schembri	Director	August 27, 2015
/s/ Kenneth L. Way Kenneth L. Way	Director	August 27, 2015

Exhibit 2.1



AZ Corp. Commission
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AZ CORPORATION COMMISSION
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DO NOT PUBLISH THIS SECTION

ARTICLE I
The corporate name must contain a corporate ending which may be "corporation," "association," "company," "limited," "incorporated" or an abbreviation of any of these words. If you are the holder or assignee of a reserved name, attach Letter to this certificate.

ARTICLE II
The name cannot imply that the corporation is organized for any purpose other than the initial business indicated in this article.

ARTICLE III
The total number of authorized shares cannot be blank or "Not Applicable." The number of authorized shares must be greater than zero.

ARTICLE IV
May be in care of the statutory agent.

ARTICLE V
The agent must provide a physical address. If the statutory agent has a P.O. Box, they must also provide a physical description of their street address/location. The agent must sign the Articles or provide a consent to acceptance of the appointment.

ARTICLE OF INCORPORATION
OF
Pursuant to A.R.S. §10-202
(An Arizona Business Corporation)

1. Name:

The name of the Corporation is:

ELIO MOTORS, INC

2. Initial Business:

The Corporation initially intends to conduct the business of:

DESIGN AND MANUFACTURE AUTOMOBILES

3. Authorized Capital:

The Corporation shall have authority to issue 1,000,000 shares of Common Stock.

4. Known Place of Business (In Arizona)

The street address of the known place of business of the Corporation is:

2150 SOUTH INDUSTRIAL PARK

2ND FLOOR

TEMPE AZ 85282

5. Statutory Agent (In Arizona)

The name and address of the statutory agent of the Corporation is:

PAUL ELIO

2150 SOUTH INDUSTRIAL PARK, 2ND FLOOR

TEMPE, AZ 85282

CF 1643
Rev. 03/2001

Page 1 of 1

Arizona Corporation Commission
Corporations Division

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ARTICLE 6
A minimum of 1 director is required.

6. Board of Directors:

The initial board of directors shall consist of 1 director(s). The name(s) and address(es) of the person(s) who is/are to serve as the director(s) until the first annual meeting of shareholders or until his/her/their successor(s) is/are elected and qualifies is/are:

Name: Paul Ellis
Address: 2910 S. 48th Street, Suite 200
City, State, Zip: Tempe, AZ 85282

Name:
Address:
City, State, Zip:

Name:
Address:
City, State, Zip:

Name:
Address:
City, State, Zip:

The number of persons to serve on the board of directors thereafter shall be fixed by the Bylaws.

ARTICLE 7
A minimum of 1 incorporator is required. All incorporators must sign both the Articles of Incorporation and the Certificate of Disclosure.

7. Incorporator:

The name(s) and address(es) of the incorporator(s) is (are):

Name: Ellis Engineering, Inc.
Address: 2910 S. 48th Street, Suite 200
City, State, Zip: Tempe, AZ 85282

Name:
Address:
City, State, Zip:

All powers, duties and responsibilities of the incorporators shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission.

8. Indemnification of Officers, Directors, Employees and Agents:

The Corporation shall indemnify any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

9. Limitation of Liability:

To the fullest extent permitted by the Arizona Revised Statutes, as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its shareholders for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or omission of a director of the Corporation occurring prior to such repeal, amendment or modification.

On-going
Rev. 08/2010

Arizona Corporation Commission
Corporations Division

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Executed this 23rd day of October, 2009 by all of the incorporators.

Signed: [signature]

PAUL ELIO
Print Name Here

Print Name Here

ELIO ENGINEERING, INC.

Phone and fax numbers are optional

PHONE 480-765-9140

FAX 480-765-9142

The agent must consent to the appointment by executing the consent.

Acceptance of Appointment By Statutory Agent

The undersigned hereby acknowledges and accepts the appointment as statutory agent of the above-named corporation effective this 23rd day of October, 2009

[signature]
Signature

PAUL ELIO
Print Name Here

[If signing on behalf of a company serving as statutory agent, print company name here]

The Articles must be accompanied by a Certificate of Disclosure, executed within 30 days of delivery to the Commission, by all incorporators.

Or 0302
Rev. 08/2008

Arizona Corporation Commission
Corporations Division

PROFIT

CERTIFICATE OF DISCLOSURE

Pursuant to A.R.S. §10-202. (D).

Ello Motors, Inc.

EXACT CORPORATE NAME

A. Has any person serving either by election or appointment as officer, director, trustee, incorporator and persons controlling or holding over 10% of the issued and outstanding ownership shares or 10% of any other proprietary, beneficial or membership interest in the corporation:

1. Been convicted of a felony including a conviction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft or false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
3. Been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate whereby such injunction, judgment, decree or permanent order:
   (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
   (b) Involved the violation of the consumer fraud laws of that jurisdiction; or
   (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes_____ No_____

B. IF YES, the following information MUST be attached:

1. Full name, prior name(s) and all aliases, if used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediately preceding 7-year period).
5. Date and location of birth.
6. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

C. Has any person serving as an officer, director, trustee, incorporator or owner of over twenty percent of the issued and outstanding common shares or twenty per cent of any other proprietary, beneficial or membership interest in the corporation served in any such capacity or held a twenty per cent interest in any other corporation in any jurisdiction on the bankruptcy or receivership of the other corporation?

Yes_____ No_____

IF YOUR ANSWER TO THE ABOVE QUESTION IS YES, YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name (including aliases) and address of each person involved.
3. State(s) in which the corporation:
   (a) Was incorporated.
   (b) Has transacted business.
4. Dates of corporate operations.
5. Date and case number of bankruptcy or receivership.

Under penalties of law, the undersigned incorporator(s)/director(s) declare(s) that (he) (she) have examined this Certificate, including any attachments, and to the best of (his) (her) knowledge and belief it is true, correct and complete, and that all statements made therein are executed above. THIS IS A FUTURE FILING AND MUST BE SIGNED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY: _____ BY: _____

PRINT NAME: Paul Ello PRINT NAME: _____

TITLE CEO/President DATE 10/19/09 TITLE _____ DATE: _____

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days, any person becomes an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in the disclosure, the corporation must file an AMENDED certificate signed by at least one duly authorized officer of the corporation.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

253 1855 – Business Corporations
Rev. 09/09

Arizona Corporation Commission
Corporations Division

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

The Executive Director of the Arizona Corporation Commission does hereby certify that the attached copy of the following document:

ARTICLES OF AMENDMENT

consisting of 3 pages, is a true and complete copy of the original of said document on file with this office for:

ELIO MOTORS, INC
ACC file number: -1561034-4

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission on this date: July 15, 2015.

Jodi A. Jerich, Executive Director
By: Chelsea Schaffran

AZ CORPORATION COMMISSION
FILED

JUN 22 2015

FILE NO 1561034-4

AZ Corp. Commission
05102245

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

ARTICLES OF AMENDMENT
FOR-PROFIT CORPORATION
Read the Instructions C014i

1. **ENTITY NAME** – give the exact name of the corporation as currently shown in A.C.C. records:

   Elio Motors, Inc.

2. **A.C.C. FILE NUMBER:** 1561034-4
   Find the A.C.C. file number on the upper corner of filed documents OR on our website at: http://www.azcc.gov/Divisions/Corporations

3. Date on which the attached amendment was adopted: August 26, 2014.

4. Does the amendment provide for an exchange, reclassification or cancellation of **issued** shares?
   ☐ Yes – go to number 4.1 and continue. ☒ No – go to number 5 and continue.

   4.1 If your answer to number 4 was "yes," does the amendment contain provisions for implementing the exchange, reclassification or cancellation of issued shares?
   ☐ Yes – go to number 5 and continue. ☐ No – go to number 4.2 and continue.

   4.2 If your answer to number 4.1 was "no," you must provide a statement of the provisions for implementing the exchange, reclassification or cancellation of issued shares – attach a separate sheet with the statement.

5. Check one box concerning approval of the amendment and follow instructions (review the Instructions C014i for information about voting groups):
   ☐ Approved by incorporators or board of directors without shareholder action, and shareholder approval was not required or no shares have been issued– go to number 6.
   ☒ Approved by shareholders but not voting groups – complete numbers 5.1 and 5.2.
   ☐ Approved by shareholders *and* voting groups – complete numbers 5.1, 5.2, and 5.3.
   ☐ Approved by voting group(s) only – complete numbers 5.1 and 5.3.

   5.1 Shares – list below each class and/or series of shares and the total number of outstanding shares for each class or series (*example*: common stock, 100 shares). If more space is needed, check this box ☐ and complete and attach the Shares Issued Attachment form C097.

Class: Common Stock	Series:	Total: 50,125
Class:	Series:	Total:
Class:	Series:	Total:
Class:	Series:	Total:
Class:	Series:	Total:

5.2 Shareholder approval (all blanks must be filled in):

Total votes entitled to be cast	Votes in favor that were sufficient for approval of amendments	Votes against amendments
50,125	25,500	0

5.3 Voting Groups – complete each blank below *for each voting group.* Review the Instructions C014 for information about voting groups. If more space is needed, check this box ☐ and complete and attach the Voting Attachment form C089.

Voting Group (class / series)	Total votes in voting group	Indisputable votes at meeting	Votes in favor that were sufficient for approval of amendments	Votes against amendments

6. A copy of the corporation's amendment must be attached to these Articles.

SIGNATURE: By checking the box marked "I accept" below, I acknowledge *under penalty of perjury* that this document together with any attachments is submitted in compliance with Arizona law.

☑ I ACCEPT

Signature

Paul Elio

Printed Name

06/12/15

Date

REQUIRED – check only one:

☐ I am the **Chairman of the Board of Directors** of the corporation filing this document.	■ I am a duly-authorized **Officer** of the corporation filing this document.	☐ I am a duly authorized **bankruptcy trustee,** receiver, or other court-appointed fiduciary for the corporation filing this document.

Filing Fee: $25.00 (regular processing) Expedited processing – add $35.00 to filing fee. All fees are nonrefundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-4100

Please be advised that A.C.C. forms reflect only the minimum provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.
All documents filed with the Arizona Corporation Commission are **public record** and are open for public inspection.
If you have questions after reading the Instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

AMENDMENTS TO
ARTICLES OF INCORPORATION
OF
ELIO MOTORS, INC.

The following Articles are amended to state as follows:

ARTICLE 3. Authorized Capital:

The total authorized capital stock of the Corporation is 1,000,000 shares of common stock, no par value per share, and 500,000 shares of preferred stock, no par value per share. To the fullest extent permitted by the laws of the State of Arizona (currently set forth in Arizona Revised Statutes Section 10-602), as the same now exists or may hereafter be amended or supplemented, the Board of Directors may fix and determine the designations, rights, preferences or other variations of each class or series within each class of capital stock of the Corporation.

ARTICLE 4. Known Place of Business:

The street address of the known place of business of the Corporation is:

4620 North 16th Street, Suite C-218
Phoenix, Arizona 85016

The following Articles are added to the Corporation's Articles of Incorporation:

ARTICLE 10. Election to Opt-out of Arizona Corporate Takeover Act:

The Corporation hereby elects (i) pursuant to Section 10-2721(A)(1) of the Arizona Business Corporation Act, not to be subject to Article 2 (Control Share Acquisitions) of Chapter 23 of Title 10 of the Arizona Revised Statutes, and (ii) pursuant to Section 10-2743(A)(1) of the Arizona Business Corporation Act, not be subject to Article 3 (Business Combinations) of Chapter 23 of Title 10 of the Arizona Revised Statutes. This election shall apply to any successor provision to any of the foregoing.

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

The Executive Director of the Arizona Corporation Commission does hereby certify that the attached copy of the following document:

ARTICLES OF AMENDMENT
FOR-PROFIT CORPORATION

consisting of 3 pages, is a true and complete copy of the original of said document on file with this office for:

ELIO MOTORS, INC.
ACC file number: -1561034-4

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission on this date: August 10, 2015.

SEAL OF THE ARIZONA CORPORATION COMMISSION * 1912 * DITAT DEUS

Jodi A. Jerich, Executive Director

By: Jay Bong

AZ CORPORATION COMMISSION
FILED

JUL 14 2015

FILE NO. 15610344

AZ Corp. Commission
05153578

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

ARTICLES OF AMENDMENT
FOR-PROFIT CORPORATION
Read the Instructions C014I

1. **ENTITY NAME** – give the exact name of the corporation as currently shown in A.C.C. records:

   Elio Motors, Inc.

2. **A.C.C. FILE NUMBER:** 1561034-4
   Find the A.C.C. file number on the upper corner of filed documents OR on our website at: http://www.azcc.gov/Divisions/Corporations

3. Date on which the attached amendment was adopted: July 2, 2015.

4. Does the amendment provide for an exchange, reclassification or cancellation of **issued** shares?
   ☐ Yes – go to number 4.1 and continue. ☒ No – go to number 5 and continue.

   4.1 If your answer to number 4 was "yes," does the amendment contain provisions for implementing the exchange, reclassification or cancellation of issued shares?
   ☐ Yes – go to number 5 and continue. ☐ No – go to number 4.2 and continue.

   4.2 If your answer to number 4.1 was "no," you must provide a statement of the provisions for implementing the exchange, reclassification or cancellation of issued shares – attach a separate sheet with the statement.

5. Check one box concerning approval of the amendment and follow instructions (review the Instructions C014I for information about voting groups):
   ☐ Approved by incorporators or board of directors without shareholder action, and shareholder approval was not required or no shares have been issued– go to number 6.
   ☒ Approved by shareholders but not voting groups – complete numbers 5.1 and 5.2.
   ☐ Approved by shareholders *and* voting groups – complete numbers 5.1, 5.2, and 5.3.
   ☐ Approved by voting group(s) only – complete numbers 5.1 and 5.3.

   5.1 Shares – list below each class and/or series of shares and the total number of outstanding shares for each class or series (*example*: common stock, 100 shares). If more space is needed, check this box ☐ and complete and attach the Shares Issued Attachment form C097.

Class: Common Stock	Series:	Total: 50,155
Class:	Series:	Total:
Class:	Series:	Total:
Class:	Series:	Total:
Class:	Series:	Total:

5.2 Shareholder approval (all blanks must be filled in):

Total votes entitled to be cast	Votes in favor that were sufficient for approval of amendments	Votes against amendments
50,155	35,500	0

5.3 Voting Groups – complete each blank below *for each voting group.* Review the Instructions C014i for information about voting groups. If more space is needed, check this box ☐ and complete and attach the Voting Attachment form C089.

Voting Group (class / series)	Total votes in voting group	Indisputable votes at meeting	Votes in favor that were sufficient for approval of amendments	Votes against amendments

6. A copy of the corporation's amendment must be attached to these Articles.

SIGNATURE: By checking the box marked "I accept" below, I acknowledge *under penalty of perjury* that this document together with any attachments is submitted in compliance with Arizona law.

☑ I ACCEPT

Signature — Paul Elio (Printed Name) — 07/09/15 (Date)

REQUIRED – check only one:

☐ I am the **Chairman of the Board of Directors** of the corporation filing this document.	■ I am a duly-authorized **Officer** of the corporation filing this document.	☐ I am a duly authorized **bankruptcy trustee**, receiver, or other court-appointed fiduciary for the corporation filing this document.

Filing **Fee:** $25.00 (regular processing) Expedited processing – add $35.00 to filing fee. All fees are nonrefundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-4100

Please be advised that A.C.C. forms reflect only the **minimum** provisions required by **statute.** You should seek private legal counsel for those matters that may pertain to the individual needs of your business.
All documents filed with the Arizona Corporation Commission are **public record** and are open for public inspection.
If you have **questions** after reading the instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

EXHIBIT A

AMENDMENT TO ARTICLES OF INCORPORATION OF ELIO MOTORS, INC.

The following Article is amended to state as follows:

ARTICLE 3. Authorized Capital:

The total authorized capital stock of the Corporation is 100,000,000 shares of common stock, no par value per share, and 10,000,000 shares of preferred stock, no par value per share. To the fullest extent permitted by the laws of the State of Arizona (currently set forth in Arizona Revised Statutes Section 10-602), as the same now exists or may hereafter be amended or supplemented, the Board of Directors may fix and determine the designations, rights, preferences or other variations of each class or series within each class of capital stock of the Corporation.

Exhibit 2.2

AMENDED AND RESTATED BYLAWS
OF
ELIO MOTORS, INC.

ARTICLE I
REFERENCES; SENIORITY

A. REFERENCES. Any reference herein made to law will be deemed to refer to the law of the State of Arizona, including any applicable provision or provisions of Chapters 1-17 and Chapter 23 of Title 10, Arizona Revised Statutes (or its successor), as at any given time in effect. Any reference herein made to the Articles will be deemed to refer to the applicable provision or provisions of the Articles of Incorporation of the Corporation, and all amendments thereto, as at any given time on file with the Arizona Corporation Commission (this reference to that Commission being intended to include any successor to the incorporating and related functions being performed by that Commission at the date of the initial adoption of these Bylaws).

B. SENIORITY. Except as indicated in Article XIII of these Bylaws, the law and the Articles (in that order of precedence) will in all respects be considered senior and superior to these Bylaws, with any inconsistency to be resolved in favor of the law and the Articles (in that order of precedence), and with these Bylaws to be deemed automatically amended from time to time to eliminate any such inconsistency which may then exist.

C. SHAREHOLDERS OF RECORD. Except as otherwise required by law and subject to any procedure established by the Corporation pursuant to Arizona Revised Statutes Section 10-723 (or any comparable successor provision), the word "***shareholder***" as used herein shall mean one who is a holder of record of shares of capital stock in the Corporation.

ARTICLE II
OFFICES

A. PRINCIPAL OFFICE. The Principal Office of the Corporation in the State of Arizona shall be located in the City of Phoenix. The Corporation may have such other offices, either within or outside of the State of Arizona as the Board of Directors may designate, or as the business of the Corporation may require from time to time.

B. REGISTERED OFFICE. The Registered Office of the Corporation, required by the Arizona Business Corporation Act to be maintained in the State of Arizona, may be, but need not be, identical with the Principal Office in the State of Arizona, and the address of the Registered Office may be changed from time to time by the Board of Directors.

ARTICLE III
SHAREHOLDERS

A. ANNUAL MEETING. An annual meeting of shareholders shall be held for the election of directors at such date, time and place, either within or without the State of Arizona, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting. A special meeting may be called and held in lieu of an annual meeting pursuant to the provisions of Section 3.B below, and the same proceedings (including the election of directors) may be conducted thereat as at a regular meeting. Any director elected at any annual meeting, or special meeting in lieu of an annual meeting, will continue in office until the election of his or her successor, subject to his or her (a) earlier resignation, (b) removal, or (c) death or disqualification.

B. SPECIAL MEETINGS.

1. Except as otherwise required by law, special meetings of the shareholders may be held whenever and wherever called by the Chairman of the Board; the President; a majority of the Board of Directors; or shareholders as provided below. Subject to subsections (2) through (4) of this Section 3.B and Section 3.F(2), a special meeting of shareholders shall be called by the Secretary upon the written request (a "***Special Meeting Request***") of shareholders who, as of the date of the Secretary's receipt of the Special Meeting Request, hold in the aggregate at least 25% (the "***Requisite Percent***") of the voting power of the outstanding capital stock of the Corporation entitled to vote on the matter or matters to be brought before the proposed special meeting (each, a "***Requesting Shareholder***" and, collectively, the "***Requesting Shareholders***"). A Requesting Shareholder may revoke the Requesting Shareholder's participation in a Special Meeting Request at any time by written revocation delivered to the Secretary and, if following such revocation, the remaining un-revoked requests are from Requesting Shareholders holding in the aggregate less than the Requisite Percent, the Board, in its discretion, may cancel the special meeting.

2. The Secretary shall not be required to call a special meeting upon a shareholder request if (i) an annual or special meeting of shareholders that included an identical or substantially similar item of business, as determined in good faith by the Board of Directors ("***Similar Business***"), was held not more than ninety (90) days before the Special Meeting Request was received by the Secretary; (ii) the Board of Directors has called or calls for an annual or special meeting of shareholders to be held within ninety (90) days after the Secretary receives the Special Meeting Request and the Board of Directors determines in good faith that the business to be conducted at such meeting includes Similar Business (for purposes of this Section 3.B(2), the election of directors shall be deemed to be Similar Business with respect to all items of business involving the election or removal of directors, changing the size of the Board of Directors and the filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors); (iii) the Special Meeting Request relates to an item of business that is not a proper subject for shareholder action under applicable law; or (iv) such Special Meeting Request was made in a manner that involved a violation of Regulation 14A under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") or other applicable law.

3. A special meeting requested pursuant to a properly submitted Special Meeting Request shall be held at such date, time, and place within or without the State of Arizona as may be fixed by the Board of Directors; provided, however, that (i) the date of any such special meeting shall be not more than ninety (90) days after the Secretary's receipt of the properly submitted Special Meeting Request in the case of a Special Meeting Request relating to matters other than the election of directors and (ii) the date of any such special meeting shall be not more than one hundred and eighty (180) days after the Secretary's receipt of the properly submitted Special Meeting Request in the case of a Special Meeting Request relating to the election of directors.

4. Business transacted at any special meeting requested by the shareholders shall be limited to the purpose(s) stated in the Special Meeting Request; provided, however, that the Board of Directors shall have the authority in its discretion to submit additional matters to the shareholders, and to cause other business to be transacted, at any special meeting of shareholders.

C. PLACE OF MEETINGS. The Board of Directors may designate any place, either within or outside of the State of Arizona, as the place of meeting for any Annual Meeting or for any Special Meeting called by the Board of Directors. If no designation is made, or if a Special Meeting be otherwise called, the place of meeting shall be the Principal Office of the Corporation in the State of Arizona.

D. NOTICE OF MEETINGS. Notice of any meeting of the shareholders will be given as provided by law to each shareholder entitled to vote at such meeting and, if required by law, to each other shareholder of the Corporation. Any such notice may be waived as provided by law.

E. RIGHT TO VOTE. For each meeting of the shareholders, the Board of Directors will fix in advance a record date as contemplated by law, and the shares of stock and the shareholders "***entitled to vote***" (as that or any similar term is herein used) at any meeting of the shareholders will be determined as of the applicable record date. The Secretary (or in his or her absence an Assistant Secretary) will see to the making and production of any record of shareholders entitled to vote or otherwise entitled to notice of shareholders meetings, in either case which is required by law. Any voting entitlement may be exercised through proxy, or in such other manner as specifically provided by law, in accordance with the applicable law. In the event of contest, the burden of proving the validity of any undated or irrevocable proxy will rest with the person seeking to exercise the same. A telegram, cablegram, or facsimile appearing to have been transmitted by a shareholder (or by his or her duly authorized attorney-in-fact) or other means of voting by telephone or electronic transmission may be accepted as a sufficiently written and executed proxy if otherwise permitted by law.

F. NOTICE OF SHAREHOLDER BUSINESS AND NOMINATIONS.

1. Annual Meetings of Shareholders.

a. Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders only (i) pursuant to the Corporation's notice of meeting (or any supplement thereto), (ii) by or at the direction of the Board of Directors, or (iii) by any shareholder of the Corporation who was a shareholder at the time the notice provided for in this Section 3.F is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 3.F.

b. For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (iii) of paragraph (1)(a) of this Section 3.F, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such proposed business other than the nominations of persons for election to the Board of Directors must constitute a proper matter for shareholder action. To be timely, a shareholder notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business (i) with respect to business to be brought before the meeting, on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is changed by more than thirty (30) days from such anniversary date, notice by the shareholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation), and (ii) with respect to nominations of persons to be elected to the Board of Directors, the one-hundred eightieth (180th) day prior to the date of the meeting at which the election is to occur. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.

c. In addition to meeting the timely notice requirements of paragraph (1)(b) of this Section 3.F, in order for nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (iii) of paragraph (1)(a) of this Section 3.F, such shareholder's notice shall set forth: (i) as to each person whom the shareholder proposes to nominate for election as a director, (A) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act, and (B) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (ii) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language for the proposed amendment), the reasons for conducting such business at the meeting, and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (A) the name and address of such shareholder, as they appear on the Corporation's books, and of such beneficial owner, (B) the class and number of shares of capital stock of the Corporation that are owned beneficially and of record by such shareholder and such beneficial owner, (C) a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (D) a representation whether the shareholder or the beneficial owner, if any, intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from shareholders in support of such proposal or nomination. The foregoing notice requirements of clauses (ii) and (iii) of paragraph (1)(c) of this Section 3.F shall be deemed satisfied by a shareholder if the shareholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such shareholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

2. Special Meetings of Shareholders.

a. Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the shareholders may be made at a special meeting of shareholders only (i) pursuant to the Corporation's notice of meeting (or any supplement thereto), (ii) by or at the direction of the Board of Directors, or (iii) by Requesting Shareholders in compliance with Section 3.B and this Section 3.F.

b. For nominations or other business to be properly brought before a special meeting pursuant to clause (iii) of paragraph (2)(b) of this Section 3.F, the Special Meeting Request must be signed and dated by each of the Requesting Shareholders (or their duly authorized agents) and delivered to the Secretary. The Special Meeting Request must be sent to the Secretary at the principal executive offices of the Corporation by registered mail, return receipt requested. The Special Meeting Request shall set forth: (i) as to each person proposed to be nominated for election as a director, (A) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act, and (B) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (ii) as to any other business proposed to be brought before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language for the proposed amendment), the reasons for conducting such business at the meeting, and any material interest in such business of the Requesting Shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to each Requesting Shareholder and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (A) the name and address of such Requesting Shareholder, as they appear on the Corporation's books, and of such beneficial owner, (B) the class and number of shares of capital stock of the Corporation that are owned beneficially and of record by such Requesting Shareholder and such beneficial owner, (C) a representation that the Requesting Shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting (and intends to continue to be such a holder at the date of the meeting) and that at least one of the Requesting Shareholders (or a qualified representative of least one of the Requesting Shareholders) intends to appear in person or by proxy at the meeting to propose such business or nomination, (D) a representation that the Requesting Shareholder owns the stock of the Corporation in compliance with applicable law, including without limitation, that the Requesting Shareholder has received all necessary regulatory approvals to own and/or vote (or direct the voting of) the stock of the Corporation, (E) an acknowledgment by the Requesting Shareholder that any disposition of shares of stock of the Corporation held of record by such Requesting Shareholder as of the date of delivery of the Special Meeting Request and prior to the date of the special meeting of shareholders requested by such Requesting Shareholder shall constitute a revocation of such request with respect to such shares and if following such revocation, the remaining un-revoked requests are from Requesting Shareholders holding in the aggregate less than the Requisite Percent, the Board, in its discretion, may cancel the special meeting, and (F) a representation whether the Requesting Shareholder or the beneficial owner, if any, intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from shareholders in support of such proposal or nomination. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation. This Section 3.F is the exclusive means by which a shareholder may nominate persons for election to the Board of Directors and/or present other business at a special meeting of shareholders.

3. General.

a. Only such persons who are nominated in accordance with the procedures set forth in this Section 3.F shall be eligible to be elected at an annual or special meeting of shareholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 3.F. Except as otherwise provided by law, the Chairman of the meeting shall have the power and duty (i) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 3.F (including whether the shareholder or beneficial owner, if any, on whose behalf the nomination or proposal is made or solicited (or is part of a group that solicited) or did not so solicit, as the case may be, proxies in support of such shareholder's nominee or proposal in compliance with such shareholder's representation as required by clause (1)(c)(iii)(D) of this Section 3.F) and (ii) if any proposed nomination or business was not made or proposed in compliance with this Section 3.F, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 3.F, (x) if the shareholder, including a Requesting Shareholder (or a qualified representative of the shareholder) does not appear at the annual or a special meeting of shareholders of the Corporation to present a nomination or business such nomination shall be disregarded and such business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation and (y) if requested by the Chairman in the case of a special shareholders meeting, the Requesting Shareholders (or a qualified representative of the Requesting Shareholders) shall provide documentary evidence to the Corporation that the Requesting Shareholders have not made a disposition of shares of stock of the Corporation held of record by such Requesting Shareholders as of the date of delivery of the Special Meeting Request and prior to the date of the special meeting of shareholders requested by such Requesting Shareholders such that the remaining un-revoked requests as of the date of the special meeting are from Requesting Shareholders holding in the aggregate less than the Requisite Percent. For purposes of this Section 3.F, to be considered a qualified representative of the shareholder, a person must be authorized by a writing executed by such shareholder or an electronic transmission delivered by such shareholder to act for such shareholder as proxy at the meeting of shareholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of shareholders.

b. For purposes of this Section 3.F, "***public announcement***" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

c. Notwithstanding the foregoing provisions of this Section 3.F, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 3.F. Nothing in this Section 3.F shall be deemed to affect any rights (i) of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 of the Exchange Act or (ii) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Articles.

G. RIGHT TO ATTEND. Except only to the extent of persons designated by the Board of Directors or the Chairman of the meeting to assist in the conduct of the meeting (as referred to in Sections 3.I and 3.J below) and except as otherwise permitted by the Board or such Chairman, the persons entitled to attend any meeting of shareholders may be confined to (i) shareholders entitled to vote thereat and other shareholders entitled to notice of the meeting and (ii) the persons upon whom proxies valid for purposes of the meeting have been conferred or their duly appointed substitutes (if the related proxies confer a power of substitution); provided, however, that the Board of Directors or the Chairman of the meeting may establish rules limiting the number of persons referred to in clause (ii) as being entitled to attend on behalf of any shareholder so as to preclude such an excessively large representation of such shareholder at the meeting as, in the judgment of the Board or such Chairman, would be unfair to other shareholders represented at the meeting or be unduly disruptive of the orderly conduct of business at such meeting (whether such representation would result from fragmentation of the aggregate number of shares held by such shareholder for the purpose of conferring proxies, from the naming of an excessively large proxy delegation by such shareholder or from employment of any other device). A person otherwise entitled to attend any such meeting will cease to be so entitled if, in the judgment of the Chairman of the meeting, such person engages thereat in disorderly conduct impeding the proper conduct of the meeting in the interests of all shareholders as a group.

H. QUORUM.

1. A majority of the votes entitled to be cast on the matter by a voting group, represented in person or by proxy, constitutes a quorum of that voting group for action on that matter. If no specific voting group is designated in the Articles of Incorporation or under the Arizona Business Corporation Act for a particular matter, all outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a voting group. In the absence of a quorum at any such meeting, a majority of the shares so represented may adjourn the meeting from time to time for a period not to exceed one hundred twenty (120) days without further notice. However, if the adjournment is for more than one hundred twenty (12) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Shareholder of record entitled to vote at the meeting.

2. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Shareholders whose absence would cause there to be less than a quorum.

I. ELECTION INSPECTORS. The Board of Directors, in advance of any shareholders meeting may appoint an election inspector or inspectors to act at such meeting (and any adjournment thereof). If an election inspector or inspectors are not so appointed, the Chairman of the meeting may or, upon the request of any person entitled to vote at the meeting will, make such appointment. If any person appointed as an inspector fails to appear or to act, a substitute may be appointed by the Chairman of the meeting. If appointed, the election inspector or inspectors (acting through a majority of them if there be more than one) will determine the number of shares outstanding, the authenticity, validity and effect of proxies, the credentials of persons purporting to be shareholders or persons named or referred to in proxies, and the number of shares represented at the meeting in person and by proxy; they will receive and count votes, ballots and consents and announce the results thereof; they will hear and determine all challenges and questions pertaining to proxies and voting; and, in general, they will perform such acts as may be proper to conduct elections and voting with complete fairness to all shareholders. No such election inspector need be a shareholder of the Corporation.

J. ORGANIZATION AND CONDUCT OF MEETINGS. Each shareholders meeting will be called to order and thereafter chaired by the Chairman of the Board if there then is one; or, if not, or if the Chairman of the Board is absent or so requests, then by the President; or if both the Chairman of the Board and the President are unavailable, then by such other officer of the Corporation or such shareholder as may be appointed by the Board of Directors. The Secretary (or in his or her absence an Assistant Secretary) of the Corporation will act as secretary of each shareholders meeting; if neither the Secretary nor an Assistant Secretary is in attendance, the Chairman of the meeting may appoint any person (whether a shareholder or not) to act as secretary thereat. After calling a meeting to order, the Chairman thereof may require the registration of all shareholders intending to vote in person, and the filing of all proxies, with the election inspector or inspectors, if one or more have been appointed (or, if not, with the secretary of the meeting). After the announced time for such filing of proxies has ended, no further proxies or changes, substitutions or revocations of proxies will be accepted. If directors are to be elected, a tabulation of the proxies so filed will, if any person entitled to vote in such election so requests, be announced at the meeting (or adjournment thereof) prior to the closing of the election polls.

Absent a showing of bad faith on his or her part, the Chairman of a meeting will, among other things, have absolute authority to determine the order of business to be conducted at such meeting and to establish rules for, and appoint personnel to assist in, preserving the orderly conduct of the business of the meeting (including any informal, or question and answer, portions thereof). Rules, regulations or procedures regarding the conduct of the business of a meeting, whether adopted by the Board of Directors or prescribed by the Chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to shareholders of record of the Corporation, their duly authorized and constituted proxies (subject to Section 3.G) or such other persons as the Chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the Chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with the rules of parliamentary procedure. Any informational or other informal session of shareholders conducted under the auspices of the Corporation after the conclusion of or otherwise in conjunction with any formal business meeting of the shareholders will be chaired by the same person who chairs the formal meeting, and the foregoing authority on his or her part will extend to the conduct of such informal session.

K. MANNER OF ACTING. If a quorum is present, action on a matter, other than the election of directors, by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action and such action shall be the act of the Shareholders, unless the vote of a greater proportion or number or voting by groups is otherwise required by the Arizona Business Corporation Act, the Articles, or these Bylaws.

L. PROXIES.

1. At all meetings of Shareholders, a Shareholder may vote by proxy by signing an appointment form or similar writing, either personally or by his or her duly authorized attorney-in-fact. A Shareholder may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype, or other electronic transmission providing a written statement of the appointment to the proxy, a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy or to the Corporation. The transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the Shareholder transmitted or authorized the transmission of the appointment. The proxy appointment form or similar writing shall be filed with the Secretary of the Corporation and is valid for eleven (11) months unless a different period is expressly provided in the appointment form or similar writing.

2. Any complete copy, including an electronically transmitted facsimile, of an appointment of a proxy may be substituted for or used in lieu of the original appointment for any purpose for which the original appointment could be used.

3. Revocation of a proxy does not affect the right of the Corporation to accept the proxy's authority unless (i) the Corporation had notice that the appointment was coupled with an interest and notice that such interest is extinguished is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises his or her authority under the appointment, or (ii) other notice of the revocation of the appointment is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises his or her authority under the appointment. Other notice of revocation may, in the discretion of the corporation, be deemed to include the appearance at a Shareholder's meeting of the Shareholder who granted the proxy and his or her voting in person on any matter subject to a vote at such meeting.

4. The death or incapacity of the Shareholder appointing a proxy does not affect the right of the Corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises his or her authority under the appointment.

5. The Corporation shall not be required to recognize an appointment made irrevocable if it has received a writing revoking the appointment signed by the Shareholder (including a Shareholder who is a successor to the Shareholder who granted the proxy) either personally or by his or her attorney-in-fact, notwithstanding that the revocation may be a breach of an obligation of the Shareholder to another person not to revoke the appointment.

M. VOTING OF SHARES. Unless otherwise provided by these Bylaws or the Articles, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of Shareholders, and each fractional share shall be entitled to a corresponding fractional vote on each such matter. Only shares are entitled to vote.

N. VOTING OF SHARES BY CERTAIN SHAREHOLDERS.

1. If the name on a vote, consent, waiver, proxy appointment, or proxy appointment revocation corresponds to the name of a Shareholder, the Corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and give it effect as the act of the Shareholder.

2. If the name signed on a vote, consent, waiver, proxy appointment or proxy appointment revocation does not correspond to the name of a Shareholder, the Corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and to give it effect as the act of the Shareholder if:

a. The Shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;

b. The name signed purports to be that of an administrator, executor, guardian or conservator representing the Shareholder and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

c. The name signed purports to be that of a receiver or trustee in bankruptcy of the Shareholder and, if the Corporation requests, evidence of this status acceptable to the Corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

d. The name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the Shareholder and, if the Corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the Shareholder has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

e. Two (2) or more persons are the Shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one (1) of the co-tenants or fiduciaries, and the person signing appears to be acting on behalf of all the co-tenants or fiduciaries; or

f. The acceptance of the vote, consent, waiver, proxy appointment or proxy appointment revocation is otherwise proper under rules established by the Corporation that are not inconsistent with this Section 3.N.

3. The Corporation is entitled to reject a vote, consent, waiver, proxy appointment or proxy appointment revocation if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Shareholder.

4. Neither the Corporation nor any of its directors, officers, employees, or agents who accepts or rejects a vote, consent, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section is liable in damages for the consequences of the acceptance or rejection.

5. Redeemable shares are not entitled to be voted after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company or other financial institution under an irrevocable obligation to pay the holders of the redemption price on surrender of the shares.

O. ACTION BY SHAREHOLDERS WITHOUT A MEETING.

1. Unless the Articles of Incorporation or these Bylaws provide otherwise, action required or permitted to be taken at a meeting of Shareholders may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Shareholder entitled to vote and delivered to the Secretary of the Corporation for inclusion in the minutes or for filing with the corporate records. Action taken under this Section is effective when all Shareholders entitled to vote have signed the consent, unless the consent specifies a different effective date.

2. Any such writing may be received by the Corporation by electronically transmitted facsimile or other form of wire or wireless communication providing the Corporation with a complete copy thereof, including a copy of the signature thereto. The Shareholder so transmitting such a writing shall furnish an original of such writing to the Corporation for the permanent record of the Corporation, but the failure of the Corporation to receive or record such original writing shall not affect the action so taken.

3. The record date for determining Shareholders entitled to take action without a meeting shall be the date the written consent is first received by the Corporation.

P. VOTING BY BALLOT. Voting on any question or in any election may be by voice vote unless the presiding Officer shall order or any Shareholder shall demand that voting be by ballot.

Q. WAIVER OF NOTICE.

1. When any notice is required to be given to any Shareholder, a waiver thereof in writing signed by the person entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice.

2. The attendance of a Shareholder at any meeting shall constitute a waiver of notice, waiver of objection to defective notice of such meeting, or a waiver of objection to the consideration of a particular matter at the Shareholder meeting unless the Shareholder, at the beginning of the meeting, objects to the holding of the meeting, the transaction of business at the meeting, or the consideration of a particular matter at the time it is presented at the meeting.

ARTICLE IV
BOARD OF DIRECTORS

A. GENERAL POWERS. The business and affairs of the Corporation shall be managed by its Board of Directors.

B. PERFORMANCE OF DUTIES. A Director of the Corporation shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his duties, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in paragraphs 1., 2., and 3 of this Section 4.B; but he or she shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his or her other duties shall not have any liability by reason of being or having been a Director of the Corporation. Those persons and groups on whose information, opinions, reports, and statements a Director is entitled to rely are:

1. One or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

2. Legal counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional or expert competence; or

3. A committee of the Board upon which he or she does not serve, duly designated in accordance with the provision of the Articles of Incorporation or the Bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

C. NUMBER, TENURE AND QUALIFICATIONS.

1. The number of Directors of the Corporation shall be fixed from time to time by resolution of the Board of Directors, but in no instance shall there be less than one Director. Each Director shall hold office until the next Annual Meeting of Shareholders or until his or her successor shall have been elected and qualified. Directors need not be residents of the State of Arizona or Shareholders of the Corporation.

2. There shall be a Chairman of the Board, who has been elected from among the Directors. He or she shall preside at all meetings of the Stockholders and of the Board of Directors.

D. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the Annual Meeting of Shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Arizona, for the holding of additional regular meetings without other notice than such resolution.

E. SPECIAL MEETINGS. Special Meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board of Directors may fix at any place, either within or without the State of Arizona, as the place for holding any Special Meeting of the Board of Directors called by them.

F. NOTICE. Written notice of any Special Meeting of Directors shall be given as follows:

1. By mail to each Director at his business address at least two (2) days prior to the meeting; or

2. By personal delivery, facsimile or telegram at least twenty-four (24) hours prior to the meeting to the business address of each Director, or in the event such notice is given on a Saturday, Sunday or holiday, to the residence address of each Director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice is given by facsimile, such notice shall be deemed to be delivered when a confirmation of the transmission of the facsimile has been received by the sender. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company.

3. Any Director may waive notice of any meeting.

4. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

5. Neither the business to be transacted at, nor the purpose of, any regular or Special Meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

6. When any notice is required to be given to a Director, a waiver thereof in writing signed by such Director, whether before, at or after the time stated therein, shall constitute the giving of such notice.

G. QUORUM. A majority of the number of Directors fixed by or pursuant to Section 4.B of this Article IV, or if no such number is fixed, a majority of the number of Directors in office immediately before the meeting begins, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

H. MANNER OF ACTING. Except as otherwise required by law or by the Articles of Incorporation, the affirmative vote of the majority of the Director present at a meeting at which a quorum is present shall be the act of the Board of Directors.

I. INFORMAL ACTION BY DIRECTORS OR COMMITTEE MEMBERS. Unless the Articles of Incorporation or these Bylaws provide otherwise, any action required or permitted to be taken at a meeting of the Board of Directors or any committee designated by said Board may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Director or committee member, and delivered to the Secretary for inclusion in the minutes or for filing with the corporate records. Action taken under this section is effective when all Directors or committee members have signed the consent, unless the consent specifies a different effective date. Such consent has the same force and effect as an unanimous vote of the Directors or committee members and may be stated as such in any document.

J. PARTICIPATION BY ELECTRONIC MEANS. Any members of the Board of Directors or any committee designated by such Board may participate in a meeting of the Board of Directors or committee by means of telephone conference or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

K. VACANCIES.

1. Any vacancy on the Board of Directors may be filled by the affirmative vote of a majority of the Shareholders or the Board of Directors. If the Directors remaining in office constitute fewer than a quorum of the Board, the Directors may fill the vacancy by the affirmative vote of a majority of all the Directors remaining in office.

2. If elected by the Directors, the Director shall hold office until the next annual Shareholders' meeting at which Directors are elected. If elected by the Shareholders, the Director shall hold office for the unexpired term of his or her predecessor in office; except that, if the Director's predecessor was elected by the Directors to fill a vacancy, the Director elected by the Shareholders shall hold the office for the unexpired term of the last predecessor elected by the Shareholders.

3. If the vacant office was held by a Director elected by a voting group of Shareholders, only the holders of shares of that voting group are entitled to vote to fill the vacancy if it is filled by the Shareholders, and, if one or more of the remaining Directors were elected by the same voting group, only such Directors are entitled to vote to fill the vacancy if it is filled by the Directors.

L. RESIGNATION. Any Director of the Corporation may resign at any time by giving written notice to the Secretary of the Corporation. The resignation of any Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. When one or more Directors shall resign from the Board, effective at a future date, a majority of the Directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

M. REMOVAL. Subject to any limitations contained in the Articles of Incorporation, any Director or Directors of the Corporation may be removed at any time, with or without cause, in the manner provided in the Arizona Business Corporation Act.

N. COMMITTEES. By resolution adopted by a majority of the Board of Directors, the Directors may designate two (2) or more Directors to constitute a committee, any of which shall have such authority in the management of the Corporation as the Board of Directors shall designate and as shall be prescribed by the Arizona Business Corporation Act and Article XII of these Bylaws.

O. COMPENSATION. By resolution of the Board of Directors and irrespective of any personal interest of any of the Members, or the Board of Directors, each Director may be paid his or her expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a stated salary as Director or a fixed sum for attendance at each meeting of the Board of Directors or both. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

P. PRESUMPTION OF ASSENT. A Director of the Corporation who is present at a meeting of the Board of Directors or committee of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless:

1. the Director objects at the beginning of the meeting, or promptly upon his or her arrival, to the holding of the meeting or the transaction of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting;

2. the Director contemporaneously requests that his or her dissent or abstention as to any specific action taken be entered in the Minutes of the meeting; or

3. the Director causes written notice of his or her dissent or abstention as to any specific action to be received by the presiding officer of the meeting before its adjournment or by the Corporation promptly after the adjournment of the meeting. A Director may dissent to a specific action at a meeting, while assenting to others. The right to dissent to a specific action taken at a meeting of the Board of Directors or a committee of the Board shall not be available to a Director who voted in favor of such action.

ARTICLE V
OFFICERS

A. NUMBER. The officers of the Corporation shall be a Chief Executive Officer and/or President, a Secretary, and a Chief Financial Officer and/or Treasurer, each of whom must be a natural person who is eighteen (18) years or older and shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two (2) or more offices may be held by the same person.

B. ELECTION AND TERM OF OFFICE. The officers of the Corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the Shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as practicable. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his or her death or until he shall resign or shall have been removed in the manner hereinafter provided.

C. REMOVAL AND RESIGNATION.

1. Any officer or agent may be removed by the Board of Directors at any time, with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

2. An officer or agent may resign at any time by giving written notice of resignation to the Secretary of the Corporation. The resignation is effective when notice is received by the Corporation unless the notice specifies a later effective date.

D. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

E. PRESIDENT. The President shall be the Chief Executive Officer of the Corporation and, subject to the control of the Board of Directors, shall, in general, supervise and control all of the business and affairs of the Corporation. He or she shall, when present, and in the absence of a Chair of the Board, preside at all meetings of the Shareholders and of the Board of Directors. He or she may sign, with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation and deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

F. VICE PRESIDENT. If elected or appointed by the Board of Directors, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall, in the absence of the President or in the event of his or her death, inability or refusal to act, perform all duties of the President, and when so acting, shall have all the powers of and be subject all the restrictions upon the President. Any Vice President may sign, with the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, certificates for shares of the Corporation; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

G. SECRETARY. The Secretary shall:

1. Prepare and maintain as permanent records the minutes of the proceedings of the Shareholders and the Board of Directors, a record of all actions taken by the Shareholders or Board of Directors without a meeting, a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Corporation, and a record of all waivers of notice and meetings of Shareholders and of the Board of Directors or any committee thereof.

2. Ensure that all notices are duly given in accordance with the provisions of these Bylaws and as required by law.

3. Serve as custodian of the corporate records and of the seal of the Corporation and affix the seal to all documents when authorized by the Board of Directors.

4. Keep at the Corporation's registered office or principal place of business a record containing the names and addresses of all Shareholders in a form that permits preparation of a list of Shareholders arranged by voting group and by class or series of shares within each voting group, that is alphabetical within each class or series held by, each Shareholder, unless such a record shall be kept at the office of the Corporation's transfer agent or registrar.

5. Maintain at the Corporation's principal office the originals or copies of the Corporation's Articles of Incorporation, Bylaws, Minutes of all Shareholders' meetings and records of all action taken by Shareholders without a meeting for the past three years, all written communications within the past three (3) years to Shareholders as a group or the holders of any class or series of shares as a group, a list of the names and business addresses of the current directors and officers, a copy of the Corporation's most recent corporate report filed with the Secretary of State, and financial statements showing in reasonable detail the Corporation's assets and liabilities and results of operations for the last three (3) years.

6. Have general charge of the stock transfer books of the Corporation, unless the Corporation has a transfer agent.

7. Authenticate records of the Corporation.

8. In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of the Board of Directors. Assistant Secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary. The Directors and/or Shareholders may however respectively designate a person other than the Secretary or Assistant Secretary to keep the Minutes of their respective meetings.

9. Any books, records, or minutes of the Corporation may be in written form or in any form capable of being converted into written form within a reasonable time.

H. TREASURER. The Treasurer shall be the Chief Financial Officer of the Corporation and, subject to the control of the Board of Directors, shall:

1. Have charge and custody of and be responsible for all funds and securities of the Corporation.

2. Receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article VI of these Bylaws.

3. In general, perform all of the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

I. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries, when authorized by the Board of Directors, may sign with the Chair or Vice Chair of the Board of Directors or the President or a Vice President certificates for shares of the Corporation, the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

J. BONDS. If the Board of Directors, by resolution shall so require, any officer or agent of the Corporation shall give bond to the Corporation in such amount and with such surety as the Board of Directors may deem sufficient, conditioned upon the faithful performance of their respective duties and offices.

K. SALARIES. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation.

ARTICLE VI
CONTRACTS, LOANS, CHECKS AND DEPOSITS

A. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

B. LOANS. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

C. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

D. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII
SHARES, CERTIFICATES FOR SHARES AND TRANSFER OF SHARES

A. REGULATION. The Board of Directors may make such rules and regulations as it may deem appropriate concerning the issuance, transfer and registration of certificates for shares of the Corporation, including the appointment of transfer agents and registrars.

B. SHARES WITHOUT CERTIFICATES.

1. Unless otherwise provided by the Articles of Incorporation or these Bylaws, the Board of Directors may authorize the issuance of any of its classes or series of shares without certificates. Such authorization shall not affect shares already represented by certificates until they are surrendered to the Corporation.

2. Within a reasonable time following the issue or transfer of shares without certificates, the Corporation shall send the Shareholder a complete written statement of the information required on certificates by the Arizona Business Corporation Act.

C. CERTIFICATES FOR SHARES.

1. If shares of the Corporation are represented by certificates, the certificates shall be respectively numbered serially for each class of shares, or series thereof, as they are issued, shall be impressed with the corporate seal or a facsimile thereof, and shall be signed by the Chair or Vice Chair of the Board of Directors or by the President or a Vice President and by the Treasurer or an Assistant Treasurer or by the Secretary or an Assistant Secretary; provided that such signatures may be facsimile if the certificates countersigned by a transfer agent, or registered by a registrar other than the Corporation itself or its employee. Each certificate shall state the name of the Corporation, the fact that the Corporation is organized or incorporated under the laws of the State of Arizona, the name of the person to whom issued, the date of issue, the class (or series of any class), and the number of shares represented thereby. A statement of the designations, preferences, qualifications, limitations, restrictions and special or relative rights of the shares of each class shall be set forth in full or summarized on the face or back of the certificates which the Corporation shall issue, or in lieu thereof, the certificate may set forth that such a statement or summary will be furnished to any Shareholder upon request without charge. Each certificate shall be otherwise in such form as may be prescribed by the Board of Directors and as shall conform to the rules of any stock exchange on which the shares may be listed.

2. The Corporation shall not issue certificates representing fractional shares and shall not be obligated to make any transfers creating a fractional interest in a share of stock. The Corporation may, but shall not be obligated to, issue scrip in lieu of any fractional shares, such scrip to have terms and conditions specified by the Board of Directors.

D. CANCELLATION OF CERTIFICATES. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificates shall be issued in lieu thereof until the former certificate for a like number of shares shall have been surrendered and canceled, except as herein provided with respect to lost, stolen or destroyed certificates.

E. LOST, STOLEN OR DESTROYED CERTIFICATES. Any Shareholder claiming that his certificate for shares is lost, stolen or destroyed may make an affidavit or affirmation of that fact and lodge the same with the Secretary of the Corporation, accompanied by a signed application for a new certificate. Thereupon, and upon giving of a satisfactory bond of indemnity to the Corporation not exceeding an amount double the value of the shares as represented by such certificate (the necessity for such bond and the amount required to be determined by the President and Treasurer of the Corporation), a new certificate may be issued of the same tenor and representing the same number, class and series of shares as were represented by the certificate alleged to be lost, stolen or destroyed.

F. TRANSFER OF SHARES. Subject to the terms of any Shareholder agreement relating to the transfer of shares or other transfer restrictions contained in the Articles of Incorporation or authorized therein, shares of the Corporation shall be transferable on the books of the Corporation by the holder thereof in person or by his duly authorized attorney, upon the surrender and cancellation of a certificate or certificates for a like number of shares. Upon presentation and surrender of a certificate for shares properly endorsed and payment of all taxes therefor, the transferee shall be entitled to a new certificate or certificates in lieu thereof. As against the Corporation, a transfer of shares can be made only on the books of the Corporation and in the manner hereinabove provided, and the Corporation shall be entitled to treat the holder of record of any share as the owner thereof and shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not is shall have express or other notice thereof, save as expressly provided by the statutes of the State of Arizona.

ARTICLE VIII
FISCAL YEAR

The fiscal year of the Corporation shall end on the last day of December in each calendar year.

ARTICLE IX
DISTRIBUTIONS

The Board of Directors may from time to time declare, and the Corporation may pay, distributions on its outstanding shares in the manner and upon the terms and conditions provided by the Arizona Business Corporation Act and its Articles of Incorporation.

ARTICLE X
CORPORATE SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of incorporation and the words "CORPORATE SEAL."

ARTICLE XI
AMENDMENTS

The Board of Directors shall have power, to the maximum extent permitted by the Arizona Business Corporation Act, to make, amend and repeal the Bylaws of the Corporation at any regular or special meeting of the Board unless the Shareholders, in making, amending, or repealing a particular Bylaw, expressly provide that the Directors may not amend or repeal such Bylaw. The Shareholders also shall have the power to make, amend or repeal the Bylaws of the Corporation at any annual meeting or at any special meeting called for that purpose.

ARTICLE XII
EXECUTIVE COMMITTEE

A. APPOINTMENT. The Board of Directors by resolution adopted by a majority of the full Board, may designate two (2) or more of its members to constitute an Executive Committee. The designation of such Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

B. AUTHORITY. The Executive Committee, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors except to the extent limited by the Arizona Business Corporation Act and to the extent, if any, that such authority shall be limited by the resolution appointing the Executive Committee.

C. TENURE AND QUALIFICATIONS. Each member of the Executive Committee shall hold office until the next regular annual meeting of the Board of Directors following his or her resignation and until his or her successor is designated as a member of the Executive Committee and is elected and qualified.

D. MEETINGS. Regular meetings of the Executive Committee may be held without notice at such time and places as the Executive Committee may fix from time to time by resolution. Special meetings of the Executive Committee may be called by any member thereof upon not less than one day's notice stating the place, date and hour of the meeting, which notice may be written or oral, and if mailed, shall be deemed to be delivered when deposited in the United States mail addressed to the member of the Executive Committee at his or her business address. Any member of the Executive Committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the Executive Committee need not state the business proposed to be transacted at the meeting.

E. QUORUM. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof, and action of the Executive Committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

F. INFORMAL ACTION BY EXECUTIVE COMMITTEE. Any action required or permitted to be taken by the Executive Committee at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Executive Committee entitled to vote with respect to the subject matter thereof.

G. VACANCIES. Any vacancy in the Executive Committee may be filled by a resolution adopted by a majority of the full Board of Directors.

H. RESIGNATIONS AND REMOVAL. Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by a majority of the full Board of Directors. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the President or Secretary of the Corporation, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

I. PROCEDURE. The Executive Committee shall elect a presiding officer from its members and may fix its own rules of procedure which shall not be inconsistent with these Bylaws. It shall keep regular minutes of its proceedings and report the same to the Board of Directors for its information at the meeting thereof held next after the proceedings shall have been taken.

ARTICLE XIII
EMERGENCY BYLAWS

A. The Emergency Bylaws provided in this Article XIII shall be operative during any emergency in the conduct of the business of the Corporation resulting from a catastrophic event that prevents the normal functioning of the offices of the Corporation, notwithstanding any different provision in the preceding articles of the Bylaws or in the Articles of Incorporation of the Corporation or in the Arizona Business Corporation Act. To the extent not inconsistent with the provisions of this Article, the Bylaws provided in the preceding articles shall remain in effect during such emergency and upon its termination the Emergency Bylaws shall cease to be operative.

B. During any such emergency:

1. A meeting of the Board of Directors may be called by any officer or director of the Corporation. Notice of the time and place of the meeting shall be given by the person calling the meeting to such of the Directors as it may be feasible to reach by any available means of communication. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting.

2. At any such meeting of the Board of Directors, a quorum shall consist of the number of Directors in attendance at such meeting.

3. The Board of Directors, either before or during any such emergency, may, effective in the emergency, change the principal office or designate several alternative principal offices, or authorize the officers to do so.

4. The Board of Directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such an emergency any or all officers or agents of the Corporation shall for any reason be rendered incapable of discharging their duties.

5. No officer, director or employee acting in accordance with these Emergency Bylaws shall be liable except for willful misconduct.

6. These Emergency Bylaws shall be subject to repeal or change by further action of the Board of Directors or by action of the Shareholders, but no such repeal or change shall modify the provisions of the next preceding paragraph with regard to action taken prior to the time of such repeal or change. Any amendment of these Emergency Bylaws may make any further or different provision that may be practical and necessary for the circumstances of the emergency.

CERTIFICATE

I hereby certify that the foregoing Bylaws, consisting of twenty-four (24) pages, including this page, constitute the Amended and Restated Bylaws of Elio Motors, Inc., adopted by the Board of Directors of the Corporation as of August 20, 2015.

/s/ Connie Grennan
CFO

Exhibit 3.1

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Original Issue Date: _____ __**, 2015**
Original Conversion Price (subject to adjustment herein): **$**[1]
Note Number: **2015-___**

$_____

CONVERTIBLE SUBORDINATED SECURED NOTE DUE SEPTEMBER 30, 2022

THIS CONVERTIBLE SUBORDINATED SECURED NOTE is one of a series of duly authorized and validly issued Convertible Subordinated Secured Notes of Elio Motors, Inc., an Arizona corporation (the "Company"), having its principal place of business at 2942 North 24th Street, Suite 114-700, Phoenix, Arizona 85016, designated as its Convertible Subordinated Secured Note due September 30, 2022 (this note, the "Note" and, collectively with the other such series of Notes, the "Notes").

FOR VALUE RECEIVED, the Company promises to pay to _____ or its registered assigns (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of $_____ on September 30, 2022 (the "Maturity Date") or such earlier date as this Note is required or permitted to be repaid as provided hereunder, and to pay interest to the Holder on the aggregate unconverted and then outstanding principal amount of this Note in accordance with the provisions hereof. Payment of the principal and interest of this Note is subordinated in right of payment to the prior payment of the Company's "Senior Facilities" (meaning all indebtedness, liabilities and obligations of the Company to CH Capital Lending, LLC, Revitalizing Auto Communities Environmental Response Trust and IAV Automotive Engineering, Inc.) of every kind and nature whatsoever, whether now existing or hereafter arising or created at any time pursuant to the Senior Facility documents. The Holder, by accepting this Note, agrees to such subordination. This Note is subject to the following additional provisions:

[1] $2,990.73 for Tier 1 subscription; $4,823.76 for Tier 2 subscription and $6,493.52 for Tier 3 subscription.

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, the following terms shall have the following meanings:

"Alternate Consideration" shall have the meaning set forth in Section 5(c).

"Bankruptcy Event" means any of the following events: (a) the Company commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company; (b) there is commenced against the Company any such case or proceeding that is not dismissed within 60 days after commencement; (c) the Company is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (d) the Company suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment; (e) the Company makes a general assignment for the benefit of creditors; (f) the Company calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or (g) the Company, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Business Day" means any day except Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Common Stock" means the common stock, no par value per share, of the Company and stock of any other class of securities into which such securities may hereafter be reclassified or changed into.

"Conversion Date" shall have the meaning set forth in Section 4(a).

"Conversion Price" shall have the meaning set forth in Section 4(b).

"Conversion Shares" means, collectively, the shares of Common Stock issuable upon conversion of this Note in accordance with the terms hereof.

"Default Amount" shall have the meaning set forth in Section 7(b).

"Effectiveness Period" shall have the meaning set forth in the Registration Rights Agreement.

"Event of Default" shall have the meaning set forth in Section 7.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exempt Issuance" means the issuance of (a) shares of Common Stock or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose by a majority of the members of the Board of Directors of the Company or a majority of the members of a committee of directors established for such purpose by the Board of Directors of the Company, (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise, exchange or conversion price of such securities, and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a Person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Company and in which the Company receives benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

"Fundamental Transaction" shall have the meaning set forth in Section 5(d).

"Note Register" shall have the meaning set forth in Section 2(b).

"Notice of Conversion" shall have the meaning set forth in Section 4(a).

"Original Issue Date" means the date of the first issuance of the Notes, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Notes.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the date of the Subscription Agreement, between the Company and the original Holder of this Note, as amended, modified or supplemented from time to time in accordance with its terms.

"Registration Statement" means a registration statement that registers the resale of all Conversion Shares of the Holder, names such Holder as a "selling stockholder" therein, and meets the requirements of the Registration Rights Agreement.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 4(c).

"Subscription Agreement" means the Subscription Agreement executed between the Company and the original Holder of this Note, as amended, modified or supplemented from time to time in accordance with its terms.

"Trading Day" means a day on which the principal Trading Market is open for business.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the NYSE MKT, the OTCQB, the OTCQX or the OTC Bulletin Board.

Section 2. Interest.

a) Payment of Interest in Cash. The Company shall pay interest to the Holder on the aggregate then unconverted and outstanding principal amount of this Note at the rate of 5% per annum, payable on the Maturity Date, in cash.

b) Interest Calculations. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the Original Issue Date until payment in full of the principal sum, together with all accrued and unpaid interest, liquidated damages and other amounts which may become due hereunder, has been made. Interest shall cease to accrue with respect to any principal amount converted, provided that the Company actually delivers the Conversion Shares within the time period required by Section 4(c)(ii) herein. Interest hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "Note Register").

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Subscription Agreement and may be transferred or exchanged only in compliance with applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Voluntary Conversion. At any time after the Original Issue Date until this Note is no longer outstanding, this Note, including the accrued and unpaid interest thereon, shall be convertible, in whole or in part, into shares of Common Stock at the option of the Holder, at any time and from time to time. The Holder shall effect conversions by delivering to the Company a Notice of Conversion, the form of which is attached hereto as Annex A (a "Notice of Conversion"), specifying therein the principal amount of this Note to be converted and the date on which such conversion shall be effected (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Note to the Company unless the entire principal amount of this Note, plus all accrued and unpaid interest thereon, has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion, less the amount allocable to the accrued and unpaid interest. The Holder and the Company shall maintain records showing the principal amount(s) converted and the date of such conversion(s). The Company may deliver an objection to any Notice of Conversion within 1 Business Day of delivery of such Notice of Conversion. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. **The Holder, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.**

b) Conversion Price. The conversion price in effect on any Conversion Date shall be equal to **$**[2], subject to adjustment herein (the "Conversion Price").

c) Mechanics of Conversion.

i. Conversion Shares Issuable Upon Conversion of Principal Amount. The number of shares of Common Stock issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding amount of this Note to be converted by (y) the Conversion Price.

ii. Delivery of Certificate Upon Conversion. Not later than five Trading Days after each Conversion Date (the "Share Delivery Date"), the Company shall deliver, or cause to be delivered, to the Holder a certificate or certificates representing the Conversion Shares.

iii. Failure to Deliver Certificates. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the fifth Trading Day after the Conversion Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such certificate or certificates, to rescind such Conversion, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return the Common Stock certificates representing the principal amount of this Note tendered for conversion to the Company.

[2] $2,990.73 for Tier 1 subscription; $4,823.76 for Tier 2 subscription and $6,493.52 for Tier 3 subscription.

iv. Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of this Note and payment of interest on this Note, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Notes), not less than such aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 5) upon the conversion of the outstanding principal amount of this Note and payment of interest hereunder. The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable and, if the Registration Statement is then effective under the Securities Act, shall be registered for public sale in accordance with such Registration Statement.

v. Fractional Shares. Upon a conversion hereunder the Company shall not be required to issue stock certificates representing fractions of shares of Common Stock.

vi. Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 5. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Company, at any time while this Note is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon conversion of, or payment of interest on, the Notes); (B) subdivides outstanding shares of Common Stock into a larger number of shares; (C) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares; or (D) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Stock Issuances. If the Company, at any time while the Note is outstanding, shall, other than in an Exempt Issuance transaction, issue shares of its Common Stock or rights, options or warrants with respect to its Common Stock at a price per share that is lower than the Conversion Price, then the Conversion Price shall be reduced to an amount equal to such consideration per share. Such adjustment shall be made whenever such shares, rights or warrants are issued, and shall become effective immediately after the issuance of the shares or the record date for the determination of stockholders entitled to receive such rights, options or warrants, as the case may be.

c) Fundamental Transaction. If, at any time while this Note is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person, (B) the Company effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (C) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (D) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a "Fundamental Transaction"), then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of 1 share of Common Stock (the "Alternate Consideration"). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of 1 share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new Note consistent with the foregoing provisions and evidencing the Holder's right to convert such Note into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 5(c) and insuring that this Note (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

d) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

e) Notice to the Holder.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 5, the Company shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be delivered to the Holder at its last address as it shall appear upon the Note Register, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert this Note during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice.

Section 6. Negative Covenants. As long as any portion of this Note remains outstanding, the Company shall not, directly or indirectly:

a) amend its charter documents, including, without limitation, its articles of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder;

b) pay cash dividends or distributions on any equity securities of the Company;

c) enter into any transaction with any Affiliate of the Company which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval); or

d) enter into any agreement with respect to any of the foregoing.

Section 7. Events of Default.

a) "Event of Default" means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount of any Note or (B) interest, liquidated damages and other amounts owing to a Holder on any Note, as and when the same shall become due and payable (whether on the Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within 20 Trading Days;

ii. any representation or warranty made in this Note, any written statement pursuant hereto or any other report, financial statement or certificate made or delivered to the Holder or any other Holder shall be untrue or incorrect in any material respect as of the date when made or deemed made;

iii. the Company shall be subject to a Bankruptcy Event;

iv. the Company shall default on any of its obligations under any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced, any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement that (a) involves an obligation greater than $10,000,000, whether such indebtedness now exists or shall hereafter be created, and (b) results in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable;

v. if, during the Effectiveness Period (as defined in the Registration Rights Agreement), either (a) the effectiveness of the Registration Statement lapses for any reason or (b) the Holder shall not be permitted to resell Registrable Securities (as defined in the Registration Rights Agreement) under the Registration Statement for a period of more than 20 consecutive Trading Days or 30 non-consecutive Trading Days during any 12 month period; provided, however, that if the Company is negotiating a merger, consolidation, acquisition or sale of all or substantially all of its assets or a similar transaction and, in the written opinion of counsel to the Company, the Registration Statement would be required to be amended to include information concerning such pending transaction(s) or the parties thereto which information is not available or may not be publicly disclosed at the time, the Company shall be permitted an additional 20 consecutive Trading Days during any 12 month period pursuant to this Section 7(a)(vi);

vi. the Company shall fail for any reason to deliver certificates to a Holder prior to the fifth Trading Day after a Conversion Date pursuant to Section 4(c) or the Company shall provide at any time notice to the Holder, including by way of public announcement, of the Company's intention to not honor requests for conversions of any Notes in accordance with the terms hereof; or

vii. any monetary judgment, writ or similar final process shall be entered or filed against the Company or any of its property or other assets for more than $10,000,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days.

b) Remedies Upon Event of Default. If any Event of Default occurs, the outstanding principal amount of this Note, plus accrued but unpaid interest, liquidated damages and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election, immediately due and payable in cash (the "Default Amount"). Commencing 5 days after the occurrence of any Event of Default that results in the eventual acceleration of this Note, the interest rate on this Note shall accrue at an interest rate equal to the lesser of 10% per annum or the maximum rate permitted under applicable law. Upon the payment in full of the Default Amount, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 7(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 8. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above, facsimile number (602) 424-5757 Attention: Connie Grennan or such other facsimile number or address as the Company may specify for such purpose by notice to the Holder delivered in accordance with this Section 8. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of such Holder appearing on the books of the Company, or if no such facsimile number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section 8 prior to 5:30 p.m. (New York City time), (ii) the date immediately following the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section 8 between 5:30 p.m. (New York City time) and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company. This Note ranks pari passu with all other Notes now or hereafter issued under the terms set forth herein.

c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of Arizona, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Note or the Subscription Agreement (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the Maricopa County, Arizona. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the Maricopa County for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of this Note or the Subscription Agreement), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such courts, that such suit, action or proceeding is improper or in an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If either party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver by the Company or the Holder must be in writing.

f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this indenture, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impeded the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

i) Assumption. Any successor to the Company or any surviving entity in a Fundamental Transaction shall (i) assume, prior to such Fundamental Transaction, all of the obligations of the Company under this Note and the Subscription Agreement pursuant to written agreements in form and substance satisfactory to the Holder (such approval not to be unreasonably withheld or delayed) and (ii) issue to the Holder a new Note of such successor entity evidenced by a written instrument substantially similar in form and substance to this Note, including, without limitation, having a principal amount and interest rate equal to the principal amount and the interest rate of this Note and having similar ranking to this Note, which shall be satisfactory to the Holder (any such approval not to be unreasonably withheld or delayed). The provisions of this Section 8(i) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations of this Note.

****

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

ELIO MOTORS, INC.

By: _____
Name:
Title:

ANNEX A

NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the Convertible Subordinated Secured Note due September 30, 2022 of Elio Motors, Inc., an Arizona corporation (the "Company"), into shares of common stock, no par value per share (the "Common Stock"), of the Company according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock.

Date to Effect Conversion:	
Principal Amount of Note to be Converted:	
Conversion Price:	
Number of shares of Common Stock to be issued:	
Signature:	
Name:	
Address:	

Schedule 1

CONVERSION SCHEDULE

The Convertible Subordinated Secured Note due on September 30, 2022 in the aggregate principal amount of $_____ are issued by Elio Motors, Inc. This Conversion Schedule reflects conversions made under Section 4 of the above referenced Note.

Dated:

Date of Conversion (or for first entry, Original Issue Date)	Amount of Conversion	Aggregate Principal Amount Remaining Subsequent to Conversion (or original Principal Amount)	Company Attest

Exhibit 3.2

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of March __, 2015, among Elio Motors, Inc., an Arizona corporation (the "Company") and the several purchasers signatory hereto (each such purchaser, a "Holder" and, collectively, the "Holders").

This Agreement is made pursuant to the Accredited Investor Subscription Agreement, dated as of the date hereof, between the Company and each Holder (the "Subscription Agreement") to subscribe for the Company's Convertible Subordinated Secured Notes due September 30, 2022 (the "Notes").

The Company and each Holder hereby agrees as follows:

1. Definitions

Capitalized terms used and not otherwise defined herein that are defined in the Subscription Agreement shall have the meanings given such terms in the Subscription Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have the meaning set forth in Section 6(c).

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, no par value per share, and any other class of securities into which such securities may hereafter be reclassified or changed into.

"Effectiveness Period" shall have the meaning set forth in Section 3(b).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"FINRA" means the Financial Industry Regulatory Authority.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 5(c).

"Indemnifying Party" shall have the meaning set forth in Section 5(c).

"Initial Public Offering" means the initial sale of any class of shares of equity securities of the Company, or their replacements or substitutes pursuant to an effective registration statement under the Securities Act (other than a registration statement on Form S-8, Form S-4 or any successor forms) or other applicable legislation, regulation or rules in any applicable jurisdiction that results in the initial public sale of equity securities and the listing or admission to trading of the equity securities on a Trading Market.

"Issuer Filing" shall have the meaning set forth in Section 3(h).

"Losses" shall have the meaning set forth in Section 5(a).

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Piggyback Notice" shall have the meaning set forth in Section 2(a).

"Piggyback Registration" shall have the meaning set forth in Section 2(a).

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means (i) all of the shares of Common Stock issuable upon conversion in full of the Notes, (ii) any additional shares of Common Stock issuable in connection with any anti-dilution provisions in the Notes and (iii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

"Registration Statement" means the registration statements required to be filed hereunder, including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated hereunder.

"Selling Securityholder Questionnaire" shall have the meaning set forth in Section 3(a).

"SEC Guidance" means (i) any publicly-available written or oral guidance, comments, requirements or requests of the Commission staff and (ii) the Securities Act.

"Trading Day" means a day on which the Common Stock is traded on a Trading Market.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the NYSE MKT, the OTCQB, the OTCQX or the OTC Bulletin Board.

"Transaction Documents" means this Agreement, the Notes, the Subscription Agreement and any other documents or agreements executed in connection with the transactions contemplated hereunder.

2. Piggyback Registration

(a) If, at any time after the Initial Public Offering, the Company proposes to file a registration statement under the Securities Act with respect to an offering of equity securities (other than a registration statement (i) on Form S-4, Form S-8 or any successor forms thereto or (ii) filed solely in connection with an exchange offer or any employee benefit or dividend reinvestment plan), then, each such time, the Company shall give prompt written notice of such proposed filing at least fifteen (15) days before the anticipated filing date (the "Piggyback Notice") to all of the holders of Registrable Securities. The Piggyback Notice shall offer such holders the opportunity to include in such registration statement the number of Registrable Securities as each such holder may request (a "Piggyback Registration"). Subject to Section 2(b) hereof, the Company shall include in each such Piggyback Registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after the Piggyback Notice has been given to the applicable holder. The eligible holders of Registrable Securities shall be permitted to withdraw all or part of the Registrable Securities from a Piggyback Registration at any time thirty (30) days prior to the effective date of such Piggyback Registration. The Company shall not be required to maintain the effectiveness of the Registration Statement for a Piggyback Registration beyond the earlier to occur of (i) 120 days after the effective date thereof and (ii) consummation of the distribution by the holders of the Registrable Securities included in such Registration Statement.

(b) The Company shall use reasonable efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit holders of Registrable Securities requested to be included in the registration for such offering to include all such Registrable Securities on the same terms and conditions as any other shares of capital stock, if any, of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such underwritten offering have informed the Company in writing that, in its view, the total amount of securities that such holders, the Company and any other Persons having rights to participate in such registration, intend to include in such offering is such as to adversely affect the success of such offering, then the amount of securities to be offered (i) for the account of holders of Registrable Securities and (ii) for the account of all such other Persons (other than the Company and holders of Registrable Securities) shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing underwriter or underwriters by first reducing, or eliminating if necessary, all securities of the Company requested to be included by such other Persons (other than the Company and holders of Registrable Securities) and then, if necessary, reducing the securities requested to be included by the holders of Registrable Securities requesting such registration pro rata among such holders on the basis of the percentage of the Registrable Securities requested to be included in such Registration Statement by such holders.

(c) The Company shall not be required to register any Registrable Securities pursuant to this Section 2 that are eligible for resale without volume limitations pursuant to Rule 144 promulgated under the Securities Act or that are the subject of a then effective Registration Statement.

3. Registration Procedures.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than five Trading Days prior to the filing of a Registration Statement and not less than one Trading Day prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in good faith, provided that the Company is notified of such objection in writing no later than 3 Trading Days after the Holders have been so furnished copies of a Registration Statement or 1 Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex A (a "Selling Securityholder Questionnaire"), which form shall be sent with the draft of the Registration Statement, not less than two Trading Days following the date on which such Holder receives draft materials in accordance with this Section.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective under the Securities Act as to the applicable Registrable Securities until all Registrable Securities covered by such Registration Statement have been sold, or may be sold without volume restrictions pursuant to Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders (the "Effectiveness Period"), and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto and provide as promptly as reasonably possible to the Holders true and complete copies of all correspondence from and to the Commission relating to a Registration Statement (provided that the Company may excise any information contained therein which would constitute material non-public information as to any Holder which has not executed a confidentiality agreement with the Company); and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(c) If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 100% of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall file as soon as reasonably practicable an additional Registration Statement covering the resale by the Holders of not less than the number of such Registrable Securities.

(d) Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement; and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus, provided that any and all of such information shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law; provided, further, that notwithstanding each Holder's agreement to keep such information confidential, each such Holder makes no acknowledgement that any such information is material, non-public information.

(e) Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) Furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission, provided that any such item which is available on the EDGAR system need not be furnished in physical form.

(g) Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(d).

(h) The Company shall effect a filing with respect to the public offering contemplated by each Registration Statement (an "Issuer Filing") with the Corporate Financing Department of FINRA pursuant to FINRA Rule 2710(b)(10)(A)(i) within one Trading Day of the date that the Registration Statement is first filed with the Commission and pay the filing fee required by such Issuer Filing. The Company shall use commercially reasonable efforts to pursue the Issuer Filing until the FINRA issues a letter confirming that it does not object to the terms of the offering contemplated by the Registration Statement as described in the Plan of Distribution attached hereto as Annex A. A copy of the Issuer Filing and all related correspondence to or from the FINRA with respect thereto shall be provided to counsel for the Holders.

(i) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(j) If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Subscription Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

(k) Upon the occurrence of any event contemplated by Section 3(d), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(k) to suspend the availability of a Registration Statement and Prospectus for a period not to exceed 60 calendar days (which need not be consecutive days) in any 12 month period.

(l) Comply with all applicable rules and regulations of the Commission.

(m) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the shares.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and auditors) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities) and (D) if not previously paid by the Company in connection with an Issuer Filing, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with FINRA pursuant to FINRA Rule 2710, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale, (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, shareholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in such Registration Statement or such Prospectus or (ii) to the extent that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is judicially determined to be not entitled to indemnification hereunder.

(d) Contribution. If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement.

(c) Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(d)(iii) through (vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as it practicable.

(d) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of a majority of the then outstanding Registrable Securities (including, for this purpose, any Registrable Securities issuable upon exercise or conversion of any Security). If a Registration Statement does not register all of the Registrable Securities pursuant to a waiver or amendment done in compliance with the previous sentence, then the number of Registrable Securities to be registered for each Holder shall be reduced pro rata among all Holders and each Holder shall have the right to designate which of its Registrable Securities shall be omitted from such Registration Statement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of some Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the first sentence of this Section 6(d).

(e) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Subscription Agreement.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then-outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Subscription Agreement.

(g) No Inconsistent Agreements. The Company has not entered, as of the date hereof, and shall not, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as set forth on Schedule 6(g), the Company has not previously entered into any agreement granting any registration rights with respect to any of its securities to any Person that have not been satisfied in full.

(h) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Subscription Agreement.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(k) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(l) Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(m) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

****

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

ELIO MOTORS, INC.

By: _____
Name:
Title:

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

Name of
Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

[SIGNATURE PAGES CONTINUE]

Annex A

Plan of Distribution

Each Selling Stockholder (the "Selling Stockholders") of the common stock and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on the [name of exchange or market] or any other stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440.

In connection with the sale of the common stock or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The Selling Stockholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the Common Stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because Selling Stockholders may be deemed to be "underwriters" within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the Selling Stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the Selling Stockholders without registration and without regard to any volume limitations by reason of Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

Annex B

ELIO MOTORS, INC.

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the "Registrable Securities") of Elio Motors, Inc., an Arizona corporation (the "Company"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling securityholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Securityholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Securityholder

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:

_____

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

_____

2. Address for Notices to Selling Securityholder:

_____

_____

_____

Telephone: _____

Fax: _____

Contact Person: _____

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company.

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Subscription Agreement.

(a) Type and Amount of other securities beneficially owned by the Selling Securityholder:

_____

_____

5. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____

Beneficial Owner: _____

By: _____

Name:
Title:

PLEASE FAX A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

Exhibit 3.3

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (as it may be amended, restated, supplemented or modified from time to time, this "Security Agreement") is entered into as of _____ __, 2015, by and between ELIO MOTORS, INC., an Arizona corporation ("Borrower"), and _____, in its capacity as collateral agent (the "Collateral Agent") for the holders (the "Holders") of the Notes (as defined herein) issued by Borrower.

WHEREAS, Borrower and the Holders are parties to Subscription Agreements (the "Subscription Agreements"), pursuant to which Borrower has agreed to issue and sell to the Holders Convertible Subordinated Secured Notes due September 30, 2022 in the aggregate principal amount of $30,000,000 (the "Notes"); and

WHEREAS, pursuant to the Subscription Agreements, Borrower is required to pledge to the Collateral Agent for the benefit of the Holders, within 60 days after the termination of the Offering (as defined in the Subscription Agreements) all of its assets to secure the repayment in full of the Notes (such obligation, together with the obligation to repay the principal, premium, if any, interest, fees, expenses or otherwise on the Notes and under this Agreement and any other transaction document related thereto in the event that the Notes become due and payable prior to such time as the Notes shall have been paid in full, being collectively referred to herein as the "Obligations");

NOW, THEREFORE, in consideration of the premises herein contained, Borrower and the Collateral Agent hereby agree, for the ratable benefit of the Holders, as follows:

ARTICLE I
DEFINITIONS

1.1 Terms Defined in Subscription Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Subscription Agreement.

1.2 Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Security Agreement or the Subscription Agreement are used herein as defined in the UCC.

1.3 Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the recitals, the following terms shall have the following meanings:

"Account Debtor" means a Person who is obligated on an Account.

"Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Appropriate Priority Liens" means Liens that are junior in priority only to Excepted Liens and other senior liens expressly permitted in the Subscription Agreement.

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced or an article of the UCC is specifically referenced.

"Assigned Contracts" means, collectively, all of Borrower's rights and remedies under, and all moneys and claims for money due or to become due to Borrower under any Material Contract, and any and all amendments, supplements, extensions, and renewals thereof including all rights and claims of Borrower now or hereafter existing: (a) under any insurance, indemnities, warranties, and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (b) for any damages arising out of or for breach or default under or in connection with any of the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges thereunder.

"Bank" shall have the meaning set forth in Article 9 of the UCC.

"Chattel Paper" shall have the meaning set forth in Article 9 of the UCC.

"Collateral" shall have the meaning set forth in Article II.

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance satisfactory to the Collateral Agent between the Collateral Agent and any third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of Borrower for any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, supplemented or otherwise modified from time to time.

"Collateral Account" means any Deposit Account under the sole dominion and control of the Collateral Agent established by the Collateral Agent as provided in Article VII.

"Collateral Report" means any certificate, report or other document delivered by Borrower to the Collateral Agent or any Holder with respect to the Collateral pursuant to any Transaction Document.

"Commercial Tort Claims" means the commercial tort claims (as that term is defined in Article 9 of the UCC).

"Commodity Account Control Agreement" means an agreement, in form and substance satisfactory to the Collateral Agent, among Borrower, a commodity intermediary holding Borrower's assets, including funds and commodity contracts, and the Collateral Agent with respect to collection and control of all deposits, commodity contracts and other balances held in a Commodity Account maintained by Borrower with such commodity intermediary.

"Commodity Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Control" shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the UCC.

"Control Account" means a Securities Account or Commodity Account that is the subject of an effective Securities Account Control Agreement or Commodity Account Control Agreement and that is maintained by Borrower with a securities or commodity intermediary. "Control Account" includes all Financial Assets held in a Securities Account or a Commodity Account and all certificates and instruments, if any, representing or evidencing the Financial Assets contained therein.

"Control Agreement" means a Deposit Account Control Agreement, a Securities Account Control Agreement or a Commodities Account Control Agreement, as context may require.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Deposit Account Control Agreement" means an agreement, in form and substance satisfactory to the Collateral Agent, among Borrower, a Bank holding Borrower's funds, and the Collateral Agent with respect to collection and control of all deposits and balances held in a Deposit Account maintained by Borrower with such Bank.

"Deposit Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Documents" shall have the meaning set forth in Article 9 of the UCC.

"Effective Date" shall mean the date of this Security Agreement.

"Equipment" shall have the meaning set forth in Article 9 of the UCC.

"Event of Default" means an event described in Section 5.1.

"Excepted Liens" means Liens filed by CH Capital Lending, LLC, Revitalizing Auto Communities Environmental Response Trust and IAV Automotive Engineering, Inc.

"Excluded Accounts" means (a) any Deposit Account that is specifically and exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower's salaried employees, to the extent the amounts in such Deposit Account as of any date of determination do not exceed the greater of (i) the checks outstanding against such Deposit Account as of that date and (ii) amounts necessary to meet minimum balance requirements, (b) any Deposit Account that is specifically and exclusively used to hold refundable reservation deposits for Elio vehicles, and (c) any Deposit Account, Commodities Account or Securities Account so long as the value of all cash, commodities and/or securities as applicable held in each such account, individually, does not exceed $25,000 at any time and the aggregate value of all cash, commodities and/or securities held in all such Deposit Accounts, Commodities Accounts and Securities Accounts does not at any time exceed $100,000.

"Excluded Payments" shall have the meaning set forth in Section 4.6(b)(iii).

"Exhibit" refers to a specific exhibit to this Security Agreement (unless another document is specifically referenced).

"Financial Asset" shall have the meaning set forth in Article 8 of the UCC.

"Fixtures" shall have the meaning set forth in Article 9 of the UCC.

"General Intangibles" shall have the meaning set forth in Article 9 of the UCC.

"Goods" shall have the meaning set forth in Article 9 of the UCC.

"Indemnified Party" shall have the meaning set forth in Section 8.17.

"Instruments" shall have the meaning set forth in Article 9 of the UCC.

"Intellectual Property" shall mean all intellectual and similar property of Borrower of every kind and nature now owned or hereafter acquired by Borrower, including inventions, designs, patents, patent licenses, trademarks, trademark licenses, copyrights, copyright licenses, domain names and domain name registrations, trade secrets, confidential or proprietary technical and business information, know-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, licenses for any of the foregoing and all license rights, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"Inventory" shall have the meaning set forth in Article 9 of the UCC.

"Investment Property" shall have the meaning set forth in Article 9 of the UCC.

"Letter-of-Credit Rights" shall have the meaning set forth in Article 9 of the UCC.

"Material Contract" means any contract or agreement pursuant to which Borrower pays, receives or incurs liabilities (or could reasonably be expected to pay, receive or incur liabilities during any 12-month period over the term thereof) in excess of $1,000,000.

"Obligations" shall have the meaning set forth in the recitals above.

"Pledged Collateral" means all Instruments, Securities and other Investment Property of Borrower that constitute Collateral hereunder, whether or not physically delivered to the Collateral Agent pursuant to this Security Agreement, including, without limitation, the Instruments, Securities and other Investment Property set forth on Exhibit G.

"Proceeds" shall have the meaning set forth in Article 9 of the UCC and, in any event shall include, without limitation, all dividends or other income from the Pledged Collateral, collections thereon or distributions or payments with respect thereto.

"Receivables" means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Section" means a numbered section of this Security Agreement, unless another document is specifically referenced or a section of the UCC is specifically referenced.

"Securities Account Control Agreement" means an agreement, in form and substance satisfactory to the Collateral Agent, among Borrower, a securities intermediary holding Borrower's assets, including funds and securities, or an issuer of Securities, and the Collateral Agent with respect to collection and control of all deposits, securities and other balances held in a Securities Account maintained by Borrower with such securities intermediary.

"Securities Accounts" shall have the meaning set forth in Article 8 of the UCC.

"Security" has the meaning set forth in Article 8 of the UCC.

"Stock Rights" means all dividends, instruments or other distributions and any other right or property which Borrower shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which Borrower now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

"Supporting Obligations" shall have the meaning set forth in Article 9 of the UCC.

"UCC" means the Uniform Commercial Code, as in effect from time to time, of the State of Arizona or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, Collateral Agent's or any Holder's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II
GRANT OF SECURITY INTEREST

Borrower hereby pledges, assigns and grants to the Collateral Agent, on behalf of and for the benefit of the Holders, a security interest in all of its right, title and interest in, to and under all of the following property, whether now owned by or owing to, or hereafter acquired by or arising in favor of Borrower (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, Borrower, and regardless of where located (all of which will be collectively referred to as the "Collateral"), including:

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Intellectual Property;

(iv) all Documents;

(v) all Equipment;

(vi) all Fixtures;

(vii) all General Intangibles, including all General Intangibles in respect of Assigned Contracts;

(viii) all Goods;

(ix) all Instruments;

(x) all Inventory;

(xi) all Investment Property;

(xii) all cash or cash equivalents;

(xiii) all letters of credit, Letter-of-Credit Rights and Supporting Obligations;

(xiv) all Deposit Accounts with any bank or other financial institution;

(xv) all Commercial Tort Claims listed on Exhibit J hereto;

(xvi) all Securities Accounts;

(xvii) all Commodity Accounts;

(xviii) and all accessions to, substitutions for and replacements, Proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing;

to secure the prompt and complete payment and performance of the Obligations.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to the Collateral Agent and the Holders that:

3.1 Title, Perfection and Priority. Borrower has good and valid rights in or the power to transfer the Collateral and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1(e), and has full power and authority to grant to the Collateral Agent the security interest in such Collateral pursuant hereto. When financing statements have been filed in the appropriate offices against Borrower in the locations listed on Exhibit H, the Collateral Agent will have a fully perfected Appropriate Priority Lien in that Collateral of Borrower in which a security interest may be perfected by filing, subject only to Liens permitted under Section 4.1(e).

3.2 Type and Jurisdiction of Organization, Organizational and Identification Numbers. The type of entity of Borrower, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A, except to the extent that any of the foregoing has been changed in accordance with Section 4.13.

3.3 Principal Location. Borrower's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), are disclosed in Exhibit A or as otherwise disclosed pursuant to Section 4.13, and Borrower has no other places of business except those set forth in Exhibit A) or as otherwise disclosed pursuant to Section 4.13.

3.4 Collateral Locations. All of Borrower's locations where Collateral is located are listed on Exhibit A or as otherwise disclosed pursuant to Section 4.13. All of said locations are owned by Borrower except for locations (a) which are leased by Borrower as lessee and designated in Part II(b) of Exhibit A or as otherwise disclosed pursuant to Section 4.13 and (b) at which Inventory or other Collateral is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Part II(c) of Exhibit A) or as otherwise disclosed pursuant to Section 4.13.

3.5 Deposit Accounts, Commodity Accounts and Securities Accounts. All of Borrower's Deposit Accounts, Commodity Accounts and Securities Accounts as of the Effective Date are listed on Exhibit B.

3.6 Exact Names. Borrower's name in which it has executed this Security Agreement is the exact name as it appears in Borrower's organizational documents, as amended, as filed with Borrower's jurisdiction of organization, except to the extent that any of the foregoing has been changed in accordance with Section 4.13. Borrower has not, during the past five years prior to the Effective Date, been known by or used any other corporate or fictitious name, or been a party to any merger or consolidation, or been a party to any acquisition.

3.7 Letter-of-Credit Rights and Chattel Paper. Exhibit C lists all Letter-of-Credit Rights and Chattel Paper of Borrower as of the Effective Date, in each case, with a value in excess of $**100,000**. All action by Borrower necessary or desirable to protect and perfect the Collateral Agent's Lien on each item listed on Exhibit C (including the delivery of all originals and the placement of a legend on all Chattel Paper as required hereunder) has been duly taken and the aggregate value of all Letter-of-Credit Rights and all Chattel Paper of Borrower for which such actions have not been duly taken does not exceed $500,000. The Collateral Agent will have a fully perfected Appropriate Priority Lien in the Collateral listed on Exhibit C, subject only to Liens permitted under Section 4.1(e).

3.8 Accounts and Chattel Paper. The names of the obligors, amounts owing, due dates and other information with respect to its Accounts and Chattel Paper will be correctly stated in all material respects in all records of Borrower relating thereto and in all invoices and Collateral Reports with respect thereto furnished to the Collateral Agent by Borrower from time to time. As of the time when each Account or each item of Chattel Paper arises, Borrower shall be deemed to have represented and warranted that such Account or Chattel Paper, as the case may be, and all records relating thereto, are genuine and in all material respects what they purport to be.

3.9 Inventory. With respect to any Inventory of Borrower scheduled or listed on the most recent Collateral Report, (a) such Inventory (other than Inventory in transit) is located at one of Borrower's locations set forth on Exhibit A, (b) no Inventory (other than Inventory in transit) is now, or shall at any time or times hereafter be stored at any other location except as permitted by Section 4.1(g), (c) Borrower has good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest or document whatsoever except for the Lien granted to the Collateral Agent, for the benefit of the Holders, and except for Excepted Liens and (d) except as specifically disclosed in the most recent Collateral Report, such Inventory is of good and merchantable quality, free from any defects.

3.10 Intellectual Property. Borrower owns the Intellectual Property described on Exhibit D. Borrower owns and possesses or has a license or other right to use all of such Intellectual Property without any infringement upon rights of others, in each case, except as would not reasonably be expected to have a Material Adverse Effect. Each of the copyrights, trademarks and patents is valid and enforceable, and no part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and no claim has been made to Borrower that any part of the Intellectual Property violates the rights of any third party except to the extent such claim could not reasonably be expected to cause a Material Adverse Effect.

3.11 Filing Requirements. As of the Effective Date, none of its Equipment is covered by any certificate of title, except for the vehicles described in Part I of Exhibit E. None of the Collateral owned by it is of a type for which security interests or liens may be perfected by filing under any federal statute except for the vehicles described in Part II of Exhibit E. The legal description, county and street address of each property on which any Fixtures are located is set forth in Exhibit F together with the name and address of the record owner of each such property.

3.12 No Financing Statements, Security Agreements. No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated naming Borrower as debtor has been filed or is of record in any jurisdiction except (a) for financing statements or security agreements naming the Collateral Agent on behalf of the Holders as the secured party, (b) financing statements filed as a precaution to describe personal property leased to Borrower permitted by Section 4.1(e) and (c) financing statements with respect to Liens permitted by Section 4.1(e).

3.13 Pledged Collateral. Exhibit G sets forth a complete and accurate list of all Pledged Collateral owned by Borrower as of the Effective Date. Borrower is the direct, sole beneficial owner and sole holder of record of the Pledged Collateral listed on Exhibit G as being owned by it, free and clear of any Liens, except for the security interest granted to the Collateral Agent for the benefit of the Holders hereunder.

ARTICLE IV
COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated, Borrower agrees that:

4.1 General.

(a) Collateral Records. Borrower will maintain in all material respects complete and accurate books and records with respect to the Collateral owned by it, and furnish to the Collateral Agent, such reports relating to such Collateral as the Collateral Agent shall from time to time reasonably request.

(b) Authorization to File Financing Statements; Ratification. Borrower hereby authorizes the Collateral Agent to file, and if requested will deliver to the Collateral Agent (or its representatives), all financing statements and other documents and take such other actions as may from time to time be reasonably requested by the Collateral Agent in order to maintain an Appropriate Priority Lien in and, if applicable, Control of, the Collateral owned by Borrower. Any financing statement filed by the Collateral Agent may be filed in any filing office in any relevant UCC jurisdiction and may (i) indicate Borrower's Collateral (A) as all assets of Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or such jurisdiction, or (B) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether Borrower is an organization, the type of organization and any organization identification number issued to Borrower, and (B) in the case of a financing statement filed as a fixture filing or indicating Borrower's Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Borrower also agrees to furnish any such information to the Collateral Agent promptly upon request. Borrower also ratifies its authorization for the Collateral Agent to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) Further Assurances. Borrower will, if so requested, furnish to the Collateral Agent statements and schedules further identifying and describing the Collateral owned by it and such other reports and information in connection with its Collateral as may be reasonably requested. Borrower also agrees to take any and all actions reasonably necessary to defend title to the Collateral against all persons and to defend the security interest of the Collateral Agent in its Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(d) Disposition of Collateral. Borrower will not sell, lease or otherwise dispose of the Collateral owned by it except for dispositions pursuant to the Resale Agreement with Comau, Inc.

(e) Liens. Borrower will not create, incur, or suffer to exist any Lien on the Collateral owned by it that will have priority over the security interest created by this Security Agreement, except for the Excepted Liens.

(f) Other Financing Statements. Borrower will not authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by it, except (i) financing statements naming the Collateral Agent on behalf of the Holders as the secured party, (ii) financing statements filed as a precaution to describe personal property leased to Borrower permitted by Section 4.1(e) and (iii) financing statements with respect to Liens permitted by Section 4.1(e). Borrower acknowledges that it is not authorized to file any amendment or termination statement with respect to any financing statement naming Borrower as debtor without the prior written consent of the Collateral Agent, subject to Borrower's rights under Section 9-509(d)(2) of the UCC.

(g) Locations. Except for Borrower's prototype vehicles used for demonstrations and presentations, Borrower will not (i) maintain any Collateral owned by it at any location other than those locations listed on Exhibit A and as otherwise notified to the Collateral Agent or (ii) change its principal place of business or chief executive office from the location identified on Exhibit A, other than as notified to the Collateral Agent in accordance with Section 4.13.

(h) Compliance with Terms. Borrower will perform and comply with all obligations in respect of the Collateral owned by it and all agreements to which it is a party or by which it is bound relating to such Collateral.

4.2 Receivables.

(a) Certain Agreements on Receivables. Borrower will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of an Event of Default, Borrower may take such actions in its reasonable business judgment.

(b) Collection of Receivables. Except as otherwise provided in this Security Agreement, Borrower will collect and enforce, at Borrower's sole expense, all amounts due or hereafter due to Borrower under the Receivables owned by it.

(c) Delivery of Invoices. After the occurrence and during the continuation of an Event of Default, upon request, Borrower will deliver to the Collateral Agent duplicate invoices with respect to each Account owned by it bearing such language of assignment as the Collateral Agent shall specify.

(d) Disclosure of Counterclaims on Receivables. If (i) any material discount, credit or agreement to make a rebate or to otherwise materially reduce the amount owing on any Receivable owned by Borrower exists or (ii) if, to the knowledge of Borrower, any material dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to any such Receivable, Borrower will promptly disclose such fact to the Collateral Agent in connection with the inspection by the Collateral Agent of any record of Borrower relating to such Receivable and in connection with any invoice or report furnished by Borrower to Collateral Agent relating to such Receivable.

(e) Electronic Chattel Paper. Borrower shall (i) take all steps necessary to grant the Collateral Agent Control of all electronic chattel paper with an individual value in excess of $100,000 in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act and (ii) not permit the aggregate value of all electronic chattel paper of Borrower for which Control has not been granted to the Collateral Agent in accordance with the foregoing clause (i) to exceed $500,000.

4.3 Inventory and Equipment.

(a) Equipment. Borrower represents and warrants to and agrees with the Collateral Agent and the other Holders that all of the Equipment is and will be used or held for use in Borrower's business. Borrower shall keep and maintain the Equipment in good operating condition and repair (ordinary wear and tear excepted) and shall make all reasonably necessary replacements thereof. Borrower shall not permit any Equipment to become a fixture to real property or an accession to other personal property, unless the Collateral Agent has a valid, perfected, and Appropriate Priority Lien in such real or personal property (or Borrower's leasehold interest therein). Borrower will not, without the Collateral Agent's prior written consent, which consent shall not be unreasonably withheld or delayed, alter or remove any identifying symbol or number on the Equipment. Borrower shall not, without the prior written consent of the Collateral Agent, which consent shall not be unreasonably withheld or delayed, sell, lease as a lessor, or otherwise dispose of any of the Equipment, except as permitted by the Subscription Agreement and the other Transaction Documents.

(b) Titled Vehicles. Borrower will give the Collateral Agent notice of its acquisition of any vehicle covered by a certificate of title and upon request by the Collateral Agent, Borrower will promptly deliver to the Collateral Agent originals of certificates of title, manufacturer's certificates of origin or other appropriate title documents for all new and used vehicles, trucks, tractors, and trailers owned by Borrower, together with such executed documentation as the Collateral Agent may request to enable the Collateral Agent to note the Liens in favor of the Holders thereon, in each case to the extent the value thereof exceeds $250,000 in the aggregate for all such vehicles.

4.4 Delivery of Instruments, Securities, Chattel Paper and Documents. Borrower will (a) deliver to the Collateral Agent within 30 days of the execution of this Security Agreement, the originals of all Chattel Paper, Securities and other Instruments, in each case with a value of at least $100,000, together with any requested allonge with respect to Instruments, constituting Collateral owned by it (if any then exist), (b) hold in trust for the Collateral Agent upon receipt and promptly thereafter deliver to the Collateral Agent any such Chattel Paper, Securities and Instruments, in each case with a value of at least $100,000, constituting Collateral, (c) not permit the aggregate value of all Chattel Paper, Securities and other Instruments constituting Collateral and owned by Borrower for which the originals have not been delivered to the Collateral Agent pursuant to the foregoing clauses (a) and (b) to exceed $500,000, (d) upon execution of this Security Agreement and the Collateral Agent's request, deliver to the Collateral Agent (and thereafter hold in trust for the Collateral Agent upon receipt and immediately deliver to the Collateral Agent) any Document evidencing or constituting Collateral and (e) upon the Collateral Agent's request, deliver to the Collateral Agent a duly executed amendment to this Security Agreement, in the form of Exhibit I hereto (the "Amendment"), pursuant to which Borrower will pledge such additional Collateral. Borrower hereby authorizes the Collateral Agent to attach each Amendment to this Security Agreement and agrees that all additional Collateral owned by it set forth in such Amendments shall be considered to be part of the Collateral.

4.5 Uncertificated Pledged Collateral. Borrower will permit the Collateral Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Pledged Collateral owned by it not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Collateral Agent granted pursuant to this Security Agreement. With respect to any Pledged Collateral owned by it, Borrower will take any actions necessary to cause (a) the issuers of uncertificated securities which are Pledged Collateral and (b) any securities intermediary which is the holder of any such Pledged Collateral, to use commercially reasonable efforts to cause the Collateral Agent to have and retain Control over such Pledged Collateral. Without limiting the foregoing, Borrower will, with respect to any such Pledged Collateral held with a securities intermediary, cause such securities intermediary to enter into a Securities Account Control Agreement unless such Pledged Collateral is held in an Excluded Account.

4.6 Pledged Collateral.

(a) Registration of Pledged Collateral. Borrower will permit any registerable Pledged Collateral owned by it to be registered in the name of the Collateral Agent or its nominee at any time at the option of the Majority Holders after the occurrence and during the continuation of an Event of Default.

(b) Exercise of Rights in Pledged Collateral.

(i) Without in any way limiting the foregoing and subject to clause (ii) below, Borrower shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral owned by it for all purposes not inconsistent with this Security Agreement, the Subscription Agreement or any other Transaction Document; *provided however*, *that* no vote or other right shall be exercised or action taken which would have the effect of impairing the rights of the Collateral Agent in respect of such Pledged Collateral;

(ii) Borrower will permit the Collateral Agent or its nominee at any time after the occurrence of and during the continuance of an Event of Default, without notice, to exercise all voting rights or other rights relating to the Pledged Collateral owned by it, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Equity Interest or Investment Property constituting such Pledged Collateral as if it were the absolute owner thereof; and

(iii) Borrower shall be entitled to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Collateral owned by it to the extent not in violation of this Agreement or the Subscription Agreement; provided, however, that if any cash dividends or interests are received by Borrower in violation of this Agreement or the Subscription Agreement, such cash dividends and interest shall, whenever paid or made, be delivered to the Collateral Agent to hold as Pledged Collateral and shall, if received by Borrower, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of Borrower, and be forthwith delivered to the Collateral Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

4.7 Commercial Tort Claims. Borrower shall (a) promptly, and in any event within ten Business Days after the same is acquired by it, notify the Collateral Agent of any commercial tort claim (as defined in the UCC) acquired by it that would reasonably be expected to result in a judgment or settlement in Borrower's favor in excess of $100,000 and, unless the Collateral Agent otherwise consents, Borrower shall enter into an amendment to this Security Agreement, substantially in the form of Exhibit I hereto, granting to Collateral Agent an Appropriate Priority Lien in such Commercial Tort Claim and (b) not permit the aggregate expected amount of judgments or settlements in favor of Borrower in respect of all commercial tort claims for which the Collateral Agent has not been granted an Appropriate Priority Lien pursuant to clause (a) to exceed $500,000.

4.8 Letter-of-Credit Rights. If Borrower is or becomes the beneficiary of a letter of credit with a face amount in excess of $100,000, it shall promptly, and in any event within ten Business Days after becoming a beneficiary, notify the Collateral Agent thereof and, if so requested by the Collateral Agent, use commercially reasonable efforts to cause the issuer and/or confirmation bank to (a) consent to the assignment of any Letter-of-Credit Rights to the Collateral Agent and (b) agree to direct all payments thereunder to a Deposit Account subject to a Deposit Account Control Agreement, all in form and substance satisfactory to the Collateral Agent. Borrower shall not permit the aggregate face amounts of all letters of credit for which Borrower is a beneficiary and for which Borrower has not taken the steps set forth in the immediately preceding sentence to exceed $500,000.

4.9 No Interference. Borrower agrees that it will not interfere with any right, power and remedy of the Collateral Agent provided for in this Security Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Collateral Agent of any one or more of such rights, powers or remedies.

4.10 Insurance. The Borrower will maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. The Collateral Agent shall be named as an additional insured in respect of such liability insurance policies, and the Collateral Agent shall be named as a loss payee with respect to property loss insurance (if any such insurance is in place) covering property pledged as Collateral hereunder and such policies shall provide that the Collateral Agent shall receive not less than 30 days' prior notice of cancellation or non-renewal (or, if less, the maximum advance notice that the applicable carrier will agree to provide, if any). All premiums on any such insurance shall be paid when due by Borrower, and copies of the policies delivered to the Collateral Agent. If Borrower fails to obtain any insurance as required by this Section, the Collateral Agent may obtain such insurance at Borrower's expense. By purchasing such insurance, the Collateral Agent shall not be deemed to have waived any Default arising from Borrower's failure to maintain such insurance or pay any premiums therefor.

4.11 Collateral Access Agreements. Borrower shall use commercially reasonable efforts to obtain a Collateral Access Agreement, from the lessor of each leased property, mortgagee of owned property or bailee or consignee with respect to Borrower's principal place of business and, unless waived by the Collateral Agent, any warehouse, processor or converter facility or other location where, in any such case, Collateral with a fair market value in excess of $500,000 is stored or located, which agreement or letter shall provide access rights, contain a waiver or subordination of all Liens or claims that the landlord, mortgagee, bailee or consignee may assert against the Collateral at that location, and shall otherwise be satisfactory in form and substance to the Collateral Agent. Borrower shall timely and fully pay and perform its obligations under all leases and other agreements with respect to each leased location or third party warehouse where any Collateral is or may be located.

4.12 Control Agreements. For each Deposit Account, Securities Account and Commodities Account (other than Excluded Accounts) that Borrower at any time maintains, Borrower will, substantially contemporaneously with the later of (a) 30 days after the Effective Date and (b) the opening of such Deposit Account, Securities Account or Commodities Account (other than Excluded Accounts), pursuant to a Control Agreement in form and substance satisfactory to the Collateral Agent, use commercially reasonable efforts to cause the depository bank that maintains such Deposit Account, securities intermediary that maintains such Securities Account, or commodities intermediary that maintains such Commodities Account, as applicable, to agree to comply at any time with instructions from the Collateral Agent to such depository bank, securities intermediary or commodities intermediary directing the disposition of funds from time to time credited to such Deposit Account, Securities Account or Commodities Account, without further consent of Borrower, or take such other action as the Collateral Agent may approve in order to perfect the Collateral Agent's security interest in such Deposit Account, Securities Account or Commodities Account.

4.13 Change of Name or Location; Change of Fiscal Year. Borrower shall not (a) change its name as it appears in official filings in the state of its incorporation or organization, (b) change its chief executive office, principal place of business, mailing address, corporate offices or warehouses or locations at which Collateral is held or stored, or the location of its records concerning the Collateral as set forth in the Security Agreement, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization, in each case, unless the Collateral Agent shall have received at least 30 days (but 10 days for changes described in clause (b)) prior written notice of such change and the Collateral Agent shall have acknowledged in writing that either (i) such change will not adversely affect the validity, perfection or priority of the Collateral Agent's security interest in the Collateral, or (ii) any reasonable action requested by the Collateral Agent in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Collateral Agent, on behalf of the Holders, in any Collateral), *provided that*, any new location shall be in the continental United States.

4.14 Assigned Contracts. Borrower will use its commercially reasonable efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of the Collateral Agent of any Assigned Contract held by Borrower and to enforce the security interests granted hereunder, in each case within thirty days after the Effective Date. Borrower shall perform in all material respects all of its obligations under each of its Assigned Contracts, and shall enforce all of its rights and remedies thereunder, in each case, as it deems appropriate in its business judgment; provided however, that Borrower shall not take any action or fail to take any action with respect to its Assigned Contracts which would cause the termination of an Assigned Contract unless Borrower deems the termination thereof to be reasonable based on its business judgment Without limiting the generality of the foregoing, Borrower shall take all action necessary or appropriate to permit, and shall not take any action which would have any materially adverse effect upon, the full enforcement of all indemnification rights under its Assigned Contracts. Borrower shall notify the Collateral Agent in writing, promptly after Borrower becomes aware thereof, of any event or fact which would reasonably be expected to give rise to a material claim by it for indemnification under any of its Assigned Contracts, and shall diligently pursue such right. Borrower shall deposit into a Deposit Account subject to a Deposit Account Control Agreement, all amounts received by Borrower as indemnification or otherwise pursuant to its Assigned Contracts. If an Event of Default then exists, the Collateral Agent may, and at the direction of the Majority Holders shall, directly enforce such right in its own or Borrower's name and may enter into such settlements or other agreements with respect thereto as the Collateral Agent or the Majority Holders, as applicable, shall determine. In any suit, proceeding or action brought by the Collateral Agent for the benefit of the Holders under any Assigned Contract for any sum owing thereunder or to enforce any provision thereof, Borrower shall indemnify and hold the Collateral Agent and other Holders harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaims, recoupment, or reduction of liability whatsoever of the obligor thereunder arising out of a breach by Borrower of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing from Borrower to or in favor of such obligor or its successors. All such obligations of Borrower shall be and remain enforceable only against Borrower and shall not be enforceable against the Collateral Agent or the Holders. Notwithstanding any provision hereof to the contrary, Borrower shall at all times remain liable to observe and perform all of its duties and obligations under its Assigned Contracts, and the Collateral Agent's or any Holder's exercise of any of their respective rights with respect to the Collateral shall not release Borrower from any of such duties and obligations. Neither the Collateral Agent nor any Holder shall be obligated to perform or fulfill any of Borrower's duties or obligations under its Assigned Contracts or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder or the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance, any payment of any amounts, or any delivery of any property.

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

5.1 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(a) The breach by Borrower of any of the terms or provisions of Sections 4.1(b) or (c), 4.7, 4.8, 4.12, or 4.13.

(b) The occurrence of any "Event of Default" under, and as defined in, the Notes.

5.2 Remedies.

(a) If an Event of Default shall occur and be continuing, the Collateral Agent may, or at the direction of the Majority Holders, shall, exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Subscription Agreement, or any other Transaction Document; *provided that,* this Section 5.2(a) shall not be understood to limit any rights or remedies available to the Collateral Agent and/or the other Holders prior to an Event of Default;

(ii) those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement;

(iii) give notice of sole control or any other instruction under any Control Agreement and take any action therein with respect to such Collateral, including endorsing and collecting any cash proceeds of the Collateral; and

(iv) concurrently with written notice to Borrower, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Collateral Agent was the outright owner thereof.

(b) Until the Collateral Agent is able to affect a sale, lease, or other disposition of Collateral, the Collateral Agent shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Collateral Agent. The Collateral Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Collateral Agent's remedies (for the benefit of the Holders), with respect to such appointment without prior notice or hearing as to such appointment.

(c) Notwithstanding the foregoing, neither the Collateral Agent nor any Holder shall be required to (i) make any demand upon, or pursue or exhaust any of their rights or remedies against, Borrower, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(d) Borrower recognizes that the Collateral Agent may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. Borrower also acknowledges that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private.

5.3 Borrower's Obligations Upon Default. Upon the request of the Collateral Agent after the occurrence of an Event of Default and during its continuation, Borrower will:

(a) assemble and make available to the Collateral Agent the Collateral and all books and records relating thereto at any place or places specified by the Collateral Agent, whether at Borrower's premises or elsewhere;

(b) permit the Collateral Agent, by the Collateral Agent's representatives and agents, to enter, occupy and use any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay Borrower for such use and occupancy;

(c) at its own expense, cause the independent certified public accountants then engaged by Borrower to prepare and deliver to the Collateral Agent, at any time, and from time to time, promptly upon the Collateral Agent's request, the following reports with respect to Borrower: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts.

5.4 Grant of Intellectual Property License. For the purpose of enabling the Collateral Agent to exercise the rights and remedies under this Article V at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, Borrower hereby (a) grants to the Collateral Agent, for the benefit of the Holders, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to Borrower) to use, license or sublicense any intellectual property rights now owned or hereafter acquired by Borrower, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof and (b) irrevocably agrees that the Collateral Agent may sell any of Borrower's Inventory directly to any person, including without limitation persons who have previously purchased Borrower's Inventory from Borrower and in connection with any such sale or other enforcement of the Collateral Agent's rights under this Security Agreement, may sell Inventory which bears or is covered by any Intellectual Property owned by or licensed to Borrower and the Collateral Agent may finish any work in process and affix any trademark constituting Intellectual Property owned by or licensed to Borrower and sell such Inventory as provided herein.

ARTICLE VI
ACCOUNT VERIFICATION; ATTORNEY IN FACT; PROXY

6.1 Account Verification. On and after the occurrence of an Event of Default and during its continuation, the Collateral Agent shall have the right at any time at Borrower's expense to (a) verify the validity, amount or any other material information relating to any Accounts and (b) enforce collection of any such Accounts and to adjust, settle or compromise the amount of payment thereof, all in the same manner as Borrower.

6.2 Authorization for Collateral Agent to Take Certain Action.

(a) Borrower irrevocably authorizes the Collateral Agent at any time and from time to time in the sole discretion of the Collateral Agent and appoints the Collateral Agent as its attorney in fact (i) to execute on behalf of Borrower as debtor and to file financing statements necessary or desirable in the sole discretion of the Collateral Agent to perfect and to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Collateral Agent (in its sole discretion) deems necessary or desirable to perfect and to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral or with securities intermediaries holding Pledged Collateral as may be necessary or advisable to give the Collateral Agent Control over such Pledged Collateral, (v) to apply the proceeds of any Collateral received by the Collateral Agent to the Obligations as provided in Article VII, (vi) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), (vii) to contact Account Debtors for any reason, (viii) to demand payment or enforce payment of the Receivables in the name of the Collateral Agent or Borrower and to endorse any and all checks, drafts, and other instruments for the payment of money relating to the Receivables, (ix) to sign Borrower's name on any invoice or bill of lading relating to the Receivables, drafts against any Account Debtor of Borrower, assignments and verifications of Receivables, (x) to exercise all of Borrower's rights and remedies with respect to the collection of the Receivables and any other Collateral, (xi) to settle, adjust, compromise, extend or renew the Receivables, (xii) to settle, adjust or compromise any legal proceedings brought to collect Receivables, (xiii) to prepare, file and sign Borrower's name on a proof of claim in bankruptcy or similar document against any Account Debtor of Borrower, (xiv) to prepare, file and sign Borrower's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables, (xv) to change the address for delivery of mail addressed to Borrower to such address as the Collateral Agent may designate and to receive, open and dispose of all mail addressed to Borrower, and (xvi) to do all other acts and things necessary to carry out this Security Agreement; and Borrower agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by the Collateral Agent in connection with any of the foregoing; *provided that,* this authorization shall not relieve Borrower of any of its obligations under this Security Agreement, the Subscription Agreement or under any other Transaction Document.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Collateral Agent, for the benefit of the Holders, under this Section 6.2 are solely to protect the Collateral Agent's interests in the Collateral and shall not impose any duty upon the Collateral Agent or any Holder to exercise any such powers. The Collateral Agent agrees that, except for the powers granted in Section 6.2(a)(i), Section 6.2(a)(iv) and Section 6.2(a)(xvi), it shall not exercise any power or authority granted to it unless an Event of Default has occurred and is continuing.

6.3 Proxy. BORROWER HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE COLLATERAL AGENT AS ITS PROXY AND ATTORNEY-IN-FACT (AS SET FORTH IN SECTION 6.2 ABOVE) WITH RESPECT TO ITS PLEDGED COLLATERAL, INCLUDING THE RIGHT TO VOTE SUCH PLEDGED COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY SUCH PLEDGED COLLATERAL, THE APPOINTMENT OF THE COLLATERAL AGENT AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF SUCH PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY SUCH PLEDGED COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF SUCH PLEDGED COLLATERAL OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT.

6.4 Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE COLLATERAL AGENT AS PROXY AND ATTORNEY-IN-FACT IN THIS ARTICLE VI IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS SECURITY AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 8.13. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NONE OF THE COLLATERAL AGENT OR ANY HOLDER, OR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

ARTICLE VII
COLLECTION AND APPLICATION OF RECEIVABLES AND OTHER COLLATERAL PROCEEDS

The Collateral Agent hereby authorizes Borrower to collect Borrower's Receivables, and the Collateral Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default (but not at any other time). If required by the Collateral Agent at any time after the occurrence and during the continuance of an Event of Default, any Proceeds constituting collections of such Receivables, when collected by Borrower, (a) shall be forthwith (and, in any event, within two Business Days) be deposited by Borrower in the exact form received, duly endorsed by Borrower to the Collateral Agent if required, in a Collateral Account maintained under the sole dominion and control of the Collateral Agent, subject to withdrawal by the Collateral Agent for the account of the Holders only as provided below in this Section, and (b) until so turned over, shall be held by Borrower in trust for the Holders, segregated from other funds of Borrower. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit. All Proceeds constituting collections of Receivables while held by the Collateral Account bank (or by Borrower in trust for the benefit of the Holders) shall continue to be collateral security for the Obligations of Borrower and shall not constitute payment thereof until applied as hereinafter provided. At any time when an Event of Default has occurred and is continuing, at the Collateral Agent's election, the Collateral Agent may apply all or any part of the funds on deposit in the Collateral Account established by Borrower to the payment of the Obligations of Borrower then due and owing, such application to be made as set forth below in this Section. In addition to the rights of the Holders specified above with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds of Collateral received by Borrower consisting of cash, checks and other near cash items shall be held by Borrower in trust for the Holders segregated from other funds of Borrower, and shall, at the request of the Collateral Agent, forthwith upon receipt by Borrower, be turned over to the Collateral Agent in the exact form received by Borrower (duly endorsed by Borrower to the Collateral Agent, if required). All Proceeds received by the Collateral Agent hereunder shall be held by the Collateral Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Collateral Agent in a Collateral Account (or by Borrower in trust for the Holders) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided below in this Section. At any time after the occurrence and during the continuance of an Event of Default, at the Collateral Agent's election, the Collateral Agent may apply all or any part of Proceeds of Borrower held in any Collateral Account in payment of the Obligations of Borrower in such order as the Collateral Agent may elect in compliance with the Subscription Agreement, and any part of such funds which the Collateral Agent elects not so to apply and deems not required as collateral security for such Obligations shall be paid over from time to time by the Collateral Agent to Borrower or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Obligations shall have been paid in full shall be paid over to Borrower or to whomsoever may be lawfully entitled to receive the same.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Limitation on Collateral Agent's and any Holder's Duty with Respect to the Collateral. The Collateral Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Collateral Agent and each Holder shall use reasonable care with respect to the Collateral in its possession or under its control. Neither the Collateral Agent nor any Holder shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Collateral Agent or such Holder, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. The provisions of this Section 8.1 shall not be deemed in any manner to waive or vary the rules and requirements of Article 9 of the UCC which may not be waived or varied pursuant to Section 9-602 of the UCC.

8.2 Compromises and Collection of Collateral. Borrower and the Collateral Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, Borrower agrees that the Collateral Agent may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Collateral Agent shall determine or abandon any Receivable, and any such action by the Collateral Agent shall be commercially reasonable so long as the Collateral Agent acts in good faith based on information known to it at the time it takes any such action.

8.3 Secured Party Performance of Debtor Obligations. Without having any obligation to do so, the Collateral Agent may perform or pay any obligation which Borrower has agreed to perform or pay in this Security Agreement and Borrower shall reimburse the Collateral Agent for any amounts paid by the Collateral Agent pursuant to this Section 8.3. Borrower's obligation to reimburse the Collateral Agent pursuant to the preceding sentence shall be included in the Obligations payable on demand.

8.4 Specific Performance of Certain Covenants. Borrower acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1(d), 4.1(e), 4.4 through 4.14 or 5.3, or in Article VII will cause irreparable injury to the Collateral Agent and the Holders, that the Collateral Agent and the other Holders have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Collateral Agent or the Holders to seek and obtain specific performance of other obligations of Borrower contained in this Security Agreement, that the covenants of Borrower contained in the Sections referred to in this Section 8.4 shall be specifically enforceable against Borrower.

8.5 Dispositions Not Authorized. Borrower is not authorized to sell or otherwise dispose of the Collateral except in accordance with Section 4.1(d) and notwithstanding any course of dealing between Borrower and the Collateral Agent or other conduct of the Collateral Agent, no authorization to sell or otherwise dispose of the Collateral (except in accordance with Section 4.1(d)) shall be binding upon the Collateral Agent or the Holders unless such authorization is in writing signed by the Collateral Agent with the consent or at the direction of the Majority Holders.

8.6 No Waiver; Amendments; Cumulative Remedies. No delay or omission of the Collateral Agent or any Holder to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. Except in the case of releases of Collateral in accordance with Section 4.13 of the Subscription Agreement, no waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Collateral Agent with the concurrence or at the direction of the Majority Holders and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Collateral Agent and the Holders until the Obligations have been paid in full.

8.7 Limitation by Law; Severability of Provisions. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable or not entitled to be recorded or registered, in whole or in part. Any provision in this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

8.8 Reinstatement; Effect of Fraudulent Transfer Laws. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Borrower for liquidation or reorganization, should Borrower become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of Borrower's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned. It is the desire and intent of Borrower, the Collateral Agent and the other Holders that this Agreement shall be enforced as a full recourse obligation of Borrower to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If and to the extent that the obligations of Borrower under this Agreement would, in the absence of this sentence, be adjudicated to be invalid or unenforceable because of any applicable state or federal law relating to fraudulent conveyances or transfers, then the amount of Borrower liability hereunder in respect of the Obligations shall be deemed to be reduced ab initio to that maximum amount that would be permitted without causing Borrower's obligations hereunder to be so invalidated.

8.9 Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of Borrower, the Collateral Agent and the Holders and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that Borrower shall not have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Collateral Agent. No sales of participations, assignments, transfers, or other dispositions of any agreement governing the Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Collateral Agent, for the benefit of the Collateral Agent and the Holders, hereunder.

8.10 Survival of Representations. All representations and warranties of Borrower contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.11 Taxes and Expenses. Any taxes payable or ruled payable by any applicable Federal or State authority in respect of this Security Agreement shall be paid by Borrower, together with interest and penalties, if any. Borrower shall reimburse the Collateral Agent for any and all reasonable out-of-pocket expenses (including reasonable attorneys', auditors' and accountants' fees) paid or incurred by the Collateral Agent in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by Borrower in the performance of actions required pursuant to the terms hereof shall be borne solely by Borrower.

8.12 Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.13 Termination; Releases.

(a) This Security Agreement shall continue in effect until all of the Obligations have been paid and performed in full.

(b) Borrower shall automatically be released from its obligations hereunder and the security interest granted hereby in the Collateral of Borrower shall be automatically released in the event that all the Equity Interests in Borrower shall be sold, transferred or otherwise disposed of to a Person that is not an Affiliate of Borrower; provided that, to the extent required by the Subscription Agreement, the Majority Holders shall have consented to such sale, transfer or other disposition. If any of the Collateral shall be sold, transferred or otherwise disposed of by Borrower in a transaction permitted by the Subscription Agreement the security interest created hereby in any Collateral that is so sold, transferred or otherwise disposed of shall automatically terminate and be released upon the closing of such sale, transfer or other disposition, and such Collateral shall be sold free and clear of the Lien and security interest created hereby; provided however, that such security interest will continue to attach to all proceeds of such sales or other dispositions. In connection with any of the foregoing, the Collateral Agent shall execute and deliver to Borrower or Borrower's designee, at Borrower's expense, all UCC termination statements and similar documents that Borrower shall reasonably request from time to time to evidence such termination.

8.14 Entire Agreement. This Security Agreement, the Subscription Agreement, and the other Transaction Documents embody the entire agreement and understanding between Borrower and the Collateral Agent relating to the Collateral and supersede all prior agreements and understandings between Borrower and the Collateral Agent relating to the Collateral.

8.15 CHOICE OF LAW. **THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARIZONA.**

8.16 CONSENT TO JURISDICTION; SERVICE OF PROCESS; WAIVERS.

(a) **ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS SECURITY AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS SHALL BE BROUGHT IN THE COURTS OF THE STATE OF ARIZONA OR OF THE UNITED STATES OF AMERICA FOR THE DISTRICT OF ARIZONA, IN EITHER CASE LOCATED IN MARICOPA COUNTY, ARIZONA, AND, BY EXECUTION AND DELIVERY OF THIS SECURITY AGREEMENT, EACH PARTY HERETO HEREBY ACCEPTS FOR ITSELF AND (TO THE EXTENT PERMITTED BY LAW) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS. THIS SUBMISSION TO JURISDICTION IS NON-EXCLUSIVE AND DOES NOT PRECLUDE ANY PARTY HERETO FROM OBTAINING JURISDICTION OVER ANOTHER PARTY IN ANY COURT OTHERWISE HAVING JURISDICTION.**

(b) **BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT, 4620 NORTH 16TH STREET, SUITE C-218, PHOENIX, ARIZONA 85016, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE COLLATERAL AGENT OR ANY HOLDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST BORROWER IN ANY OTHER JURISDICTION.**

8.17 Indemnity. Borrower hereby agrees to indemnify the Collateral Agent and the Holders, and their respective successors, assigns, agents and employees (each, an "Indemnified Party"), from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all expenses of litigation or preparation therefor whether or not the Collateral Agent or any Holder is a party thereto) imposed on, incurred by or asserted against the Collateral Agent or the Holders, or their respective successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Collateral Agent or the Holders or Borrower and any claim for Intellectual Property infringement), in each case, except to the extent attributable to the gross negligence or willful misconduct of such Indemnified Party as finally determined by a court of competent jurisdiction.

8.18 Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart.

8.19 Lien Absolute. All obligations of Borrower hereunder, shall be absolute and unconditional irrespective of:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any of the Obligations, by operation of law or otherwise, or any obligation of any guarantor of any of the Obligations, or any default, failure or delay, willful or otherwise, in the payment or performance of the Obligations;

(b) any lack of validity or enforceability relating to or against Borrower or any guarantor of any of the Obligations, for any reason related to the Subscription Agreement, any other Transaction Document or any other agreement or instrument governing or evidencing any Obligations, or any governmental requirements purporting to prohibit the payment by Borrower or any guarantor of the Obligations of the principal of or interest on the Obligations;

(c) any modification or amendment of or supplement to the Subscription Agreement or any other Transaction Document;

(d) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other amendment or waiver of or any consent to any departure from the Subscription Agreement, any other Transaction Document or any other agreement or instrument governing or evidencing any of the Obligations, including any increase or decrease in the rate of interest thereon;

(e) any change in the corporate existence, structure or ownership of Borrower or any guarantor of any of the Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Borrower or any guarantor of the Obligations, or any of their assets or any resulting release of discharge of any obligation of Borrower or any guarantor or any of the Obligations;

(f) any present or future law, regulation or order of any jurisdiction (whether of right or in fact) or of any agency thereof purporting to reduce, amend, restructure or otherwise affect any term of any Transaction Document or the Obligations;

(g) any other setoff, defense or counterclaim whatsoever (in any case, whether based on contract, tort or any other theory) with respect to the Subscription Agreement, any other Transaction Document, any other agreement or instrument or the transactions contemplated thereby which might constitute a legal or equitable defense available to, or discharge of Borrower; or

(h) any other act or omission to act or delay of any kind by Borrower or any guarantor of the Obligations, the Collateral Agent, any Holder or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of Borrower's obligations hereunder.

8.20 Release. Borrower consents and agrees that the Collateral Agent may at any time, or from time to time, in its discretion and in accordance with the Subscription Agreement:

(a) renew, extend or change the time of payment, and/or the manner, place or terms of payment of all or any part of the Obligations; and

(b) exchange, release and/or surrender all or any of the Collateral (including the Pledged Collateral), or any part thereof, by whomsoever deposited, which is now or may hereafter be held by the Collateral Agent in connection with all or any of the Obligations; all in such manner and upon such terms as the Collateral Agent may deem proper, and without notice to or further assent from Borrower, it being hereby agreed that Borrower shall be and remain bound upon this Security Agreement, irrespective of the value or condition of any of the Collateral, and notwithstanding any such change, exchange, settlement, compromise, surrender, release, renewal or extension, and notwithstanding also that the Obligations may, at any time, exceed the aggregate principal amount thereof set forth in the Subscription Agreement, or any other agreement governing the Obligations.

ARTICLE IX
NOTICES

9.1 Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be given in accordance with Section 6.4 of the Subscription Agreement, with each notice to Borrower being given in the same manner as notice to Borrower under the Subscription Agreement, provided that such notice shall in each case be addressed to Borrower at its notice address set forth on Exhibit A.

9.2 Change in Address for Notices. Borrower and the Collateral Agent may change the address for service of notice upon it by a notice in writing to the other parties.

ARTICLE X
THE COLLATERAL AGENT

_____ has been appointed Collateral Agent for the Holders hereunder pursuant to Article V of the Subscription Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Collateral Agent hereunder is subject to the terms of the delegation of authority made by the Holders to the Collateral Agent pursuant to the Subscription Agreement, and that the Collateral Agent has agreed to act (and any successor Collateral Agent shall act) as such hereunder only on the express conditions contained in such Article V. Any successor Collateral Agent appointed pursuant to Article V of the Subscription Agreement shall be entitled to all the rights, interests and benefits of the Collateral Agent hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, Borrower and the Collateral Agent have executed this Security Agreement as of the date first above written.

BORROWER:

ELIO MOTORS, INC.,
An Arizona corporation

By: _____
Name: _____
Title: _____

COLLATERAL AGENT:

_____, as Collateral Agent

By: _____
Name: _____
Title: _____

Exhibit 4.1

SUBSCRIPTION AGREEMENT

The securities offered hereby are highly speculative. Investing in shares of Elio Motors, Inc. involves significant risks. This investment is suitable only for persons who can afford to lose their entire investment. Furthermore, investors must understand that such investment could be illiquid for an indefinite period of time. No public market currently exists for the securities, and if a public market develops following this offering, it may not continue.

The securities offered hereby have not been registered under the Securities Act of 1933, as amended (the "*Securities Act*"), or any state securities or blue sky laws and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act and state securities or blue sky laws. Although an offering statement has been filed with the Securities and Exchange Commission (the "SEC"), that offering statement does not include the same information that would be included in a registration statement under the Securities Act. The securities have not been approved or disapproved by the SEC, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon the merits of this offering or the adequacy or accuracy of the offering circular or any other materials or information made available to subscriber in connection with this offering over the web-based platform maintained by StartEngine.com (the "*Platform*"). Any representation to the contrary is unlawful.

No sale may be made to persons in this offering who are not "accredited investors" if the aggregate purchase price is more than 10% of the greater of such investors' annual income or net worth. The Company is relying on the representations and warranties set forth by each subscriber in this subscription agreement and the other information provided by subscriber in connection with this offering to determine compliance with this requirement.

Prospective investors may not treat the contents of the subscription agreement, the offering circular or any of the other materials available on the Platform (collectively, the "*Offering Materials*") or any prior or subsequent communications from the Company or any of its officers, employees or agents (including "testing the waters" materials) as investment, legal or tax advice. In making an investment decision, investors must rely on their own examination of the Company and the terms of this offering, including the merits and the risks involved. Each prospective investor should consult the investor's own counsel, accountant and other professional advisor as to investment, legal, tax and other related matters concerning the investor's proposed investment.

The Company reserves the right in its sole discretion and for any reason whatsoever to modify, amend and/or withdraw all or a portion of the offering and/or accept or reject in whole or in part any prospective investment in the securities or to allot to any prospective investor less than the amount of securities such investor desires to purchase.

Except as otherwise indicated, the Offering Materials speak as of their date. Neither the delivery nor the purchase of the securities shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

This agreement ("***Agreement***") is made as of the date set forth below by and between the undersigned ("***Subscriber***") and ELIO MOTORS, INC., an Arizona corporation (the "***Company***"), and is intended to set forth certain representations, covenants and agreements between Subscriber and the Company with respect to the offering (the "***Offering***") for sale by the Company of shares of its common stock (the "***Shares***") as described in the Company's Offering Circular dated _____, 2015 (the "***Offering Circular***"), a copy of which has been delivered to Subscriber. The Shares are also referred to herein as the "***Securities***."

ARTICLE I
SUBSCRIPTION

1.01 **Subscription.** Subject to the terms and conditions hereof, Subscriber hereby irrevocably subscribes for and agrees to purchase from the Company the number of Shares set forth on the Subscription Agreement Signature Page, and the Company agrees to sell such Shares to Subscriber at a purchase price of $12.00 per Share for the total amount set forth on the Subscription Agreement Signature Page (the "***Purchase Price***"), subject to the Company's right to sell to Subscriber such lesser number of Shares as the Company may, in its sole discretion, deem necessary or desirable.

1.02 **Delivery of Subscription Amount; Acceptance of Subscription; Delivery of Securities**. Subscriber understands and agrees that this subscription is made subject to the following terms and conditions:

(a) Contemporaneously with the execution and delivery of this Agreement, Subscriber shall pay the Purchase Price for the Shares by check made payable to "_____", ACH debit transfer, or wire transfer in accordance with the instructions set forth on Appendix A hereto;

(b) Payment of the Purchase Price shall be received by FundAmerica Securities, LLC (the "***Escrow Agent***") from Subscriber.

(c) This subscription shall be deemed to be accepted only when this Agreement has been signed by an authorized officer or agent of the Company, and the deposit of the payment of the purchase price for clearance will not be deemed an acceptance of this Agreement;

(d) The Company shall have the right to reject this subscription, in whole or in part;

(e) The payment of the Subscription Amount (or, in the case of rejection of a portion of the Subscriber's subscription, the part of the payment relating to such rejected portion) will be returned promptly, without interest or deduction, if Subscriber's subscription is rejected in whole or in part or if the Offering is withdrawn or canceled;

(f) Upon the release of Subscriber's Purchase Price to the Company by the Escrow Agent, Subscriber shall receive notice and evidence of the digital entry (or other manner of record) of the number of the Shares owned by Subscriber reflected on the books and records of the Company and verified by FundAmerica Stock Transfer, LLC (the "***Transfer Agent***"), which books and records shall bear a notation that the Shares were sold in reliance upon Regulation A.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF SUBSCRIBER

By executing this Subscription Agreement, Subscriber (and, if Subscriber is purchasing the Securities subscribed for hereby in a fiduciary capacity, the person or persons for whom Subscriber is so purchasing) represents and warrants, which representations and warranties are true and complete in all material respects as of the date of each Closing Date:

2.01 **Requisite Power and Authority**. Such Subscriber has all necessary power and authority under all applicable provisions of law to execute and deliver this Subscription Agreement. All action on Subscriber's part required for the lawful execution and delivery of this Subscription Agreement has been or will be effectively taken prior to the Closing. Upon execution and delivery, this Subscription Agreement will be a valid and binding obligation of Subscriber, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and (b) as limited by general principles of equity that restrict the availability of equitable remedies.

2.02 **Investment Representations**. Subscriber understands that the Securities have not been registered under the Securities Act. Subscriber also understands that the Securities are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Subscriber's representations contained in this Subscription Agreement.

2.03 **Illiquidity and Continued Economic Risk**. Subscriber acknowledges and agrees that there is no ready public market for the Securities and that there is no guarantee that a market for their resale will ever exist. Subscriber must bear the economic risk of this investment indefinitely and the Company has no obligation to list the Securities on any market or take any steps (including registration under the Securities Act or the Securities Exchange Act of 1934, as amended) with respect to facilitating trading or resale of the Securities. Subscriber acknowledges that Subscriber is able to bear the economic risk of losing Subscriber's entire investment in the Securities. Subscriber also understands that an investment in the Company involves significant risks and has taken full cognizance of and understands all of the risk factors relating to the purchase of Securities.

2.04 **Accredited Investor Status or Investment Limits**. Subscriber represents that either:

(a) Subscriber is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act. Subscriber represents and warrants that the information set forth in response to question (c) on the Subscription Agreement Signature Page hereto concerning Subscriber is true and correct; or

(b) The Purchase Price set out in paragraph (b) of the Subscription Agreement Signature Page, together with any other amounts previously used to purchase Securities in this offering, does not exceed 10% of the greater of the Subscriber's annual income or net worth.

Subscriber represents that to the extent it has any questions with respect to its status as an accredited investor, or the application of the investment limits, it has sought professional advice.

2.05 **Shareholder Information**. Within five days after receipt of a request from the Company or FundAmerica Securities, LLC, which is acting as an administrative agent for the Company, Subscriber hereby agrees to provide such information with respect to its status as a shareholder (or potential shareholder) and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws and regulations to which the Company is or may become subject, including, without limitation, the need to determine the accredited status of the Company's shareholders. **Subscriber further agrees that in the event it transfers any Securities, it will require the transferee of such Securities to agree to provide such information to the Company as a condition of such transfer.**

2.06 **Company Information**. Subscriber has read the Offering Circular filed with the SEC, including the section titled "Risk Factors." Subscriber understands that the Company is subject to all the risks that apply to early-stage companies, whether or not those risks are explicitly set out in the Offering Circular. Subscriber acknowledges that no representations or warranties have been made to Subscriber, or to Subscriber's advisors or representative, by the Company or others with respect to the business or prospects of the Company or its financial condition.

2.07 **Valuation**. Subscriber acknowledges that the price of the Securities was set by the Company on the basis of the Company's internal valuation and no warranties are made as to value. Subscriber further acknowledges that future offerings of Securities may be made at lower valuations, with the result that the Subscriber's investment will bear a lower valuation.

2.08 **Domicile**. Subscriber maintains Subscriber's domicile (and is not a transient or temporary resident) at the address shown on the signature page.

2.09 **No Brokerage Fees**. There are no claims for brokerage commission, finders' fees or similar compensation in connection with the transactions contemplated by this Subscription Agreement or related documents based on any arrangement or agreement binding upon Subscriber. Subscriber will indemnify and hold the Company harmless against any liability, loss or expense (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any such claim.

2.10 **Foreign Investors**. If Subscriber is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), Subscriber hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities or any use of this Subscription Agreement, including (a) the legal requirements within its jurisdiction for the purchase of the Securities, (b) any foreign exchange restrictions applicable to such purchase, (c) any governmental or other consents that may need to be obtained, and (d) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Securities. Subscriber's subscription and payment for and continued beneficial ownership of the Securities will not violate any applicable securities or other laws of the Subscriber's jurisdiction.

ARTICLE III
SURVIVAL; INDEMNIFICATION

3.01 **Survival; Indemnification**. All representations, warranties and covenants contained in this Agreement and the indemnification contained herein shall survive (a) the acceptance of this Agreement by the Company, (b) changes in the transactions, documents and instruments described herein which are not material or which are to the benefit of Subscriber, and (c) the death or disability of Subscriber. Subscriber acknowledges the meaning and legal consequences of the representations, warranties and covenants in Article II hereof and that the Company has relied upon such representations, warranties and covenants in determining Subscriber's qualification and suitability to purchase the Securities. Subscriber hereby agrees to indemnify, defend and hold harmless the Company, its officers, directors, employees, agents and controlling persons, from and against any and all losses, claims, damages, liabilities, expenses (including attorneys' fees and disbursements), judgments or amounts paid in settlement of actions arising out of or resulting from the untruth of any representation of Subscriber herein or the breach of any warranty or covenant herein by Subscriber. Notwithstanding the foregoing, however, no representation, warranty, covenant or acknowledgment made herein by Subscriber shall in any manner be deemed to constitute a waiver of any rights granted to it under the Securities Act or state securities laws.

ARTICLE IV
MISCELLANEOUS PROVISIONS

4.01 **Captions and Headings**. The Article and Section headings throughout this Agreement are for convenience of reference only and shall in no way be deemed to define, limit or add to any provision of this Agreement.

4.02 **Notification of Changes.** Subscriber agrees and covenants to notify the Company immediately upon the occurrence of any event prior to the consummation of this Offering that would cause any representation, warranty, covenant or other statement contained in this Agreement to be false or incorrect or of any change in any statement made herein occurring prior to the consummation of this Offering.

4.03 **Assignability**. This Agreement is not assignable by Subscriber, and may not be modified, waived or terminated except by an instrument in writing signed by the party against whom enforcement of such modification, waiver or termination is sought.

4.04 **Binding Effect**. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns, and the agreements, representations, warranties and acknowledgments contained herein shall be deemed to be made by and be binding upon such heirs, executors, administrators, successors, legal representatives and assigns.

4.05 **Obligations Irrevocable**. The obligations of Subscriber shall be irrevocable, except with the consent of the Company, until the consummation or termination of the Offering.

4.06 **Entire Agreement; Amendment.** This Agreement states the entire agreement and understanding of the parties relating to the matters contained herein, superseding all prior contracts or agreements, whether oral or written. No amendment of the Agreement shall be made without the express written consent of the parties.

4.07 **Severability**. The invalidity or unenforceability of any particular provision of this Agreement shall not affect any other provision hereof, which shall be construed in all respects as if such invalid or unenforceable provision were omitted.

4.08 **Venue; Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of Arizona.

4.09 **Notices**. All notices, requests, demands, consents, and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when hand delivered or sent by certified mail, postage prepaid, with return receipt requested, addressed to the parties as follows: to the Company, 2942 North 24th Street, Suite 114-700, Phoenix, Arizona 85016, and to Subscriber, at the address indicated below. Any party may change its address for purposes of this Section by giving notice as provided herein.

4.10 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY.]

ELIO MOTORS, INC.
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

The undersigned, desiring to purchase shares of common stock of Elio Motors, Inc., by executing this signature page, hereby executes, adopts and agrees to all terms, conditions and representations of the Subscription Agreement.

(a) The number of Shares the undersigned hereby irrevocably subscribes for is:

_____
(enter number of Shares)

(b) The aggregate Purchase Price (based on a price of $12.00 per Share) for the Shares the undersigned hereby irrevocably subscribes for is:

$_____
(enter total Purchase Price)

(c) Check the applicable box:

☐ The undersigned is an accredited investor (as that term is defined in Regulation D under the Securities Act). The undersigned has checked the appropriate box on the attached Certificate of Accredited Investor Status indicating the basis of such accredited investor status.

☐ The amount set forth in paragraph (b) above (together with any previous investments in the Securities pursuant to this offering) does not exceed 10% of the greater of the undersigned's net worth or annual income.

(d) The Securities being subscribed for will be owned by, and should be recorded on the Company's books as held in the name of:

_____
(print name of owner or joint owners)

	If the Securities are to be purchased in joint names, both Subscribers must sign:
_____ Signature	Signature
_____ Name (Please Print)	Name (Please Print)
_____ Email address	Email address
_____ Address	Address
_____ Telephone Number	Telephone Number
_____ Social Security Number/EIN	Social Security Number
_____ Date	Date

This Subscription is accepted

on _____, 2015

Elio Motors, Inc.

By: _____
Name:
Title:

CERTIFICATE OF ACCREDITED INVESTOR STATUS

The undersigned is an individual "accredited investor," as that term is defined in Regulation D under the Securities Act of 1933, as amended (the "Act"). The undersigned has checked the box below indicating the basis on which it is representing its status as an "accredited investor":

☐ a bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(a)(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act; a small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors";

☐ a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

☐ an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

☐ a natural person whose individual net worth, or joint net worth with the undersigned's spouse, excluding the "net value" of his or her primary residence, at the time of this purchase exceeds $1,000,000 and having no reason to believe that net worth will not remain in excess of $1,000,000 for foreseeable future, with "net value" for such purposes being the fair value of the residence less any mortgage indebtedness or other obligation secured by the residence, but subtracting such indebtedness or obligation only if it is a liability already considered in calculating net worth;

☐ a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the undersigned's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment; or

☐ an entity in which all of the equity holders are "accredited investors" by virtue of their meeting one or more of the above standards.

☐ an individual who is a director or executive officer of Elio Motors, Inc.

Exhibit 6.1

LOAN AND SECURITY AGREEMENT

by and between

GEMCAP LENDING I, LLC

as Lender

and

ELIO MOTORS, INC.

as Borrower

Dated: February 28, 2013

LOAN AND SECURITY AGREEMENT

LOAN AND SECURITY AGREEMENT, dated as of February 28, 2013, by and between ELIO MOTORS, INC.**,** an Arizona corporation ("**Borrower**"), and GEMCAP LENDING I, LLC, a Delaware limited liability company with offices at 24955 Pacific Coast Highway, Suite A202, Malibu, CA 90265 (together with its successors and assigns, the "**Lender**").

R E C I T A L S:

WHEREAS, Borrower desires to enter into a term loan credit facility with Lender; and

WHEREAS, Lender is willing to establish such term loan credit facility on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements herein contained and other good and valuable consideration, Lender and Borrower mutually covenant, warrant and agree as follows:

SECTION 1. DEFINITIONS AND RULES OF INTERPRETATION AND CONSTRUCTION

Specific Terms Defined. Capitalized terms used herein and not otherwise defined have the following meanings:

1.1 "**Accounts"** or **"accounts"** means **"**accounts" as defined in the UCC, and, in addition, any and all obligations of any kind at any time due and/or owing to Borrower, whether now existing or hereafter arising, and all rights of Borrower to receive payment or any other consideration including, without limitation, invoices, contract rights, accounts receivable, general intangibles, choses-in-action, notes, drafts, acceptances, instruments and all other debts, obligations and liabilities in whatever form owing to Borrower from any Person, Governmental Authority or any other entity, all security therefor, and all of Borrower's rights to receive payments for goods sold (whether delivered, undelivered, in transit or returned) or services rendered, which may be represented thereby, or with respect thereto, including, but not limited to, all rights as an unpaid vendor (including stoppage in transit, replevin or reclamation), and all additional amounts due from any Account Debtor, whether or not invoiced, together with all Proceeds and products of any and all of the foregoing.

1.2 "**ACH"** has the meaning set forth in Section 2.5 hereof.

1.3 "**Affiliate**" means, with respect to any Person, (a) any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such Person, including any Subsidiary, or (b) any other Person who is a director, manager or officer (i) of such Person, (ii) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. For the purposes of this definition, control of a Person shall mean the power (direct or indirect) to direct or cause the direction of the management or the policies of such Person, whether through the ownership of any voting securities, by contract or otherwise.

1.4 **"Agreement"** means this Loan and Security Agreement (including the Loan Agreement Schedule delivered herewith), all Exhibits annexed hereto and the Borrower's Disclosure Schedule) as originally executed or, if amended, modified, supplemented, renewed or extended from time to time, as so amended, modified, supplemented, renewed or extended.

1.5 **"Appraisals"** means collectively, the appraisals of the Equipment made by the Appraisers attached hereto as **Exhibit 1.5**.

1.6 **"Appraisers"** means Hilco Appraisals Services, LLC and Homrich, Inc.

1.7 **"Arizona Bank Intercreditor Agreement"** means the Intercreditor and Subordination Agreement, of even date herewith, among the Lender, Revitalizing Auto Communities Environmental Response Trust, Arizona Bank & Trust and the Borrower.

1.8 "**Balance Sheet**" means the balance sheet of Borrower dated as of the Balance Sheet Date.

1.9 "**Balance Sheet Date**" means December 31, 2012.

1.10 "**Borrower**" has the meaning set forth in the introductory paragraph hereof.

1.11 **"Borrower's Disclosure Schedule**" means the disclosure schedule prepared by Borrower that is being delivered to Lender concurrently herewith.

1.12 "**Borrower's Premises**" means the property to which the Borrower has been granted access located at 102 W. El Caminito Drive, Phoenix, AZ 85021 and 7600 General Motors Boulevard, Shreveport, LA.

1.13 "**Business**" means the design, manufacture and distribution of three-wheeled motor vehicles.

1.14 **"Business Day"** means any day other than a Saturday, Sunday or any other day on which banks located in the State of California are authorized or required to close under applicable banking laws.

1.15 **"Capital Assets"** means, for purposes of this Agreement, tangible assets (such as trade fixtures, machinery and equipment) but excluding assets characterized as real property.

1.16 **"Change of Control"** has the meaning as set forth in Section 10.1 hereof.

1.17 "**Closing Date**" means the date of this Agreement.

1.18 "**Collateral**" has the meaning as set forth in Section 5.1 hereof.

1.19 "**Default Interest Rate**" has the meaning set forth in Section 3(b) of the Loan Agreement Schedule.

1.20 "**Environment**" means all air, surface water, groundwater or land, including, without limitation, land surface or subsurface, including, without limitation, all fish, wildlife, biota and all other natural resources.

1.21 **"Environmental Law"** or **"Environmental Laws"** means all federal, state and local laws, statutes, ordinances and regulations now or hereafter in effect, and in each case as amended or supplemented from time to time, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation).

1.22 **"Environmental Liabilities and Costs"** means, as to any Person, all liabilities, obligations, responsibilities, remedial actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any other Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, including any Environmental Law, permit, order or agreement with any Governmental Authority or other Person, and which arise from any environmental, health or safety conditions, or a Release or conditions that are reasonably likely to result in a Release, and result from the past, present or future operations of such Person or any of its Affiliates.

1.23 **"Environmental Lien"** means any Lien in favor of any Governmental Authority for Environmental Liabilities and Costs.

1.24 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

1.25 **"Equipment**" means **"**equipment", as such term is defined in the UCC, now owned or hereafter acquired by Borrower, wherever located, and shall include, without limitation, the machinery and equipment set forth on Section 5.4(j) to the Borrower's Disclosure Schedule annexed hereto, and all other equipment, machinery, furniture, Fixtures, computer equipment, telephone equipment, molds, tools, dies, partitions, tooling, transportation equipment, all other tangible assets used in connection with the manufacture, sale or lease of goods or rendition of services, and Borrower's interests in any leased equipment, and all repairs, modifications, alterations, additions, controls and operating accessories, attachments and parts thereof or thereto, and all substitutions and replacements therefor.

1.26 "**Equipment Certificate**" has the meaning set forth in Section 7(b)(iv) of the Loan Agreement Schedule.

1.27 "**Equity Interests**" means, with respect to any Person, any and all shares, rights to purchase, options, warrants, general, limited or limited liability partnership interests, membership interests, units, participations or other equivalents of or interest in (regardless of how designated) equity of such Person, whether voting or nonvoting, including common stock, preferred stock, convertible securities or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC (or any successor thereto) under the 1934 Act).

1.28 **"Event of Default"** means the occurrence or existence of any event or condition described in Section 11 of this Agreement.

1.29 **"Financial Statements"** has the meaning as set forth in Section 8.9 hereof.

1.30 **"Financing Statements"** shall mean the Uniform Commercial Code UCC-1 Financing Statements to be filed with applicable Governmental Authorities of each State or Commonwealth or political subdivisions thereof pursuant to which Lender shall perfect its security interest in the Collateral.

1.31 "**Fiscal Year**" means that twelve (12) month period commencing on January 1 and ending on December 31.

1.32 **"Fixtures"** has the meaning ascribed to such term in the UCC.

1.33 **"GAAP"** means generally accepted accounting principles in effect in the United States of America at the time of any determination, and which are applied on a consistent basis. All accounting terms used in this Agreement which are not expressly defined in this Agreement shall have the meanings given to those terms by GAAP, unless the context of this Agreement otherwise requires.

1.34 **"Governmental Authority**" or "**Governmental Authorities"** means any federal, state, county or municipal governmental agency, department, instrumentality, board, commission, officer, official or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

1.35 "**Guarantee**" means the Continuing Guarantee in the form of **Exhibit 1.35** annexed hereto.

1.36 "**Guarantor**" means Stuart Lichter.

1.37 **"Indebtedness"** means, with respect to any Person, all of the obligations of such Person which, in accordance with GAAP, should be classified upon such Person's balance sheet as liabilities, or to which reference should be made by footnotes thereto, including without limitation, with respect to Borrower, in any event and whether or not so classified:

(a) all debt and similar monetary obligations of Borrower, whether direct or indirect;

(b) all obligations of Borrower arising or incurred under or in respect of any guaranties (whether direct or indirect) by Borrower of the Indebtedness of any other Person; and

(c) all obligations of Borrower arising or incurred under or in respect of any Lien upon or in any property owned by Borrower that secured Indebtedness of another Person, even though Borrower has not assumed or become liable for the payment of such Indebtedness.

1.38 "**Intellectual Property**" means all of the following intellectual property used in the conduct of the business of Borrower: (a) inventions, processes, techniques, discoveries, developments and related improvements, whether or not patentable; (b) United States patents, patent applications, divisionals, continuations, reissues, renewals, registrations, confirmations, re-examinations, extensions and any provisional applications, of any such patents or patent applications, and any foreign or international equivalent of any of the foregoing; (c) unregistered, United States registered or pending trademark, trade dress, service mark, service name, trade name, brand name, logo, domain name, or business symbol and any foreign or international equivalent of any of the foregoing and all goodwill associated therewith; (d) work specifications, software (including object and source code listing) and artwork; (e) technical, scientific and other know-how and information, trade secrets, methods, processes, practices, formulas, designs, assembly procedures, specifications owned or used by Borrower; (f) copyrights; (g) work for hire; (h) customer and mailing lists; and (i) any and all rights of the Borrower to the name ["Elio Motors]," or any derivation thereof, and Borrower's entire customer list and database and all assets used or useful by Borrower in the conduct of its business over the internet or in any electronic medium, including any websites, URLs or domain names owned by Borrower.

1.39 "**Intercreditor Agreements**" means the Racer Intercreditor Agreement and the Arizona Bank Intercreditor Agreement.

1.40 **"Interest Rate**" means the **Term Loan Interest Rate**.

1.41 **"Lender"** has the meaning set forth in the introductory paragraph hereof.

1.42 **"Lien**" **or** "**lien"** means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, lien (statutory or other, including, without limitation, liens imposed by any Governmental Authority**,** charge or other encumbrance of any kind or nature whatsoever (including, without limitation, pursuant to any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction to evidence any of the foregoing) on personal or real property or fixtures.

1.43 **"Loans**" means the principal amount advanced to, made available to, or paid for the benefit of, Borrower as set forth in this Agreement and the other Loan Documents.

1.44 "**Loan Agreement Schedule**" means the Loan Agreement Schedule dated of even date herewith, signed by Borrower(s) and delivered together with this Agreement, which Loan Agreement Schedule is incorporated herein by reference.

1.45 **"Loan Documents"** means this Agreement, the Loan Agreement Schedule, the Borrower's Disclosure Schedule, the Term Loan Note, the Guarantee, the Intercreditor Agreements, the Owner Waiver and Access Agreement, and any and all other agreements, notes, documents, mortgages, financing statements, guaranties, intercreditor agreements, subordination agreements, certificates and instruments executed and/or delivered at any time by Borrower or any other Person to Lender pursuant to and in connection with the Loans and this Agreement, as the same may be amended, modified, supplemented, renewed or extended from time to time.

1.46 "**Material Adverse Effect**" means a material adverse effect on (a) the Business, assets, liabilities, financial condition, results of operations or business prospects of Borrower, (b) the ability of Borrower or Guarantor to perform its obligations under any Loan Document to which it is a party, (c) the value of the Collateral or the rights of Lender therein, (d) the validity or enforceability of any of the Loan Documents, (e) the rights and remedies of Lender under any of such Loan Documents, or (f) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith. All determinations of materiality shall be made by the Lender in its reasonable judgment.

1.47 "**Material Contract**" means any contract or other arrangement (other than Loan Documents), whether written or oral, to which Borrower is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could have a Material Adverse Effect.

1.48 **"Maturity Date"** means the earlier of (i) February 28, 2014, and (ii) the date Lender may exercise any of its remedies pursuant to the terms hereof.

1.49 "**Maximum Credit**" means Nine Million Eight Hundred Fifty Thousand Dollars ($9,850,000.00).

1.50 "**Missing or Damaged Equipment"** has the meaning set forth in Section 7(d) of the Loan Agreement Schedule.

1.51 **"1934 Act"** means the Securities Exchange Act of 1934, as amended.

1.52 **"Obligations"** means all obligations, liabilities and indebtedness of every kind, nature and description owing by Borrower to Lender pursuant to the Loan Documents, including, without limitation, principal, interest, repurchase obligations, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether now existing or hereafter arising, whether arising before, during or after the Term or after the commencement of any case with respect to Borrower under the United States Bankruptcy Code or any similar statute (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

1.53 **"Organizational Documents**" means, in the case of a corporation, its Articles of Incorporation, Certificate of Incorporation and By-Laws; in the case of a general partnership, its Articles of Partnership and any partnership agreement; in the case of a limited partnership, its Articles of Limited Partnership and any partnership agreement; in the case of a limited liability company, its Articles of Organization and Operating Agreement or Regulations, if any; in the case of a limited liability partnership, its Articles of Limited Liability Partnership; or alternatively, in each case, the legal equivalent thereof in the jurisdiction of its organization, together with all other formation or governing documents, schedules, exhibits, amendments, addendums, modifications, replacements, additions, or restatements of the foregoing, which are in effect.

1.54 **"Owner Waiver and Access Agreement**" means the Owner Waiver and Access Agreement, of even date herewith, between the Lender and Racer Properties, LLC with respect to the Borrower's Premises located at 7600 General Motors Boulevard, Shreveport, LA.

1.55 **"Permitted Encumbrances"** means the following: (a) Liens granted to Lender or its Affiliates; (b) purchase money security interests in favor of equipment vendors upon any Capital Assets acquired after the Closing Date; provided, that, (i) no such purchase money security interest or other Lien (or capitalized or finance lease, as the case may be) with respect to specific future Capital Assets shall extend to or cover any other property, other than the specific Capital Assets so acquired, and the proceeds thereof, (ii) such mortgage, Lien or security interest secures only the cost or obligation to pay the purchase price of such specific Capital Assets only, (iii) the principal amount secured thereby shall not exceed one hundred (100%) percent of the lesser of the cost or the fair market value (at the time of the acquisition of the Capital Assets) of the Capital Assets so acquired, and (iv) such purchase money security interest is preapproved in writing by Lender; (c) Liens of carriers, warehousemen, artisans, bailees, mechanics and materialmen incurred in the ordinary course of business securing sums not overdue; (d) Liens incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, relating to employees, securing sums (i) not overdue or (ii) being diligently contested in good faith provided that adequate reserves with respect thereto are maintained on the books of Borrower in conformity with GAAP; (e) Liens for taxes (i) not yet due or (ii) being diligently contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of Borrower in conformity with GAAP, and which have no effect on the priority of Liens in favor of Lender or the value of the assets in which Lender has a Lien; and (f) the Liens of Revitalizing Auto Communities Environmental Response Trust on the Equipment and the Fixtures (as those terms are defined in the UCC) securing the principal amount of $23,000,000.

1.56 "**Permitted Indebtedness**" means the Indebtedness (i) of Revitalizing Auto Communities Environmental Response Trust in the principal amount of $23,000,000, and (ii) described in **Exhibit 1.56** annexed hereto.

1.57 **"Person"** or **"person"** means, as applicable, any individual, sole proprietorship, partnership, corporation, limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.58 **"Proceeds"** has the meaning ascribed to such term in the UCC and shall also include, but not be limited to, (a) any and all proceeds of any and all insurance policies (including, without limitation, life insurance, casualty insurance, business interruption insurance and credit insurance), indemnity, warranty or guaranty payable to Borrower from time to time with respect to any of the Collateral or otherwise, (b) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency or any other Person (whether or not acting under color of Governmental Authority) and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

1.59 **"Racer Intercreditor Agreement"** means the Intercreditor and Subordination Agreement, of even date herewith, among the Lender, Revitalizing Auto Communities Environmental Response Trust and the Borrower.

1.60 "**Release**" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of a Hazardous Substance into the Environment.

1.61 "**Responsible Officer**" means the President of Borrower.

1.62 **"SEC"** means the United States Securities and Exchange Commission.

1.63 **"Subsidiary"** means, as to any Person, a corporation, limited liability company or other entity with respect to which more than fifty (50%) percent of the outstanding Equity Interests of each class having voting power is at the time owned by such Person or by one or more Subsidiaries of such Person or by such Person.

1.64 **"Tax"** has the meaning set forth in Section 8.12(c).

1.65 **"Tax Deduction**" has the meaning set forth in Section 8.12(c).

1.66 **"Term"** has the meaning set forth in Section 4.1.

1.67 "**Term Loan**" has the meaning set forth in Section 1(b)(i) of the Loan Agreement Schedule.

1.68 **"Term Loan Interest Rate"** is as set forth in Section 3(a) of the Loan Agreement Schedule.

1.69 "**Term Loan Note**" means the Secured Promissory Note in the form of **Exhibit 1.69** annexed hereto, as may be amended, restated, modified or supplemented from time to time.

1.70 "**Term Loan Prepayment Fee"** is as set forth in Section 4(a) of the Loan Agreement Schedule.

1.71 **"UCC"** means the Uniform Commercial Code as presently enacted in California (or any successor legislation thereto), and as the same may be amended from time to time, and the state counterparts thereof as may be enacted in such states or jurisdictions where any of the Collateral is located or held.

1.72 **"United States Bankruptcy Code"** means United States Bankruptcy Code, Title 11, United States Code, as the same may be amended and modified from time to time.

1.73 **Rules of Interpretation and Construction.** In this Agreement unless the context otherwise requires:

(a) All terms used herein which are defined in the UCC shall have the meanings given therein unless otherwise defined in this Agreement;

(b) Sections mentioned by number only are the respective Sections of this Agreement as so numbered;

(c) Words importing a particular gender shall mean and include the other gender and words importing the singular number mean and include the plural number and vice versa;

(d) Words importing persons shall mean and include firms, associations, partnerships (including limited partnerships), societies, trusts, corporations, limited liability companies or other legal entities, including public or governmental bodies, as well as natural persons;

(e) Each reference in this Agreement to a particular person shall be deemed to include a reference to such person's successors and permitted assigns;

(f) Any headings preceding the texts of any Section of this Agreement, and any table of contents or marginal notes appended to copies hereof are intended, solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect;

(g) If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any of the remaining provisions thereof;

(h) The terms "herein", "hereunder", "hereby", "hereto", and any similar terms as used in this Agreement refer to this Agreement; the term "heretofore" means before the date of execution of this Agreement; and the term "hereafter" shall mean after the date of execution of this Agreement;

(i) If any clause, provision or section of this Agreement shall be determined to be apparently contrary to or conflicting with any other clause, provision or section of this Agreement, then the clause, provision or section containing the more specific provisions shall control and govern with respect to such apparent conflict;

(j) Unless otherwise specified, (i) all accounting terms used herein or in any Loan Document shall be interpreted in accordance with GAAP, (ii) all accounting determinations and computations hereunder or thereunder shall be made in accordance with GAAP and (iii) all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with GAAP;

(k) An Event of Default that occurs shall exist or continue or be continuing unless such Event of Default is waived by Lender in accordance with the terms of this Agreement;

(l) The word "and" when used from time to time herein shall mean "or" or "and/or" if such meaning is expansive of the rights or interests of Lender in the given context;

(m) All references herein and in the other Loan Documents to times of day shall refer to Los Angeles, California time, unless otherwise specified to the contrary; and

(n) No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party hereto by reason of such party or his or its counsel having, or being deemed to have, structured or drafted such provision.

SECTION 2. LOANS

2.1 Loans. The terms and provisions of Section 1(b) of the Loan Agreement Schedule are incorporated herein by reference and made a part hereof.

2.2 Maximum Credit. The aggregate principal amount of the Loans shall not exceed the amount of the Maximum Credit.

2.3 Use of Proceeds. Borrower shall use the proceeds of the Loans solely for the purposes set forth in Section 1(d) the Loan Agreement Schedule.

2.4 **Repayment**. Borrower shall repay the Loans and other Obligations in accordance with this Agreement and the Term Loan Note.

2.5 **ACH**. In order to satisfy Borrower's payment of amounts due under the Loans and all fees, expenses and charges with respect thereto that are due and payable under this Agreement or any other Loan Document, Borrower hereby irrevocably authorizes the Lender to initiate manual and automatic electronic (debit and credit) entries through the Automated Clearing House or other appropriate electronic payment system ("**ACH**") to all deposit accounts maintained by Borrower, wherever located. At the request of the Lender, Borrower shall complete, execute and deliver to the institution set forth below (with a copy to the Lender) any ACH agreement, voided check, information and/or direction letter reasonably necessary to so instruct Borrower's depository institution. Borrower (i) shall maintain in all respects this ACH arrangement; (ii) shall not change depository institutions without Lender's prior written consent, and if consent is received, shall immediately execute similar ACH instruction(s), and (iii) waives any and all claims for loss or damage arising out of debits or credits to/from the depository institution, whether made properly or in error. Borrower has so communicated with and instructed the institution(s) set forth in Section 1(e) of the Loan Agreement Schedule.

SECTION 3. INTEREST, FEES AND CHARGES

3.1 **Interest**. Interest on the Loans shall accrue as set forth in Sections 3(a) and 3(b) of the Loan Agreement Schedule.

3.2 **Fees**. Borrower shall pay Lender, or Lender's designee, the fees set forth in Section 3(c) of the Loan Agreement Schedule. Such fees, other than the audit fees referenced therein, shall be deemed fully earned on the date hereof, shall be paid from Loan proceeds, and not be subject to rebate or proration for any reason.

3.3 **Fees and Expenses**. Borrower shall pay, on Lender's demand, all costs, expenses, filing fees and taxes payable in connection with the preparation, execution, delivery, recording, administration, collection, liquidation, defense and enforcement of the Loan Documents, Lender's rights in the Collateral, and all other existing and future agreements or documents contemplated herein or related hereto, including any amendments, waivers, supplements or consents which may now or hereafter be made or entered into in respect hereof, or in any way involving claims or defenses asserted by Lender or claims or defenses against Lender asserted by Borrower or any third party directly or indirectly arising out of or related to the relationship between Borrower and Lender, including, but not limited to the following, whether incurred before, during or after the Term or after the commencement of any case with respect to Borrower under the United States Bankruptcy Code or any similar or successor statute: (a) all costs and expenses of filing or recording (including UCC Financing Statement and mortgage filing fees); (b) all title insurance and other insurance premiums, appraisal fees, fees incurred in connection with any environmental report and audit, survey and search fees and charges; (c) all fees relating to the wire transfer of loan proceeds and other funds and fees for returned checks; and (d) all costs, fees and disbursements of counsel to Lender. If any fees, costs or charges payable to Lender hereunder are not paid when due, such amounts shall be added to the Obligations and accrue interest at the Default Interest Rate until paid.

3.4 Savings Clause. It is intended that the Interest Rate and the Default Interest Rate shall never exceed the maximum rate, if any, which may be legally charged in the State of California for loans made to corporations (the "**Maximum Rate**"). If the provisions for interest contained in the Term Loan Note would result in a rate higher than the Maximum Rate, the interest shall nevertheless be limited to the Maximum Rate and any amounts which may be paid toward interest in excess of the Maximum Rate shall be applied to the reduction of principal, or, at the option of Lender, returned to the Borrower.

SECTION 4. TERM.

4.1 Term. This Agreement shall continue until all Obligations shall have been indefeasibly paid in full (the "**Term**").

4.2 Early Termination; Loan Prepayment Fees.

(a) Lender shall have the right to terminate this Agreement at any time upon or after the occurrence of an Event of Default.

(b) Borrower may prepay the Loan as set forth in Section 4 of the Loan Agreement Schedule.

(c) Borrower shall prepay the Loan as set forth in Section 4(c) and 4(d) of the Loan Agreement Schedule.

SECTION 5. COLLATERAL.

5.1 Security Interests in Borrower's Assets. As collateral security for the payment and performance of the Obligations, Borrower hereby grants and conveys to Lender a first priority continuing security interest in and Lien upon all now owned and hereafter acquired property and assets of the Borrower, wherever located, including, without limitation, all of the following: (i) Equipment; (ii) Fixtures; (iii) Accounts; (iv) Chattel Paper; (v) Commercial Tort Claims; (vi) Deposit Accounts; (vii) Documents; (viii) Electronic Chattel Paper; (ix) General Intangibles; (x) Goods; (xii) Instruments; (xiii) Inventory; (xiv) Investment Property; (xv) Letter of Credit Rights; (xvi) Payment Intangibles; (xvii) Promissory Notes; (xviii) Software; (xix) Tangible Chattel Paper; (xx) Securities (whether certificated or uncertificated); (xxi) warehouse receipts; (xxii) cash monies; (xxiii) tax and duty refunds; (xxiv) Intellectual Property (excluding Borrower's patents); and (xxv) any and all products and Proceeds of the foregoing in any form including, without limitation, all insurance claims, warranty claims and proceeds and claims against third parties for loss or destruction of or damage to any of the foregoing, together with all present and future books and records relating to any of the foregoing including, without limitation, all present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to any of the foregoing, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of Borrower with respect to any of the foregoing maintained with or by any other Person) (which foregoing described property, assets and Proceeds, together with all other collateral security for the Obligations now or hereafter granted by Borrower to or otherwise acquired by Lender, are referred to herein collectively as the "**Collateral**"). All terms capitalized in this Section 5.1 and not otherwise defined in this Agreement shall have the meanings set forth in the UCC

5.2 Financing Statements. Borrower hereby authorizes Lender to file Financing Statements with respect to the Collateral in form acceptable to Lender and its counsel, and hereby ratify any actions taken by Lender prior to the date hereof to file such Financing Statements. Borrower shall, at all times, do, make, execute, deliver and record, register or file all Financing Statements and other instruments, acts, pledges, leasehold or other mortgages, amendments, modifications, assignments and transfers (or cause the same to be done), and will deliver to Lender such instruments and/or documentation evidencing items of Collateral, as may be requested by Lender to better secure or perfect Lender's security interest in the Collateral or any Lien with respect thereto. Borrower acknowledges that it is not authorized to file any Financing Statement or amendment or termination statement with respect to any Financing Statement without the prior written consent of Lender and agrees that it will not do so without the prior written consent of Lender.

5.3 License Grant. The terms of Section 5(b) of the Loan Agreement Schedule are incorporated herein by reference and made a part hereof.

5.4 Representations, Warranties and Covenants Concerning the Collateral. Borrower covenants, represents and warrants (each of which such representations and warranties shall survive execution and delivery of this Agreement) as follows:

(a) (i) Borrower owns the Equipment, the Fixtures and the other Collateral free and clear of all Liens (including any claim of infringement) except those in Lender's favor and Permitted Encumbrances and (ii) none of the Collateral is subject to any agreement prohibiting the granting of a Lien or requiring notice of or consent to the granting of a Lien.

(b) It shall not encumber, mortgage, pledge, assign or grant any Lien upon any Collateral or any other assets to anyone other than the Lender and except for Permitted Encumbrances.

(c) The Liens granted pursuant to this Agreement, upon the filing of Financing Statements in respect of Borrower in favor of the Lender in the applicable filing office of the state of organization of Borrower constitute valid perfected first priority security interests in all of the Collateral in favor of the Lender, as security for the prompt and complete payment and performance of the Obligations, enforceable in accordance with the terms hereof.

(d) No security agreement, mortgage, deed of trust, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is or will be on file or of record in any public office, except those relating to Permitted Encumbrances.

(e) It shall not dispose of any of the Collateral whether by sale, lease or otherwise except for the disposition or transfer in the ordinary course of business of worn out or obsolete Equipment if consented to in advance in writing by Lender, in Lender's sole discretion, and then only to the extent that the proceeds of any such disposition are used to acquire replacement Equipment which is subject to the Lender's security interest or are used to repay the Obligations, as determined by Lender.

(f) It shall defend the right, title and interest of the Lender in and to the Collateral against the claims and demands of all Persons whomsoever, and take such actions, including (i) notification to third parties of the Lender's interest in Collateral at the Lender's request, and (ii) the institution of litigation against third parties as shall be prudent in order to protect and preserve its and/or the Lender's interests in the Collateral.

(g) **[RESERVED]**

(h) It shall perform in a reasonable time all other steps requested by the Lender to create and maintain in the Lender's favor a valid perfected first Lien in all Collateral.

(i) It shall notify the Lender promptly, and in any event within three (3) Business Days after obtaining knowledge thereof of any loss, damage or destruction of any of the Collateral.

(j) Section 5.4(j) of the Borrower's Disclosure Schedule contains a true and complete list of all Equipment owned by Borrower. Borrower owns no Equipment other than as set forth in Section 5.4(j) of the Borrower's Disclosure Schedule. It shall not permit any Equipment to become a fixture to real estate or accessions to other personal property.

(k) Section 5.4(k) of the Borrower's Disclosure Schedule lists all banks and other financial institutions at which it maintains deposits and/or other accounts, and such Schedule correctly identifies the name, address and telephone number of each such depository, the name in which the account is held, a description of the purpose of the account, and the complete account number. Borrower shall not establish any depository or other bank account with any financial institution (other than the accounts set forth on Section 5.4(k) of the Borrower's Disclosure Schedule) without providing Lender with written notification thereof and providing similar information related thereto.

(l) On the date hereof, its exact legal name (as indicated in the public record of its jurisdiction of organization), jurisdiction of organization, organizational identification number, if any, from the jurisdiction of organization, and the location of its chief executive office and all other offices or locations out of which it conducts business or operations, are specified on Section 5.4(l) of the Borrower's Disclosure Schedule. It has furnished to the Lender its Organizational Documents and long-form good standing certificate as of a date which is within thirty (30) days of the date hereof. It is organized solely under the law of the jurisdiction so specified and has not filed any certificates of domestication, transfer or continuance in any other jurisdiction. Except as otherwise indicated on Section 5.4(l) of the Borrower's Disclosure Schedule, the jurisdiction of its organization of formation is required to maintain a public record showing it to have been organized or formed. Except as specified on Section 5.4(l) of the Borrower's Disclosure Schedule, it has not changed its name, jurisdiction of organization, chief executive office or sole place of business or its corporate or company structure in any way (e.g., by merger, consolidation, change in form or otherwise) within the last five years and has not within the last five years become bound (whether as a result of merger or otherwise) as a grantor under a security agreement entered into by another Person, which has not heretofore been terminated.

(m) Borrower shall maintain and keep all of its books and records concerning the Collateral at its executive offices listed in Section 5.4(l) of the Borrower's Disclosure Schedule.

(n) It will not, except with Lender's prior written consent and upon delivery to the Lender of all additional financing statements and other documents and legal opinions requested by the Lender to maintain the validity, perfection and priority of the security interests provided for herein: (i) change its jurisdiction of organization or the location of its chief executive office from that referred to in Section 5.4(l) of the Borrower's Disclosure Schedule; or (ii) change its name, identity or organizational structure.

(o) Except pursuant to the terms hereof, none of the Collateral is subject to any prohibition against encumbering, pledging, hypothecating or assigning the same or requires notice or consent to Borrower's doing of the same.

(p) **[RESERVED]**

(q) The additional representations, warranties and covenants set forth in Section 5(c) of the Loan Agreement Schedule are incorporated herein by reference and made a part hereof.

SECTION 6. CONDITIONS TO LOAN.

The obligation of Lender to make the Loan shall be subject to the satisfaction or waiver by Lender, prior thereto or concurrently therewith, of each of the following conditions precedent:

6.1 Loan Documents. Each of the Loan Documents shall have been duly and properly authorized, executed and delivered by Borrower and the other parties thereto and shall be in full force and effect as of the date hereof.

6.2 Representations and Warranties. Each of the representations and warranties made by or on behalf of Borrower to Lender in this Agreement and in other Loan Documents shall be true and correct in all material respects as of the date hereof, provided that any such representation or warranty that is qualified by materiality shall be true and correct in all respects as of the date hereof.

6.3 Certified Copies of Formation Documents. Lender shall have received from Borrower, certified by a duly authorized officer to be true and complete on and as of a date which is not more than ten (10) Business Days prior to the date hereof, a copy of each of the Organizational Documents of Borrower in effect on such date of certification.

6.4 Proof of Action. Lender shall have received from Borrower a copy, certified by a duly authorized officer to be true and complete on and as of the date which is not more than ten (10) Business Days prior to the date hereof, of the records of all corporate or limited liability company action taken by Borrower to authorize (a) its execution and delivery of each of the Loan Documents to which it is or is to become a party as contemplated or required by this Agreement, (b) its performance of all of its agreements and obligations under each of such documents, and (c) the incurring of the Obligations contemplated by this Agreement.

6.5 Legal Opinion. Lender shall have received a written legal opinion, addressed to Lender, dated the date hereof, from counsel for Borrower. Such legal opinion shall be acceptable to Lender and its counsel.

6.6 Collateral. Lender shall have obtained a first priority, perfected security interest in the Collateral.

6.7 Insurance. Lender shall have received evidence of insurance, additional insured and loss payee endorsements required hereunder and under the other Loan Documents, in form and substance satisfactory to Lender, and certificates of insurance policies and/or endorsements naming Lender as additional insured and loss payee.

6.8 Validity of Collateral Representation. Lender shall have received a statement by the appropriate officers of Borrower which shall represent and certify the validity of the Collateral.

6.9 ACH Agreement. Lender shall have received from Borrower an agreement executed by Borrower which irrevocably authorizes Lender to initiate manual and automatic electronic (debit and credit) entries through the Automated Clearing House or other appropriate electronic payment system to all deposit accounts maintained by Borrower, wherever located.

6.10 IRS Form 4506. Lender shall have received from Borrower an executed Form 4506 to be submitted to the Internal Revenue Service which shall grant Lender access to Borrower's tax returns.

6.11 IRS Form W-9. Lender shall have received from Borrower an executed Form W-9 to be submitted to the Internal Revenue Service which shall allow Lender to verify Borrower's tax identification number(s).

6.12 Pay Proceeds Letter. Borrower shall have delivered to Lender a pay proceeds letter with respect to the disbursement of the proceeds of the Loan in form and substance satisfactory to Lender, which letter shall provide for, among other things, the payment or reimbursement of all costs and expenses incurred by Lender in connection with this Agreement and the other Loan Documents, including, without limitation, Lender's due diligence expenses and legal fees, together with the prepaid interest and fees described in Section 3(d) of the Loan Agreement Schedule.

6.13 No Event of Default. No event shall have occurred on or prior to the date of each initial Loan by Lender hereunder and be continuing on the date of each such initial Loan by Lender hereunder, and no condition shall exist on the date of each Loan by Lender hereunder, which constitutes an Event of Default or which would, with notice or the lapse of time, or both, constitute an Event of Default under this Agreement or any other Loan Document; and, Lender shall have received a certification from a Responsible Officer with respect to the foregoing in form and substance satisfactory to Lender.

6.14 Additional Deliveries. Borrower shall have delivered to Lender such other documents and instruments reasonably requested by Lender.

SECTION 7. [RESERVED]

SECTION 8. REPRESENTATIONS AND WARRANTIES.

Borrower hereby represents and warrants to Lender, knowing and intending that Lender shall rely thereon in making the Loan contemplated hereby (each of which representations and warranties shall be continuing unless expressly made in relation only to a specific date), that:

8.1 Existence:

(a) Borrower (i) is a corporation or limited liability company duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, (ii) is in good standing in all other jurisdictions in which it is required to be qualified to do business as a foreign corporation or limited liability company, (iii) has all requisite corporate or limited liability company power and authority and full legal right to own or to hold under lease its properties and to carry on the business as presently engaged and (iv) Borrower has been issued all required federal, state and local licenses, certificates or permits necessary, required or appropriate to the operation of its business.

(b) Borrower has corporate or limited liability company power and authority and has full legal rights to enter into each of the Loan Documents to which it is a party, and to perform, observe and comply with all of its agreements and obligations under each of such documents.

8.2 No Violation, etc. The execution and delivery by Borrower of the Loan Documents to which Borrower is a party, the performance by Borrower of all of its agreements and obligations under each of such documents, and the incurring by Borrower of all of the Obligations contemplated by this Agreement, have been duly authorized by all necessary corporate or limited liability company actions on the part of Borrower and, if required, its shareholders, and do not and will not (a) contravene any provision of Borrower's Organizational Documents or this Agreement (each as from time to time in effect), (b) conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, or result in the creation of any Lien upon any of the property of Borrower under, any agreement, mortgage or other instrument to which Borrower is or may become a party, (c) violate or contravene any provision of any law, regulation, order, ruling or interpretation thereunder or any decree, order or judgment or any court or governmental or regulatory authority, bureau, agency or official (all as from time to time in effect and applicable to such entity), (d) other than waivers required from Borrower's landlords, require any waivers, consents or approvals by any third party, including any creditors or trustees for creditors of Borrower, or (e) require any approval, consent, order, authorization, or license by, or giving notice to, or taking any other action with respect to, any Governmental Authority.

8.3 Binding Effect of Documents, etc. Borrower has duly executed and delivered each of the Loan Documents to which Borrower is a party, and each of the Loan Documents is valid, binding and in full force and effect. The agreements and obligations of Borrower as contained in each of the Loan Documents constitute, or upon execution and delivery thereof will constitute, legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, subject, as to the enforcement of remedies only, to limitations imposed by federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and remedies generally, and by general principles of law and equity.

8.4 No Events of Default.

(a) No Event of Default has occurred and is continuing and no event has occurred and is continuing and no condition exists that would, with notice or the lapse of time, or both, constitute an Event of Default.

(b) Borrower is not in default under any Material Contract to which Borrower is a party or by which Borrower or any property of Borrower is bound.

(c) Borrower's execution, delivery and performance of and compliance with this Agreement and the other Loan Documents will not, with or without the passage of time or giving of notice, result in any violation of law, or be in conflict with or constitute a default under any term or provision, or result in the creation of any Lien upon any of Borrower's properties or assets or the suspension, revocation, impairment, forfeiture or nonrenewal, of any permit, license, authorization or approval applicable to Borrower, or any of its businesses or operations or any of its assets or properties.

8.5 No Governmental Consent Necessary. No consent or approval of, giving of notice to, registration with or taking of any other action in respect of, any Governmental Authority is required with respect to the execution, delivery and performance by Borrower of this Agreement and the other Loan Documents to which it is a party.

8.6 No Proceedings. There are no actions, suits, or proceedings pending or, to the best of Borrower's knowledge, threatened against or affecting Borrower in any court or before any Governmental Authority which, if adversely determined, would have an adverse effect on the ability of Borrower to perform its obligations under this Agreement or the other Loan Documents to which it is a party.

8.7 No Violations of Laws; Licenses and Permits. Borrower has conducted, and is conducting, its Business, so as to comply in all material respects with all applicable federal, state, county and municipal statutes and regulations. Neither Borrower nor any officer, director, manager, member or shareholder of Borrower is charged with, or so far as is known by Borrower, is under investigation with respect to, any violation of any such statutes, regulations or orders, which could have a Material Adverse Effect. Borrower has been issued all required federal, state and local licenses, certificates or permits required for the operation of its business.

8.8 Use of Proceeds of the Loan. Proceeds from the Loan shall be used only for those purposes set forth in this Agreement. No part of the proceeds of the Loan shall be used, directly or indirectly, for the purpose of purchasing or carrying any margin stock or for the purpose of purchasing or carrying or trading in any stock under such circumstances as to involve Borrower in a violation of any statute or regulation. In particular, without limitation of the foregoing, no part of the proceeds from the Loan is intended to be used to acquire any publicly-held stock of any kind.

8.9 Financial Statements; Indebtedness.

(a) The balance sheet of Borrower as of December 31, 2012, and the related statement of operations, stockholders' equity and cash flows (together with the related notes) for the year ended December 31, 2012, and the balance sheet of Borrower as of December 31, 2012 and the related statement of operations, stockholders' or members' equity and cash flows (together with the related notes) for the 12-month period ended December 31, 2012 (collectively, the "**Financial Statements**") fairly present, as of the date thereof, the financial position of Borrower, and the results of its operations, cash flows and stockholders' equity in all material aspects.

(b) Except as shown on the most recent Financial Statements, (i) Borrower has no Indebtedness as of the date hereof which would adversely affect the financial condition of Borrower or the Collateral, and (ii) Borrower has no liabilities, contingent or otherwise, except those which, individually or in the aggregate, are not material to the financial condition or operating results of Borrower.

8.10 Changes in Financial Condition. Since the Balance Sheet Date, there has been no material adverse change and no material adverse development in the business, properties, operations, condition (financial or otherwise), results of operations or prospects of Borrower. Since the Balance Sheet Date, Borrower has not (i) declared or paid any dividends, (ii) sold any assets, individually or in the aggregate, outside of the ordinary course of business, (iii) had capital expenditures outside of the ordinary course of business, (iv) engaged in any transaction with any Affiliate or (v) engaged in any other transaction outside of the ordinary course of business.

8.11 Equipment. Borrower shall keep the Equipment in the same condition as on the date of the Appraisals.

8.12 Taxes and Assessments.

(a) Borrower has paid and discharged when due all taxes, assessments and other governmental charges which may lawfully be levied or assessed upon its income and profits, or upon all or any portion of any property belonging to it, whether real, personal or mixed, to the extent that such taxes, assessment and other charges have become due. Borrower has filed all tax returns, federal, state and local, and all related information, required to be filed by it.

(b) Borrower shall make all payments to be made by it hereunder without any Tax Deduction (as defined below), unless a Tax Deduction is required by law. If Borrower is aware that it must make a Tax Deduction (or that there is a change in the rate or the basis of a Tax Deduction), it shall promptly notify Lender. If a Tax Deduction is required by law to be made by Borrower, the amount of the payment due from Borrower shall be increased to an amount which (after making the Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required. If Borrower is required to make a Tax Deduction, Borrower shall make the minimum Tax Deduction allowed by law and shall make any payment required in connection with that Tax Deduction within the time allowed by law. Within thirty (30) days of making either a Tax Deduction or a payment required in connection with a Tax Deduction, Borrower shall deliver to Lender evidence satisfactory to Lender that the Tax Deduction has been made or (as applicable) the appropriate payment has been paid to the relevant taxing authority.

(c) "**Tax Deduction**" means a deduction or withholding for or on account of a Tax from a payment under a Loan Document. "**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature, including any income, franchise, stamp, documentary, excise or property tax, charge or levy (in each case, including any related penalty or interest).

8.13 ERISA. Borrower is in compliance in all material respects with the applicable provisions of ERISA and all regulations issued thereunder by the United States Treasury Department, the Department of Labor and the Pension Benefit Guaranty Corporation.

8.14 Environmental Matters.

(a) Borrower has duly complied with, and its facilities, business assets, property, leaseholds and equipment are in compliance in all respects with, the provisions of all Environmental Laws.

(b) Borrower has been issued all required federal, state and local licenses, certificates or permits required under Environmental Laws for the operation of its business.

8.15 United States Anti-Terrorism Laws; Holding Company Status.

(a) In this Section 8.15:

"**Anti-Terrorism Law**" means each of: (i) Executive Order No. 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism (the "**Executive Order**"); (ii) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (commonly known as the USA Patriot Act); (iii) the Money Laundering Control Act of 1986, Public Law 99-570; and (iv) any similar law enacted in the United States of America subsequent to December 31, 2004.

"**holding company**" has the meaning given to it in the United States Public Utility Holding Company Act of 1935, and any successor legislation and rules and regulations promulgated thereunder.

"**investment company**" has the meaning given to it in the United States Investment Company Act of 1940.

"**public utility**" has the meaning given to it in the United States Federal Power Act of 1920.

"**Restricted Party**" means any person listed: (i) in the Annex to the Executive Order; (ii) on the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury; or (iii) in any successor list to either of the foregoing.

(b) Borrower is not (i) a holding company or subject to regulation under the United States Public Utility Holding Company Act of 1935; (ii) a public utility or subject to regulation under the United States Federal Power Act of 1920; (iii) required to be registered as an investment company or subject to regulation under the United States Investment Company Act of 1940; or (iv) subject to regulation under any United States Federal or State law or regulation that limits its ability to incur or guarantee indebtedness.

(c) To the best of Borrower's knowledge, Borrower (i) is not, and is not controlled by, a Restricted Party; (ii) has not received funds or other property from a Restricted Party; and (iii) is not in breach of and is not the subject of any action or investigation under any Anti-Terrorism Law.

(d) Borrower has taken reasonable measures to ensure compliance with the Anti-Terrorism Laws.

8.16 Customers and Vendors. There are no disputes with any customers, suppliers, manufacturers, vendors and independent contractors of Borrower in excess of $5,000 in the aggregate with any such party.

8.17 Representations, Warranties and Covenants Concerning the Collateral. The representations and warranties of Borrower set forth in Section 5.4 hereof are incorporated in this Section 8.17 by reference.

8.18 Books and Records. Borrower maintains its chief executive office and its books and records related to the Collateral at its address set forth in Section 5.4(l) of Borrower's Disclosure Schedule.

8.19 Ownership and Control. All of the issued and outstanding capital Equity Interests of Borrower are owned beneficially and of record according to the percentages set forth in Section 8.19 of the Borrower's Disclosure Schedule.

8.20 Changes. Since the date of the Balance Sheet, except as disclosed in Section 8.01 of Borrower's Disclosure Schedule, with respect to Borrower, there has not been:

(a) any change in its business, assets, liabilities, condition (financial or otherwise), properties, operations or prospects, which, individually or in the aggregate, has had, or could reasonably be expected to have, a Material Adverse Effect;

(b) any resignation or termination of any of its officers, key employees or groups of employees;

(c) any change, except in the ordinary course of business, in its contingent obligations by way of guaranty, endorsement, indemnity, warranty or otherwise;

(d) any damage, destruction or loss, whether or not covered by insurance, which has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(e) any waiver by it of a valuable right or of a material debt owed to it;

(f) any direct or indirect loans made by it to any of its stockholders, managers, employees, officers or directors, other than advances made in the ordinary course of business;

(g) any material change in any compensation arrangement or agreement with any employee, manager, officer, director or equity holder;

(h) any declaration or payment of any dividend or other distribution of its assets;

(i) any labor organization activity related to it;

(j) any debt, obligation or liability incurred, assumed or guaranteed by it, except those for immaterial amounts and for current liabilities incurred in the ordinary course of business;

(k) any sale, assignment, transfer, abandonment or other disposition of any Collateral;

(l) any change in any Material Contract to which it is a party or by which it is bound which, either individually or in the aggregate, has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(m) any other event or condition of any character that, either individually or in the aggregate, has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; or

(n) any arrangement or commitment by it to do any of the acts described in subsection (a) through (m) of this Section 8.20.

8.21 Intellectual Property.

(a) Except for Permitted Encumbrances, (1) Borrower holds all Intellectual Property that it owns free and clear of all Liens and restrictions on use or transfer, whether or not recorded, and has sole title to and ownership of or has the full, exclusive (subject to the rights of its licensees) right to use in its field of business such Intellectual Property; and Borrower holds all Intellectual Property that it uses but does not own under valid licenses or sub-licenses from others; (2) the use of the Intellectual Property by Borrower does not, to the knowledge of Borrower, violate or infringe on the rights of any other Person; (3) Borrower has not received any notice of any conflict between the asserted rights of others and Borrower with respect to any Intellectual Property; (4) Borrower has used its commercially reasonable best efforts to protect its rights in and to all Intellectual Property; (5) Borrower is in compliance with all material terms and conditions of its agreements relating to the Intellectual Property; (6) Borrower is not, and since the Balance Sheet Date has not been, a defendant in any action, suit, investigation or proceeding relating to infringement or misappropriation by Borrower of any Intellectual Property nor has Borrower been notified of any alleged claim of infringement or misappropriation by Borrower of any Intellectual Property; (7) to the knowledge of Borrower, none of the products or services Borrower is researching, developing, proposes to research and develop, make, have made, use, or sell, infringes or misappropriates any Intellectual Property right of any third party; and (8) to Borrower's knowledge, none of the material processes and formulae, research and development results and other know-how relating to Borrower's business, the value of which to Borrower is contingent upon maintenance of the confidentiality thereof, has been disclosed to any Person other than Persons bound by written confidentiality agreements.

(b) Section 8.21 of Borrower's Disclosure Schedule sets forth a true and complete list of (i) all Intellectual Property owned or claimed by Borrower, together with any and all registration or application numbers for any Intellectual Property filed or issued by any Intellectual Property registry (and in the case of any and all domain names registered by or on behalf of Borrower, the name of the registrar(s) thereof) and (ii) all Intellectual Property licenses which are material to the business of Borrower.

8.22 Employees. Borrower has no collective bargaining agreements with any of its employees. There is no labor union organizing activity pending or, to Borrower's knowledge, threatened with respect to Borrower. Except as set forth in Section 8.22 of the Borrower's Disclosure Schedule, Borrower is not a party to or bound by any currently effective deferred compensation arrangement, bonus plan, incentive plan, profit sharing plan, retirement agreement or other employee compensation plan or agreement. To Borrower's knowledge, no employee of Borrower, nor any consultant with whom Borrower has contracted, is in violation of any material term of any employment contract or any other contract relating to the right of any such individual to be employed by, or to contract with, Borrower or to receive any benefits; and, to Borrower's knowledge, the continued employment by Borrower of its present employees, and the performance of Borrower's contracts with its independent contractors, will not result in any such violation. Except for employees who have a current effective employment agreement with Borrower, as set forth in Section 8.22 of the Borrower's Disclosure Schedule, no employee of Borrower has been granted the right to continued employment by Borrower or to any material compensation following termination of employment with Borrower. Borrower is not aware that any officer, director, manager, partner, key employee or group of employees intends to terminate his, her or their employment with Borrower, nor does Borrower have a present intention to terminate any of the same.

8.23 Tax Status. Borrower (i) has made or filed all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and for which it has set aside on its books a provision in the amount of such taxes being contested in good faith and (iii) has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes payable by Borrower claimed to be due by the taxing authority of any jurisdiction, and the officers of the Borrower know of no basis for any such claim.

8.24 Representations and Warranties: True, Accurate and Complete. None of the representations, certificates, reports, warranties or statements now or hereafter made or delivered to Lender pursuant hereto or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary in order to make the statements contained herein and therein, in light of the circumstances in which they are made, not misleading.

8.25 Fees; Brokers; Finders. There are no fees, commissions or other compensation due to any third party acting on behalf of or at the direction of Borrower in connection with the Loan Documents, except as set forth on Section 8.25 of the Borrower's Disclosure Schedule. All negotiations relative to the Loan Documents, and the transactions contemplated thereby, have been carried on by the Borrower with the Lender without the intervention of any other person or entity acting on behalf of the Borrower, and in such manner as not to give rise to any claim against the Borrower or the Lender for any finder's fee, brokerage commission or like payment due to any third party acting on behalf of or at the direction of Borrower, and if any such fee, commission or payment is payable, it shall be the sole responsibility of the Borrower and the Borrower shall pay, and indemnify the Lender for, the same.

SECTION 9. AFFIRMATIVE COVENANTS.

Until the indefeasible payment and satisfaction in full of all Obligations and the termination of this Agreement, Borrower hereby covenants and agrees as follows:

9.1 Notify Lender. Borrower shall promptly, and in any event within two (2) Business Days of any determining of the following, inform Lender (a) if any one or more of the representations and warranties made by Borrower in this Agreement or in any document related hereto shall no longer be entirely true, accurate and complete in any respect, (b) of any Equipment which has experienced a change in condition after the date of the Appraisals, or of any Equipment that is removed or is missing from the Borrower's Premises; (c) of all material adverse information relating to the financial condition of Borrower; (d) of any material return of goods; (e) of any loss, damage or destruction of any of the Collateral; and (f) the occurrence of an Event of Default or a Material Adverse Effect.

9.2 Change in Ownership, Directors, Managers or Officers. Borrower shall promptly notify Lender of any changes in Borrower's managers, directors and/or officers and in the ownership of Borrower.

9.3 Pay Taxes and Liabilities; Comply with Agreement. Borrower shall promptly pay, when due, or otherwise discharge, all Indebtedness, sums and liabilities of any kind now or hereafter owing by Borrower to its employees as wages or salaries or to Lender and Governmental Authorities however created, incurred, evidenced, acquired, arising or payable, including, without limitation, the Obligations, income taxes, excise taxes, sales and use taxes, license fees, and all other taxes with respect to any of the Collateral, or any wages or salaries paid by Borrower or otherwise, unless the validity of which are being contested in good faith by Borrower by appropriate proceedings, provided that Borrower shall have maintained reasonably adequate reserves and accrued the estimated liability on Borrower's balance sheet for the payment of same.

9.4 Observe Covenants, etc. Borrower shall observe, perform and comply with the covenants, terms and conditions of this Agreement and the other Loan Documents.

9.5 Maintain Corporate Existence and Qualifications. Borrower shall maintain and preserve in full force and effect, its corporate existence and rights, franchises, licenses and qualifications necessary to continue its business, and comply with all applicable statutes, rules and regulations pertaining to the operation, conduct and maintenance of its existence and business including, without limitation, all federal, state and local laws relating to benefit plans, environmental safety, or health matters, and hazardous or liquid waste or chemicals or other liquids (including use, sale, transport and disposal thereof).

9.6 Financial Reports and Other Information. Borrower shall deliver or cause to be delivered to Lender:

(a) **Reports.** The financial reports and other information set forth on Section 7(b) of the Loan Agreement Schedule, on the dates set forth therein. The Borrower shall further comply with all its covenants set forth therein.

(b) **Notice of Litigation, Judgments, Environmental, Health or Safety Complaints**.

(i) Immediately after commencement thereof, notice in writing of all litigation and of all proceedings before any Governmental Authority affecting the Borrower or any of its assets;

(ii) Within three (3) Business Days thereafter, written notice to Lender of the entry of any judgment or the institution of any lawsuit or of other legal or equitable proceedings or the assertion of any cross claim or counterclaim seeking monetary damages from Borrower in an amount exceeding $25,000; and

(iii) Within three (3) Business Days thereafter, notice or copies if written of all claims, complaints, orders, citations or notices, whether formal or informal, written or oral, from a governmental body or private person or entity, relating to air emissions, water discharge, noise emission, solid or liquid waste disposal, hazardous waste or materials, or any other environmental, health or safety matter, which adversely affect Borrower. Such notices shall include, among other information, the name of the party who filed the claim, the potential amount of the claim, and the nature of the claim.

(c) **Other Information**. Upon demand,

(i) Certificates of insurance for all policies of insurance to be maintained by Borrower pursuant hereto;

(ii) All information received by Borrower affecting the financial status or condition of any Account Debtor or the payment of any Account, including but not limited to, invoices, original orders, shipping and delivery receipts; and

(iii) An estoppel certificate executed by an authorized officer of Borrower indicating that there then exists no Event of Default and no event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

(d) **Additional Information**. From time to time, such other information as Lender may reasonably request, including financial projections and cash flow analysis.

9.7 Comply with Laws. Borrower shall comply with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority, compliance with which is necessary to maintain its corporate existence or the conduct of its business or non-compliance with which would adversely affect in any respect its ability to perform its obligations or any security given to secure its obligations.

9.8 Insurance Required.

(a) Borrower shall cause to be maintained, in full force and effect on all Collateral, insurance in such amounts against such risks as is reasonably satisfactory to Lender, including, but without limitation, liability, fire, , theft, burglary, pilferage, vandalism, malicious mischief, loss in transit, and hazard insurance and, if as of the date hereof, any of the leased real property of Borrower is in an area that has been identified by the Secretary of Housing and Urban Development as having special flood or mudslide hazards, and on which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, then Borrower shall maintain flood insurance. Said policy or policies shall:

(i) Be in a form and with insurers which are satisfactory to Lender;

(ii) Be for such risks, and for such insured values as Lender or its assigns may reasonably require in order to replace the property in the event of actual or constructive total loss;

(iii) Designate Lender as additional insured and loss payee as Lender's interest may from time to time appear;

(iv) Contain a "breach of warranty clause" whereby the insurer agrees that a breach of the insuring conditions or any negligence by Borrower or any other person shall not invalidate the insurance as to Lender and its assignee;

(v) Provide that they may not be canceled or altered without thirty (30) days prior written notice to Lender; and

(vi) Upon demand, be delivered to Lender.

(b) Borrower shall obtain such additional insurance as Lender may reasonably require.

(c) Borrower shall, in the event of loss or damage of any Collateral, forthwith notify Lender and file proofs of loss with the appropriate insurer. Borrower hereby authorizes Lender to endorse any checks or drafts constituting insurance proceeds.

(d) Borrower shall forthwith upon receipt of insurance proceeds endorse and deliver the same to Lender.

(e) In no event shall Lender be required either to (i) ascertain the existence of or examine any insurance policy or (ii) advise Borrower in the event such insurance coverage shall not comply with the requirements of this Agreement.

9.9 Condition of Collateral; No Liens. Borrower shall (i) maintain all Collateral in accordance with the provisions of Section 7(d) of the Loan Agreement Schedule, (ii) preserve the Collateral against any loss, damage, or destruction of any nature, (iii) keep the Collateral free and clear of any Liens, except for the Permitted Encumbrances, and (iv) not permit Collateral to become a fixture to real estate or accessions to other personal property.

9.10 Payment of Proceeds. Borrower shall forthwith upon receipt of all proceeds of Collateral, pay such proceeds (insurance or otherwise) up to the amount of the then-outstanding Obligations over to Lender for application against the Obligations in such order and manner as Lender may elect.

9.11 Records. Borrower shall at all times keep accurate and complete records of its operations, of the Collateral and the status of each Account, which records shall be maintained at its executive offices as set forth on Section 5.4(l) of Borrower's Disclosure Schedule.

9.12 [RESERVED]

9.13 United States Contracts. Section 7(c) of the Loan Agreement Schedule is hereby incorporated by reference and made a part hereof.

9.14 Further Assurances. Borrower shall at any time or from time to time upon request of Lender take such steps and execute and deliver such Financing Statements and other documents all in the form of substance satisfactory to Lender relating to the creation, validity or perfection of the security interests provided for herein, under the UCC or which are reasonably necessary to effectuate the purposes and provisions of this Agreement. Borrower shall defend the right, title and interest of Lender in and to the Collateral against the claims and demands of all Persons whomsoever, and take such actions, including (i) notification of Lender's interest in Collateral at Lender's request, and (ii) the institution of litigation against third parties as shall be prudent in order to protect and preserve Borrower's and/or Lender's respective and several interests in the Collateral.

9.15 Indemnification. Borrower shall indemnify, protect, defend and save harmless Lender, as well as Lender's directors, officers, trustees, employees, agents, attorneys, members and shareholders (hereinafter referred to collectively as the "**Indemnified Parties**" and individually as an "**Indemnified Party**") from and against (a) any and all losses, damages, expenses or liabilities of any kind or nature and from any suits, claims or demands, by third parties (including, without limitation, claims of brokers and finders), including reasonable counsel fees incurred in investigating or defending such claim, suffered by any of them and caused by, relating to, arising out of, resulting from, or in any way connected with the Loans, the transactions contemplated herein and the Loan Documents, and (b) any and all losses, damages, expenses or liabilities sustained by Lender in connection with any Environmental Liabilities and Costs. In case any action shall be brought against an Indemnified Party based upon any of the above and in respect to which indemnity may be sought against Borrower, the Indemnified Party against whom such action was brought shall promptly notify Borrower in writing, and Borrower shall assume the defense thereof, including the employment of counsel selected by Borrower and reasonably satisfactory to the Indemnified Party, the payment of all costs and expenses and the right to negotiate and consent to settlement. Upon reasonable determination made by the Indemnified Party, the Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof; provided, however, that the Indemnified Party shall pay the costs and expenses incurred in connection with the employment of separate counsel. Borrower shall not be liable for any settlement of any such action effected without its consent, but if settled with Borrower's consent, or if there be a final judgment for the claimant in any such action, Borrower agrees to indemnify and save harmless said Indemnified Party against whom such action was brought from and against any loss or liability by reason of such settlement or judgment, except as otherwise provided above. The provisions of this Section shall survive the termination of this Agreement and the final repayment of the Obligations.

9.16 Additional Covenants. The terms and provisions of Section 8 of the Loan Agreement Schedule are incorporated herein by reference and made a part hereof.

SECTION 10. NEGATIVE COVENANTS.

Until payment and satisfaction in full of all Obligations and the termination of this Agreement, Borrower hereby covenants and agrees as follows:

10.1 Change of Control; No Creation of Subsidiaries. Borrower will not consolidate with, merge with, or acquire the stock or a material portion of the assets of any person, firm, joint venture, partnership, corporation, or other entity, whether by merger, consolidation, purchase of stock or otherwise if any such action results in a Change of Control (as defined below). Borrower will not create or permit to exist any Subsidiary unless such new Subsidiary is a wholly-owned Subsidiary and is designated by Lender as either a co-borrower or guarantor hereunder and such Subsidiary shall have entered into all such documentation required by Lender, including, without limitation, to grant to Lender a first priority perfected security interest in substantially all of such Subsidiary's assets to secure the Obligations. In addition, Borrower will not acquire a material portion of the assets of any entity in a manner that is not addressed by the foregoing provisions of this Section 10.1 if such action would impair Lender's rights hereunder or in the Collateral.

A "**Change of Control**" shall be deemed to have occurred if:

(i) any "Person," which shall mean a "person" as such term is used in Sections 13(d) and 14(d) of the 1934 Act, or group of Persons, other than Persons that are holders of voting securities of the Borrower as of the date of the execution of this Agreement, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of Borrower representing 50% or more of the combined voting power of Borrower's then outstanding voting securities;

(ii) individuals, who at the Closing Date constitute the Board of Directors or the managers of Borrower, and any new director or manager whose election by the Board of Directors or managers of Borrower, or whose nomination for election by Borrower's equity holders, was approved by a vote of at least one-half (1/2) of the directors or managers then in office (other than in connection with a contested election), cease for any reason to constitute at least a majority of the Board of Directors or managers of Borrower;

(iii) the stockholders or members of Borrower approve (I) a plan of complete liquidation of Borrower or (II) the sale or other disposition by Borrower of all or substantially all of Borrower's assets; or

(iv) a merger or consolidation of Borrower with any other entity is consummated, other than:

(A) a merger or consolidation which results in the voting securities of Borrower outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the surviving entity's outstanding voting securities immediately after such merger or consolidation; or

(B) a merger or consolidation which would result in the directors or managers of Borrower (who were directors or managers immediately prior thereto) continuing to constitute more than 50% of all directors or managers of the surviving entity immediately after such merger or consolidation.

In this paragraph (iv), "surviving entity" shall mean only an entity in which all of Borrower's equity holders immediately before such merger or consolidation (determined without taking into account any equity holders properly exercising appraisal or similar rights) become equity holders by the terms of such merger or consolidation, and the phrase "directors or managers of Borrower (who were directors or managers immediately prior thereto)" shall include only individuals who were directors or managers of Borrower at the Closing Date.

10.2 Disposition of Assets or Collateral. Borrower will not sell, lease, transfer, convey, or otherwise dispose of any or all of its assets or Collateral, other than the sale of Equipment in accordance with Lender's prior written consent under Section 5.4(e) hereof.

10.3 Other Liens. Borrower will not incur, create or permit to exist any Lien on any of its property or assets, whether now owned or hereafter acquired, except for (a) those Liens in favor of Lender created by this Agreement and the other Loan Documents; and (b) the Permitted Encumbrances.

10.4 Other Liabilities. Borrower will not incur, create, assume, or permit to exist, any Indebtedness or liability on account of either borrowed money or the deferred purchase price of property, except (i) Obligations to Lender, (ii) debt expressly subordinated to Borrower's Obligations to Lender pursuant to a subordination agreement in form and substance satisfactory to Lender or (iii) Permitted Indebtedness.

10.5]RESERVED]

10.6 Loans. Borrower will not make any loans to any Person, other than advances to employees of Borrower in the ordinary course of business, with outstanding advances to any employee not to exceed $1,000 at any time.

10.7 Guaranties. Borrower will not assume, guaranty, endorse, contingently agree to purchase or otherwise become liable upon the obligation of any Person, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

10.8 [RESERVED]

10.9 Dividends. Borrower will not declare or pay any cash dividend, make any distribution on, redeem, retire or otherwise acquire directly or indirectly, any of its Equity Interests without the prior written consent of Lender.

10.10 Payments to Affiliates. Except as set forth in Section 10.10 of the Borrower's Disclosure Schedule, or as otherwise approved by Lender in writing in advance, Borrower shall not make any payments of cash or other property to any Affiliate.

10.11 Modification of Documents. Borrower will not change, alter or modify, or permit any change, alteration or modification of its Organizational Documents in any manner that might adversely affect Lender's rights hereunder as a secured lender or its Collateral without Lender's prior written consent.

10.12 Change Business or Name. Borrower will not engage in any business other than the Business, or change its names as it appears in the official filings of its state of organization.

10.13 Settlements. Other than in the ordinary course of its business, Borrower will not compromise, settle or adjust any claims in any amount relating to any of the Collateral, without the prior written consent of Lender.

SECTION 11. EVENTS OF DEFAULT.

The occurrence of any of the following shall constitute an event of default (hereinafter referred to as an "**Event of Default**"):

11.1 Failure to Pay. The failure by Borrower to pay, when due, (a) any payment of principal, interest or other charges due and owing to Lender pursuant to any obligations of Borrower to Lender including, without limitation, those Obligations arising pursuant to this Agreement or any Loan Document, or under any other agreement for the payment of monies then due and payable to Lender, or (b) any taxes due to any Governmental Authority.

11.2 Failure of Insurance. Failure of one or more of the insurance policies required hereunder to remain in full force and effect; failure on the part of Borrower to pay or cause to be paid all premiums when due on the insurance policies pursuant to this Agreement; failure on the part of Borrower to take such other action as may be requested by Lender in order to keep said policies of insurance in full force and effect until all Obligations have been indefeasibly paid in full; and failure on the part of Borrower to execute any and all documentation required by the insurance companies issuing said policies to effectuate said assignments.

11.3 Failure to Perform. Borrower's failure to perform or observe any covenant, term or condition of this Agreement or in any other Loan Document.

11.4 Cross Default. Borrower's breach or default under any agreement or contract with: (i) Revitalizing Auto Communities Environmental Response Trust; or (ii) Racer Properties, LLC; or (iii) any other third party which default with respect to any other third party would result in a liability to Borrower in excess of $25,000.

11.5 False Representation or Warranty. Borrower shall have made any statement, representation or warranty in this Agreement or in any other Loan Document to which Borrower is a party or in a certificate executed by Borrower incident to this Agreement, which is at any time found to have been false in any material respect at the time such representation or warranty was made.

11.6 Liquidation, Voluntary Bankruptcy, Dissolution, Assignment to Creditors. Any resolution shall be passed or any action (including a meeting of creditors) shall be taken by Borrower for the termination, winding up, liquidation or dissolution of Borrower, or Borrower shall make an assignment for the benefit of creditors, or Borrower shall file a petition in voluntary liquidation or bankruptcy, or Borrower shall file a petition or answer or consent seeking, or consenting to, the reorganization of Borrower or the readjustment of any of the indebtedness of Borrower under any applicable insolvency or bankruptcy laws now or hereafter existing (including the United States Bankruptcy Code), or Borrower shall consent to the appointment of any receiver, administrator, liquidator, custodian or trustee of all or any part of the property or assets of Borrower or any corporate or company action shall be taken by Borrower for the purposes of effecting any of the foregoing.

11.7 Involuntary Petition Against Borrower. Any petition or application for any relief is filed against Borrower under applicable insolvency or bankruptcy laws now or hereafter existing (including the United States Bankruptcy Code) or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity), and is not dismissed or stayed within thirty (30) days of the filing thereof.

11.8 Judgments; Levies. Judgments or attachments aggregating in excess of $10,000 at any given time are obtained against Borrower which remain unstayed for a period of ten (10) days or are enforced.

11.9 Change in Condition. There occurs any event or a change in the condition or affairs, financial or otherwise, of Borrower which, in the reasonable opinion of Lender, impairs Lender's security or the ability of Borrower to discharge its obligations hereunder or any other Loan Document or which impairs the rights of Lender in the Collateral.

11.10 Environmental Claims. Lender determines that any Environmental Liabilities and Costs or Environmental Lien with respect to Borrower will have a potentially adverse effect on the financial condition of Borrower or on the Collateral.

11.11 Failure to Notify. If at any time Borrower fails to provide Lender immediately with notice or copies, if written, of all complaints, orders, citations or notices with respect to environmental, health or safety complaints.

11.12 Failure to Deliver Documentation. Borrower shall fail to obtain and deliver to Lender any other documentation required to be signed or obtained as part of this Agreement, or shall have failed to take any reasonable action requested by Lender to perfect, protect, preserve and maintain the security interests and Lien on the Collateral provided for herein.

11.13 Change of Control. Borrower undergoes a Change of Control.

11.14 Dissolution; Maintenance of Existence. Borrower is dissolved, or Borrower fails to maintain its corporate existence in good standing, or the usual business of Borrower ceases or is suspended in any respect.

11.15 Indictment. The indictment of Borrower or any director or Responsible Officer of Borrower under any criminal statute, or commencement of criminal or civil proceedings against Borrower, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of any portion of the property of Borrower.

11.16 Tax Liens. The filing of a Lien for any unpaid taxes filed by any Governmental Authority against Borrower or any of its assets.

11.17 Challenge to Validity of Loan Documents. Borrower attempts to terminate, or challenges the validity of, or its liability under, this Agreement or any other Loan Document, or any proceeding shall be brought to challenge the validity, binding effect of any Loan Document, or any Loan Document ceases to be a valid, binding and enforceable obligation of Borrower.

11.18 Claims Against Lender. The filing of a motion by the Borrower seeking to challenge the Lender's Liens under the Loan Documents or otherwise commencing any cause of action against the Lender.

SECTION 12. REMEDIES.

12.1 Acceleration; Other Remedies. Upon the occurrence and during the continuation of an Event of Default:

(a) Subject to the terms of the Racer Intercreditor Agreement, Lender shall have all rights and remedies provided in this Agreement, any of the other Loan Documents, the UCC or other applicable law, all of which rights and remedies may be exercised without notice to Borrower, all such notices being hereby waived, except such notice as is expressly provided for hereunder or is not waivable under applicable law. All rights and remedies of Lender are cumulative and not exclusive and are enforceable, in Lender's discretion, alternatively, successively, or concurrently on any one or more occasions and in any order Lender may determine. Without limiting the foregoing, Lender may (i) accelerate the payment of all Obligations and demand immediate payment thereof to Lender, (ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral, (iii) require Borrower, at Borrower's expense, to assemble and make available to Lender any part or all of the Collateral at any place and time designated by Lender, (iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral, (v) notify bailees as to the disposition of Collateral, and (vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including, without limitation, entering into contracts with respect thereto, by public or private sales at any exchange, broker's board, any office of Lender or elsewhere) at such prices or terms as Lender may deem reasonable, for cash, upon credit or for future delivery, with Lender having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Borrower, which right or equity of redemption is hereby expressly waived and released by Borrower. If any of the Collateral or other security for the Obligations is sold or leased by Lender upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Lender. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Lender to Borrower designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Borrower waives any other notice. In the event Lender institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Borrower waives the posting of any bond which might otherwise be required.

(b) Lender may apply the proceeds of Collateral actually received by Lender from any sale, lease, foreclosure or other disposition of the Collateral to payment of any of the Obligations, in whole or in part (including attorneys' fees and legal expenses incurred by Lender with respect thereto or otherwise chargeable to Borrower) and in such order as Lender may elect, whether or not then due. Borrower shall remain liable to Lender for the payment on demand of any deficiency together with interest at the Default Interest Rate and all costs and expenses of collection or enforcement, including reasonable attorneys' fees and legal expenses.

(c) Lender may, at its option, cure any default by Borrower under any agreement with a third party or pay or bond on appeal any judgment entered against Borrower, discharge taxes and Liens at any time levied on or existing with respect to the Collateral, and pay any amount, incur any expense or perform any act which, in Lender's sole judgment, is necessary or appropriate to preserve, protect, insure, maintain, or realize upon the Collateral. Such amounts paid by Lender shall be repayable by Borrower on demand and added to the Obligations, with interest payable thereon at the Default Interest Rate. Lender shall be under no obligation to effect such cure, payment, bonding or discharge, and shall not, by doing so, be deemed to have assumed any obligation or liability of Borrower.

(d) Lender and Lender’s agents shall have the right to utilize any of Borrower’s customer lists, registered names, trade names or trademarks to publicly advertise the sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral and Borrower will be deemed to have waived and voided any confidentiality agreements by and between Borrower and Lender.

12.2 Set-off. Lender shall have the right, immediately and without notice of other action, to set-off against any of Borrower’s liabilities to Lender any money or other liability owed by Lender or any Affiliate of Lender (and such Affiliate of Lender is hereby authorized to effect such set-off) in any capacity to Borrower, whether or not due, and Lender or such Affiliate shall be deemed to have exercised such right of set-off and to have made a charge against any such money or other liability immediately upon the occurrence of such Event of Default even though the actual book entries may be made at a time subsequent thereto. The right of set-off granted hereunder shall be effective irrespective of whether Lender shall have made demand under or in connection with the Loan. None of the rights of Lender described in this Section are intended to diminish or limit in any way Lender's or Affiliates of Lender's common-law set-off rights.

12.3 Costs and Expenses. Borrower shall be liable for all costs, charges and expenses, including attorneys’ fees and disbursements, incurred by Lender by reason of the occurrence of any Event of Default or the exercise of Lender's remedies with respect thereto, each of which shall be repayable by Borrower on demand with interest at the Default Interest Rate, and added to the Obligations.

12.4 No Marshalling. Lender shall be under no obligation whatsoever to proceed first against any of the Collateral or other property which is security for the Obligations before proceeding against any other of the Collateral. It is expressly understood and agreed that all of the Collateral or other property which is security for the Obligations stands as equal security for all Obligations, and that Lender shall have the right to proceed against any or all of the Collateral or other property which is security for the Obligations in any order, or simultaneously, as in its sole and absolute discretion it shall determine. It is further understood and agreed that Lender shall have the right to sell any or all of the Collateral or other property which is security for the Obligations in any order or simultaneously, as Lender shall determine in its sole and absolute discretion.

12.5 No Implied Waivers; Rights Cumulative. No delay on the part of Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document or provided by statute or at law or in equity or otherwise shall impair, prejudice or constitute a waiver of any such right, remedy, power or privilege or be construed as a waiver of any Event of Default or as an acquiescence therein. No right, remedy, power or privilege conferred on or reserved to Lender hereunder or under any other Loan Document or otherwise is intended to be exclusive of any other right, remedy, power or privilege. Each and every right, remedy, power or privilege conferred on or reserved to Lender under this Agreement or under any of the other Loan Documents or otherwise shall be cumulative and in addition to each and every other right, remedy, power or privilege so conferred on or reserved to Lender and may be exercised by Lender at such time or times and in such order and manner as Lender shall (in its sole and complete discretion) deem expedient.

SECTION 13. OTHER RIGHTS OF LENDER.

13.1 [RESERVED]

13.2 Repayment of Obligations. All Obligations shall be payable at Lender's office set forth below or at a bank or such other place as Lender may expressly designate from time to time for purposes of this Section. Lender shall apply all proceeds of Collateral received by Lender and all other payments in respect of the Obligations to the Loan whether or not then due or to any other Obligations then due, in whatever order or manner Lender shall determine.

13.3 Lender Appointed Attorney-in-Fact.

(a) Borrower hereby irrevocably constitutes and appoints Lender, with full power of substitution, as its true and lawful attorney-in-fact, with full irrevocable power and authority in its place and stead and in its name or otherwise, from time to time in Lender's discretion, at Borrower's sole cost and expense, to take any and all appropriate action and to execute and deliver any and all documents and instruments which Lender may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including, without limiting the generality of the foregoing: (i) at any time any of the Obligations are outstanding, (A) to transmit to any bailees notice of the interest of Lender in the Collateral or request from such bailees at any time, in the name of Borrower or Lender or any designee of Lender, information concerning the Collateral and any amounts owing with respect thereto, (B) to execute in the name of Borrower and file against Borrower in favor of Lender Financing Statements or amendments with respect to the Collateral, and to take all other steps as are necessary in the reasonable opinion of Lender under applicable law to perfect the security interests granted herein, and (C) to pay or discharge taxes, Liens, security interests or other encumbrances levied or placed on or threatened against the Collateral; and (ii) after and during the continuation of an Event of Default, (A) to receive, take, endorse, assign, deliver, accept and deposit, in the name of Lender or Borrower, any and all cash, checks, commercial paper, drafts, remittances and other instruments and documents relating to the Collateral or the proceeds thereof, (B) to notify bailees as to the disposition of Collateral, (C) to change the address for delivery of mail to Borrower with respect to the Collateral and to receive and open mail addressed to Borrower relating to the Collateral, (D) take or bring, in the name of Lender or Borrower, all steps, actions, suits or proceedings deemed by Lender necessary or desirable to effect collection of or other realization upon the Collateral, and (E) to obtain and adjust insurance required pursuant to this Agreement and to pay all or any part of the premiums therefor and the costs thereof.

(b) Borrower hereby ratifies, to the extent permitted by law, all that Lender shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Agreement. The powers of attorney granted pursuant to this Agreement are each a power coupled with an interest and shall be irrevocable until the Obligations are paid indefeasibly in full.

13.4 Release of Lender. Borrower hereby releases and exculpates Lender, its officers, partners, members, directors, employees, agents, representatives and designees, from any liability arising from any acts or occurrence under this Agreement or in furtherance thereof, whether as attorney-in-fact or otherwise, whether of omission or commission, and whether based upon any error of judgment or mistake of law or fact, except for gross negligence or willful misconduct as determined by a final and non-appealable order from a court of competent jurisdiction. In no event will Lender have any liability to Borrower for lost profits or other special or consequential damages.

13.5 Uniform Commercial Code. At all times prior and subsequent to an Event of Default hereinafter, Lender shall be entitled to all the rights and remedies of a secured party under the UCC with respect to all Collateral.

13.6 Preservation of Collateral. At all times prior and subsequent to an Event of Default hereinafter, Lender may (but without any obligation to do so) take any and all action which in its sole and absolute discretion is necessary and proper to preserve its interest in the Collateral, including without limitation the payment of debts of Borrower which might, in Lender's sole and absolute discretion, impair the Collateral or Lender's security interest therein, and the sums so expended by Lender shall be secured by the Collateral, shall be added to the amount of the Obligations due Lender and shall be payable on demand with interest at the rate applicable to the Loan set forth in Section 3.1 hereof from the date expended by Lender until repaid by Borrower.

13.7 Lender's Right to Cure. In the event Borrower shall fail to perform any of its Obligations hereunder or under any other Loan Document, then Lender, in addition to all of its rights and remedies hereunder, may perform the same, but shall not be obligated to do so, at the cost and expense of Borrower. Such costs and expenses shall be added to the amount of the Obligations due Lender, and Borrower shall promptly reimburse Lender for such amounts together with interest at the Default Interest Rate from the date such sums are expended until repaid by Borrower.

13.8 Inspection of Collateral. From time to time as requested by Lender, Lender or its designee shall have access, (a) prior to an Event of Default, at the sole expense of Borrower, during reasonable business hours to all of the premises where Collateral is located for the purpose of inspecting the Collateral and to all of Borrower's Collateral, and all books and records of Borrower, and Borrower shall permit Lender or Lender's designees to make copies of such books and records or extracts therefrom as Lender may request, and (b) on or after an Event of Default, at the sole expense of Borrower, at any time, to all of the premises where Collateral is located for the purposes of inspecting, disposing and realizing upon the Collateral, and all Borrower's books and records, and Borrower shall permit Lender or its designee to make such copies of such books and records or extracts therefrom as Lender may request. Without expense to Lender, Lender may use such of Borrower's personnel, equipment, including computer equipment, programs, printed output and computer readable media, supplies and premises for the realization on the Collateral as Lender, in its sole discretion, deems appropriate. Borrower hereby irrevocably authorizes all accountants and third parties to disclose and deliver to Lender at Borrower's expense all financial information, books and records, work papers, management reports and other information in its possession regarding Borrower.

SECTION 14. PROVISIONS OF GENERAL APPLICATION.

14.1 Waivers. Borrower waives demand, presentment, notice of dishonor or protest and notice of protest of any instrument of Borrower or others which may be included in the Collateral.

14.2 Survival. All covenants, agreements, representations and warranties made by Borrower herein or in any other Loan Document or in any certificate, report or instrument contemplated hereby shall survive any independent investigation made by Lender and the execution and delivery of this Agreement, and such certificates, reports or instruments and shall continue so long as any Obligations are outstanding and unsatisfied, applicable statutes of limitations to the contrary notwithstanding.

14.3 Notices. All notices, requests and demands to or upon the respective parties hereto shall be in writing and either (a) delivered by registered or certified mail, (b) delivered by hand, or (c) delivered by national overnight courier service with next Business Day delivery, and shall be deemed to have been duly given or made (i) upon the earlier of actual receipt and three (3) Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (ii) one (1) Business Day after deposit with a national overnight courier with all charges prepaid, or (iii) when hand-delivered. All notices, requests and demands are to be given or made to the respective parties at the addresses set forth on Section 11 of the Loan Agreement Schedule (or to such other addresses as either party may designate by notice in accordance with the provisions of Section 11 of the Loan Agreement Schedule).

14.4 Amendments; Waiver of Defaults. The terms of this Agreement shall not be amended, waived, altered, modified, supplemented or terminated in any manner whatsoever except by a written instrument signed by Lender and Borrower. Any default or Event of Default by Borrower may only be waived by a written instrument specifically describing such default or Event of Default and signed by the Lender.

14.5 Binding on Successors.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that Borrower may not assign any of its rights or obligations under this Agreement or the other Loan Documents to any Person without the prior written consent of Lender.

(b) Lender may assign any or all of the Obligations together with any or all of the security therefor to any Person and any such assignee shall succeed to all of Lender's rights with respect thereto. Lender shall notify Borrower of any such assignment. Upon such assignment, Lender shall have no further obligations under the Loan Documents. Lender may from time to time sell or otherwise grant participations in any of the Obligations and the holder of any such participation shall, subject to the terms of any agreement between Lender and such holder, be entitled to the same benefits as Lender with respect to any security for the Obligations in which such holder is a participant.

14.6 Invalidity. Any provision of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

14.7 Publicity. Borrower hereby authorizes Lender to make appropriate announcements of the financial arrangement entered into by and between Borrower and Lender, including, without limitation, announcements which are commonly known as tombstones, in such publications and to such selected parties as Lender shall in its sole and absolute discretion deem appropriate, or as required by applicable law.

14.8 Section or Paragraph Headings. Section and paragraph headings are for convenience only and shall not be construed as part of this Agreement.

14.9 APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, THE LAWS OF WHICH THE BORROWER HEREBY EXPRESSLY ELECTS TO APPLY TO THIS AGREEMENT, WITHOUT GIVING EFFECT TO PROVISIONS FOR CHOICE OF LAW THEREUNDER. THE BORROWER AGREES THAT ANY ACTION OR PROCEEDING BROUGHT TO ENFORCE OR ARISING OUT OF THIS AGREEMENT SHALL BE COMMENCED IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT.

14.10 WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY WAIVES ANY AND ALL RIGHTS THAT IT MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR ANY STATE TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING EITHER DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING BETWEEN BORROWER, LENDER OR ITS SUCCESSORS AND ASSIGNS, OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, THE OBLIGATIONS AND/OR THE COLLATERAL. IT IS INTENDED THAT SAID WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, AND/OR COUNTERCLAIMS IN ANY ACTION OR PROCEEDINGS BETWEEN BORROWER AND LENDER. BORROWER WAIVES ALL RIGHTS TO INTERPOSE ANY CLAIMS, DEDUCTIONS, SETOFFS OR COUNTERCLAIMS OF ANY KIND, NATURE OR DESCRIPTION IN ANY ACTION OR PROCEEDING INSTITUTED BY LENDER WITH RESPECT TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, THE OBLIGATIONS, THE COLLATERAL OR ANY MATTER ARISING THEREFROM OR RELATING THERETO, EXCEPT COMPULSORY COUNTERCLAIMS.

14.11 CONSENT TO JURISDICTION. BORROWER HEREBY (a) IRREVOCABLY SUBMITS AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF CALIFORNIA, LOS ANGELES COUNTY WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, THE OBLIGATIONS AND/OR THE COLLATERAL OR ANY MATTER ARISING THEREFROM OR RELATING THERETO, AND (b) WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE OR FORUM NON CONVENIENS WITH RESPECT THERETO. IN ANY SUCH ACTION OR PROCEEDING, BORROWER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT OR OTHER PROCESS AND PAPERS THEREIN AND AGREES THAT THE SERVICE THEREOF MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO BORROWER AT ITS OFFICES SET FORTH HEREIN OR OTHER ADDRESS THEREOF OF WHICH LENDER HAS RECEIVED NOTICE AS PROVIDED IN THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, BORROWER CONSENTS TO THE COMMENCEMENT BY LENDER OF ANY SUIT, ACTION OR PROCEEDING IN ANY OTHER JURISDICTION TO ENFORCE LENDER'S RIGHTS AND BORROWER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING.

14.12 Entire Agreement. This Agreement, the other Loan Documents, any supplements or amendments hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith contains the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written. In the event of any inconsistency between the terms of this Agreement and any schedule or exhibit hereto, the terms of this Agreement shall govern.

14.13 Counterparts. This Agreement may be executed in counterparts and by facsimile or other electronic signatures, each of which when so executed, shall be deemed an original, but all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Loan and Security Agreement has been duly executed as of the day and year first above written.

BORROWER:

ELIO MOTORS, INC.

By: /s/Paul Elio
Name: PAul Elio
Title: CEO

LENDER:

GEMCAP LENDING I, LLC

By: /s/Richard Ellis
Richard Ellis, Co-President

[SIGNATURE PAGE – LOAN AND SECURITY AGREEMENT]

Exhibit 6.2

LOAN AND SECURITY AGREEMENT
DATED FEBRUARY 28, 2013 ("LOAN AGREEMENT"),
BETWEEN ELIO MOTORS, INC. AND
GEMCAP LENDING I, LLC

LOAN AGREEMENT SCHEDULE

Capitalized terms used in this Loan Agreement Schedule and not defined herein shall have the meanings set forth in the Loan Agreement.

1. LOAN DETAILS

(a) **Borrower**: Elio Motors, Inc., an Arizona corporation with a principal place of business located at102 W. El Caminito Drive, Phoenix, AZ 85021.

(b) **Term Loan**.

(i) **Term Loan Amount.** Upon the terms and provisions and subject to the conditions contained in this Agreement, on the date hereof, Lender is making a term loan to Borrower in the amount of Nine Million Eight Hundred Fifty Thousand Dollars ($9,850,000.00) (the "**Term Loan**").

(ii) **Term Loan Note.** The obligation of Borrower to repay the Term Loan shall be evidenced by the Term Loan Note.

(c) **[RESERVED]**

(d) **Use of Proceeds**: (i) initial payment to Revitalizing Auto Communities Environmental Response Trust for acquisition of the Equipment from Revitalizing Auto Communities Environmental Response Trust; (ii) Closing expenses; and (iii) the remainder for Borrower's working capital purposes.

(e) **Financial Institution(s)**:

Bank Name:	BMO Harris Bank
Address:	111 West Monroe
	Chicago, IL 60603
ABA#:	071025661
Account #	XXXXXX5296
Phone:	(602)650-3725
Reference:	GemCap Lending I, LLC
Contact Person:	Lilianna Simpson

2. [RESERVED]

3. INTEREST, FEES, CHARGES AND PREPAYMENTS

(a) Interest on Loans. Interest on the unpaid principal balance of the Term Loan shall be computed on the basis of the actual number of days elapsed and a year of 360 days, shall accrue at a rate equal to the rate of fifteen percent (15%) per annum (the **"Term Loan Interest Rate"**) and shall be payable in accordance with the Term Loan Note.

(b) Default Interest. Following and during the continuation of an Event of Default, interest on the unpaid principal balance of the Loans shall accrue at a rate equal to twenty percent (20%) per annum (the "**Default Interest Rate**").

(c) Fees and Expenses. Borrower shall pay to Lender the following fees:

Closing Fee: A closing fee of $98,500, representing one percent (1%) of the principal amount of the Loan, due and payable on the Closing Date.

Loan Administration Fee and Monitoring Fee:

$500 per month, payable in arrears.

Audit Fees:

$850 per person, per day, plus out-of-pocket expenses, for not more than two (2) audits during each 12-month period of the Term; provided, that no such limitation shall apply following the occurrence of an Event of Default.

(d) Prepaid Interest and Loan Administration and Monitoring Fees. At Closing, Borrower shall prepay the following to Lender an amount equal to: (i) the first eight months of interest payments following the Closing (to which shall be added any additional interest due and payable at the Default Interest Rate during such period, which shall be paid immediately upon an Event of Default), and (ii) the first eight months of the Loan Administration Fee and Monitoring Fee described above. The foregoing interest and fee payments shall be deemed fully earned when paid.

4. PREPAYMENT TERMS

(a) Term Loan Prepayment. Borrower may voluntarily prepay the unpaid principal sum of the Term Loan Note without premium or penalty, provided, however, that (i) such prepayment is no less than the amount of the then-outstanding aggregate principal sum thereof and all accrued and unpaid interest thereon, and (ii) as part of such prepayment, Borrower pays Lender all other amounts due to Lender pursuant to the Term Loan Note, this Agreement and other Loan Documents, and (iii) in the event Borrower makes such prepayment on or before February 28, 2014, Borrower shall also pay Lender an amount such that Lender shall have indefeasibly received an amount equal to twelve (12) months of interest under the Term Loan Note (the "**Term Loan Prepayment Fee**"). Interest prepaid by Borrower under Section 3(d) of this Loan Agreement Schedule shall be credited against the Term Loan Prepayment Fee. The Term Loan Prepayment Fee is intended to compensate Lender for committing and deploying funds for Borrower's loan pursuant to the Agreement and for Lender's loss of investment of such funds in connection with such early termination, and is not intended as a penalty.

(b) [RESERVED]

(c) Missing or Damaged Equipment Payments. In the event any Equipment Missing or Damaged Equipment under Section 7(d) of this Loan Agreement Schedule constitutes removed or missing from the Borrower's Premises, Borrower shall immediately pay Lender the amounts as calculated in accordance with Section 7(d) of this Loan Agreement Schedule, together with all accrued and unpaid interest thereon and the Term Loan Prepayment Fee, if applicable, with respect to such prepaid amount.

(d) Prepayment Fees and Acceleration. The Term Loan Prepayment Fee also shall be due and payable by Borrower to Lender if Lender accelerates the payment of the Obligations on or before February 28, 2014 due to the occurrence of an Event of Default.

5. ADDITIONAL TERMS CONCERNING COLLATERAL

(a) [RESERVED]

(b) Intellectual Property

Borrower hereby grants to Lender an irrevocable, non-exclusive, worldwide license without payment of royalty or other compensation to Borrower, upon the occurrence and during the continuance of an Event of Default, to use or otherwise exploit in any manner the name "Elio Motors" and all other trademarks, trade names and service marks of the Borrower now or hereafter owned by or licensed to Borrower, and wherever the same may be located, and the Borrower represents, warrants and agrees that any such license or sublicense of the name "Elio Motors" and all other trademarks, trade names and service marks of the Borrower now or hereafter owned by or licensed to Borrower are not and will not be in conflict with the contractual, proprietary or commercial rights of any third Person. The foregoing license will terminate on the indefeasible payment in full of all Obligations.

(c) Representations, Warranties and Covenants. In addition to the representations, warranties and covenants set forth in the Loan Agreement, the Borrower represents, warrants and covenants to Lender that (i) Borrower has been represented by the law firm of Dill, Dill, Carr, Stonbraker and Hutchings P.C. in connection with the negotiation, execution and delivery of the Loan Documents and the consummation of the financing contemplated herein on the Closing Date and (ii) such law firm has reviewed the Loan Documents to be executed and delivered by Borrower.

6. [RESERVED]

7. ADDITIONAL AFFIRMATIVE COVENANTS

(a) [RESERVED]

(b) Financial Reports and Other Information.

(i) Annual Financial Statements. Annual financial statements of Borrower, certified by its Chief Financial Officer and audited by an outside accounting firm acceptable to Lender, as soon as available, but in any event within ninety (90) days after the end of Borrower's Fiscal Year during the Term; provided, however, that if no Event of Default has occurred and is then continuing when such financial statements are required to be delivered,, such annual financial statements may be unaudited. Such financial statements shall (A) fairly present the financial position of each Borrower as of the dates thereof and the results of its operations, cash flows and stockholders' equity for each of the periods then ended in all material aspects; and (B) be prepared in accordance with GAAP.

(ii) Monthly Financial Statements. Not later than thirty (30) days after the end of each calendar month, the unaudited balance sheets and the related statements of income of Borrower, certified by its Chief Financial Officer, subject to year-end audit adjustments, with an aging schedule for all accounts receivable and accounts payable, together with such other information with respect to the business of Borrower as Lender may request.

(iii) Quarterly Financial Statements. Quarterly financial statements of the Borrower, as soon as available but in any event no later than forty-five (45) days after the close of each calendar quarter, the unaudited balance sheet and the related statement of income of the Borrower, prepared in accordance with GAAP, subject to year-end audit adjustments, together with such other information with respect to the business of Borrower as Lender may request.

(iv) Monthly Equipment Certificates. Borrower shall deliver to the Lender a certificate, certified by the President of Borrower (the "**Equipment Certificate**"), on the first Tuesday of each month during the Term, certifying that as of the date of such certificate, (A) all Equipment is in Borrower's possession, (B) all Equipment is located at the Borrower's Premises, (C) except for the Equipment subject to the provisions of Section 7(d) of this Loan Agreement Schedule, all Equipment is in the same condition as at it was on the date of the Appraisals, and (D) listing the items of Missing or Damaged Equipment. The certifications set forth on each Equipment Certificate shall be deemed representations and warranties of the Borrower made as of the date of such Equipment Certificate.

(v) Other Weekly Reports. Such other reports as requested by Lender, in such form as Lender may request.

(c) United States Contracts. If any of the Accounts arise out of contracts with the United States or any of its departments, agencies or instrumentalities, Borrower will notify Lender and, if requested by Lender, execute any necessary instruments in order that all monies due or to become due under such contract shall be assigned to Lender and proper notice of the assignment given under the Federal Assignment of Claims Act.

(d) **Missing or Damaged Equipment**. If any Equipment is either (i) removed or missing from the Borrower's Premises, or (ii) is moved within the Borrower's Premises and is damaged as a result thereof (such equipment collectively, "**Missing or Damaged Equipment**"), without prejudice to any of the rights of Lender under the Loan Documents, Borrower shall, with respect to such Missing or Damaged Equipment that is (I) removed or missing from the Borrower's Premises, immediately pay Lender the full amount of the appraised value of such items as determined by any of the Appraisers or such other appraiser as selected by the Lender in its sole and absolute discretion together with such other amounts as described in Section 4(a) to this Loan Agreement Schedule, and (II) moved within the Borrower's Premises and is damaged as a result thereof, immediately repair such damaged items to a good working order and condition.

8. FINANCING OF CAPITAL ASSETS

(a) Notwithstanding the provisions of Section 10.4 of the Loan Agreement, Borrower shall be permitted to incur Indebtedness to acquire a Capital Asset secured by a purchase money security interest that qualifies as a Permitted Encumbrance, provided that (i) the total purchase cost of such Capital Asset, including all accessories and attachments thereto, does not exceed $25,000, and (ii) Borrower is otherwise then in compliance with the terms of the Loan Agreement.

(b) Borrower hereby grants to the Lender a right of first refusal to provide any Capital Asset Financing (as defined below) to be issued by Borrower, subject to the following terms and conditions. In the event that Borrower desires to incur indebtedness for the purpose of acquiring a Capital Asset whose total purchase cost is greater than $25,000, including all accessories and attachments thereto (a "**Capital Asset Financing**"), Borrower shall notify Lender in writing of such proposed Capital Asset Financing. In connection therewith, Borrower shall submit to Lender all information requested by Lender regarding the Capital Asset proposed to be acquired pursuant to the Capital Asset Financing (the "**Capital Asset Financing Notice**"). Lender shall have the right of first refusal, exercisable with ten (10) Business Days of Lender's receipt of the Capital Asset Financing Notice, to provide the Capital Asset Financing in accordance with the terms hereof, whereby sums advanced to acquire the subject Capital Asset shall be added to the principal amount of the Term Loan hereunder and bear interest in accordance with the terms hereof. If Lender declines to exercise its right to provide such Capital Asset Financing, or fails to respond to the Capital Asset Financing Notice within the ten-Business Day period set forth above, then Borrower shall be entitled to obtain Capital Asset Financing for such Capital Asset from a third party within thirty (30) days of the last day of such notice period, provided that any lien securing the financing thereof constitutes a Permitted Encumbrance hereunder. If such third party Capital Asset Financing is not consummated within such thirty (30) day period, than Borrower's right to obtain such third party Capital Asset Financing shall terminate, and any such financing shall once again become subject to Lender's first refusal right to provide such financing pursuant to the provisions of this Section 8 (Financing of Capital Assets) of the Loan Agreement Schedule.

9. [RESERVED]

10. LENDER'S REMEDIES AND RIGHTS

Notwithstanding anything herein to the contrary, the remedies and rights of Lender set forth in Section 12 of the Loan Agreement are subject in all respects to the terms of the Racer Intercreditor Agreement.

11. NOTICES

Notices, requests and demands under the Loan Agreement shall be given to each party at the following addresses in accordance with Section 14.3 thereof:

If to Borrower:

Elio Motors, Inc.
102 W. El Caminito Drive
Phoenix, AZ 85021
Attention: Paul Elio

With a copy to:

Dill, Dill, Carr, Stonbraker and Hutchings P.C.
455 Sherman – Suite 300
Denver, CO 80203
Attn: Daniel W. Carr, Esq.

If to Lender:

GemCap Lending I, LLC
24955 Pacific Coast Highway, Suite A202
Malibu, CA 90265
Attn: David Ellis

With a copy to:

Cohen Tauber Spievack & Wagner P.C.
420 Lexington Avenue, Suite 2400
New York, New York 10170
Attention: Robert A. Boghosian, Esq.

Notwithstanding the foregoing, that parties expressly acknowledge and agree that foregoing provisions of notice by Lender to Borrower's counsel is an accommodation only, and that Lender shall have fulfilled its notice obligation hereunder if notice shall have been received by Borrower at the address set forth above, irrespective of whether such notice is received by Borrower's counsel.

[SIGNATURE ON NEXT PAGE]

ELIO MOTORS, INC

By: /s/Paul Elio

Name: PAul Elio

Title: CEO

[SIGNATURE PAGE – LOAN AGREEMENT SCHEDULE]

Exhibit 6.3

CONTINUING GUARANTEE

THIS CONTINUING GUARANTEE (this "Guarantee") is executed by the undersigned (hereinafter called "Guarantor") in favor of GemCap Lending I, LLC (hereinafter called "Lender"), with a principal place of business at 24955 Pacific Coast Highway, Suite A202, Malibu, CA 90265, with respect to the Indebtedness (defined herein) of Elio Motors, Inc., an Arizona corporation (hereinafter called "Borrower").

1. Continuing Guarantee. For valuable consideration, Guarantor hereby unconditionally guarantees and promises to promptly pay to Lender, at the address indicated above or at such other address as Lender may direct, in lawful money of the United States, all Indebtedness of Borrower to Lender when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter. The liability of Guarantor under this Guaranty is not limited as to the principal amount of the Indebtedness guaranteed and includes, without limitation, liability for all interest, fees, indemnities and other costs and expenses relating to or arising out of the Indebtedness. In giving this Guarantee, Guarantor hereby acknowledges that this Guarantee is a guaranty of payment (and not of collection), and that the liability of Guarantor hereunder is present, absolute, unconditional, continuing, primary, direct and independent of the obligations of Borrower to Lender. Lender shall not be required to pursue any other remedies including, without limitation, its remedies against Borrower under any Loan Documents evidencing Indebtedness of Borrower, before pursuing Lender's rights and remedies against Guarantor under this Guarantee.

2. Definitions.

(a) "Indebtedness" shall mean: (a) any and all debts, duties, obligations and liabilities of Borrower to Lender, now or hereafter existing, whether voluntary or involuntary and however arising, whether direct or indirect or acquired by Lender by assignment, succession, or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, held or to be held by Lender for its own account or as agent for another or others, whether Borrower may be liable individually or jointly with others, whether recovery upon such debts, liabilities, and obligations may be or hereafter become barred by any statute of limitations, and whether such debts, liabilities, and obligations may be or hereafter become otherwise unenforceable and regardless of whether recovery thereon is discharged in any bankruptcy, insolvency or other proceeding, including without limitation, any of the same that arise from or in connection with Lender's acquisition of a security interest or other interest in any property of Borrower; and (b) any and all attorneys' fees, court costs, and collection charges incurred in endeavoring to collect or enforce any of the foregoing against Borrower, Guarantor, or any other person liable thereon (whether or not suit be brought) and any other expense of, for or incidental to collection thereof. Guarantor hereby acknowledges and agrees that acceptance by Lender of this Guarantee shall not constitute a commitment of any kind by Lender to permit Borrower to incur Indebtedness to Lender.

(c) "Loan Documents" shall mean loan agreements between Borrower and Lender and promissory notes from Borrower in favor of Lender evidencing or relating to any of the Indebtedness, and deeds of trust, mortgages, security agreements, other agreements, documents, and instruments executed by Borrower in connection with such loan agreements and promissory notes, as such loan agreements, promissory notes, security agreements, other agreements, documents and instruments are now in effect and as hereafter amended, restated, renewed or superseded.

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3. Rights of Lender. Guarantor hereby consents and agrees that, without notice to or by Guarantor and without affecting or impairing in any way the obligations or liability of Guarantor hereunder, Lender may, from time to time before or after revocation of this Guarantee, do any one or more of the following in Lender's sole and absolute discretion: (a) renew, compromise, extend, accelerate, or otherwise change the time for payment or accept partial payments of, compromise or settle, renew, discharge the performance of, refuse to enforce or release all or any parties to, any or all of the Indebtedness, or otherwise change the terms of the Indebtedness or any part thereof, including increase or decrease of the rate of interest thereon; (b) grant any other indulgence to Borrower or any other person in respect of any or all of the Indebtedness or any other matter; (c) accept, release, waive, surrender, enforce, exchange, modify, impair, or extend the time for the performance, discharge, or payment of, any and all property of any kind securing any or all of the Indebtedness or any guaranty of any or all of the Indebtedness or on which Lender at any time may have a lien, or refuse to enforce its rights or make any compromise or settlement or agreement therefore in respect of any or all of such property; (d) substitute or add, or take any action or omit to take any action that results in the release of, any one or more endorsers or guarantor of all or part of the Indebtedness**,** including without limitation one or more parties to this Guarantee, regardless of any destruction or impairment of any right of contribution or other right of Guarantor; (e) amend, alter or change in any respect whatsoever any term or provision of the Loan Documents relating to any or all of the Indebtedness, including the rate of interest thereon; (f) apply to the Indebtedness, any sums received from Borrower, any other guarantor, endorser, or cosigner, or from the disposition of any collateral or security to any indebtedness whatsoever owing from such person or secured by such collateral or security, in such manner and order as Lender determines in its sole discretion, and regardless of whether such indebtedness is part of the Indebtedness, is secured, or is due and payable; and (g) apply any sums received from Guarantor or from the disposition of any collateral or security securing the obligations of Guarantor, to any of the Indebtedness in such manner and order as Lender determines in its sole discretion, regardless of whether or not such Indebtedness is secured or is due and payable. Guarantor consents and agrees that Lender shall be under no obligation to marshal any assets in favor of Guarantor, or against or in payment of any or all of the Indebtedness. Guarantor further consents and agrees that Lender shall have no duties or responsibilities whatsoever with respect to any property securing any or all of the Indebtedness. Without limiting the generality of the foregoing, Lender shall have no obligation to monitor, verify audit, examine, or obtain or maintain any insurance with respect to, any property securing any or all of the Indebtedness.

4. Guaranty to be Absolute. Guarantor agrees that until the Indebtedness has been indefeasibly paid in full and any commitments of Lender or facilities provided by Lender with respect to the Indebtedness have been terminated, Guarantor shall not be released by or because of the taking, or failure to take, any action that might in any manner or to any extent vary the risks of Guarantor under this Guaranty or that, but for this paragraph, might discharge or otherwise reduce, limit, or modify Guarantor's obligations under this Guaranty. Guarantor waives and surrenders any defense to any liability under this Guaranty based upon any such action, including but not limited to any action of Lender described in the immediately preceding paragraph of this Guaranty. It is the express intent of Guarantor that Guarantor's obligations under this Guaranty are and shall be absolute and unconditional. In the event any payment with respect to any or all of the Indebtedness by any person is repaid or returned by Lender because of any claim that such payment constituted a preferential transfer or fraudulent conveyance or for any other reason whatsoever, the liability of Guarantor hereunder shall not be discharged or reduced by reason of such payment and Guarantor shall be and remain fully liable therefor. Lender shall have full authority in its sole discretion to compromise or settle any such claim, and any amounts received by Lender that are paid, repaid or returned as a part of such compromise or settlement, and the foregoing shall not discharge or reduce the liability of Guarantor hereunder and Guarantor shall be and remain fully liable therefore.

5. Waiver of Subrogation. Until the Indebtedness has been paid in full and any commitments of Bank or facilities provided by Lender with respect to the Indebtedness have been terminated, Guarantor waives any right of subrogation, reimbursement, indemnification, and contribution (contractual, statutory, or otherwise) including, without limitation, any claim or right of subrogation under the Bankruptcy Code (Title 11, United States Code) or any successor statute, arising from the existence or performance of this Guaranty, and Guarantor waives any right to enforce any remedy which Lender now has or may hereafter have against Borrower, and waives any benefit of, and any right to participate in, any security now or hereafter held by Lender.

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6. Waivers. Guarantor hereby waives: (a) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of intent to accelerate, notices of acceleration, notices of any suit or any other action against Borrower or any other person, any other notices to any party liable on any Loan Document (including Guarantor), notices of acceptance of this Guarantee, and notices of the existence, creation, or incurring of new or additional Indebtedness, and all other notices and demands to which Guarantor might be entitled, including without limitation, all of the following: (i) the amount of the Indebtedness from time to time outstanding; (ii) any foreclosure sale or other disposition of any property which secures any or all of the Indebtedness or which secures the obligations of any other guarantor of any or all of the Indebtedness; (iii) any adverse change in Borrower's financial position; (iv) any other fact that might increase Guarantor's risk; (v) any default, partial payment or non-payment of all or any part of the Indebtedness; (vi) the occurrence of any of the other Events of Default (as hereinafter defined); and (vii) any and all agreements and arrangements between Lender and Borrower and any changes, modifications, or extensions thereof, and any revocation, modification or release of any guaranty of any or all of the Indebtedness by any person; (b) any right to require Lender to institute suit against, or to exhaust its rights and remedies against, Borrower or any other person, or to proceed against any property of any kind that secures all or any part of the Indebtedness, or to exercise any right of offset or other right with respect to any reserves, credits or deposit accounts held by or maintained with Lender or any indebtedness of Lender to Borrower, or to exercise any other right or power, or pursue any other remedy Lender may have; (c) any defense arising by reason of any disability or other defense of Borrower or any other guarantor or any endorser, co-maker or other person, or by reason of the cessation from any cause whatsoever of any liability of Borrower or any other guarantor or any endorser, co-maker or other person, with respect to all or any part of the Indebtedness, or by reason of any act or omission of Lender or others that directly or indirectly results in the discharge or release of Borrower or any other guarantor or any other person or any Indebtedness or any security therefore, whether by operation of law or otherwise; (d) all rights of subrogation, reimbursement, and indemnity whatsoever, and all rights of recourse to or with respect to any assets or property of Borrower or any collateral or security for any or all of the Indebtedness; (e) any defense arising by reason of any failure of Lender to obtain, perfect, maintain or keep in force any security interest in, or lien or encumbrance upon, any property of Borrower or any other person; (f) any defense based upon failure of Lender to give Guarantor notice of any sale or other disposition of any property securing any or all of the Indebtedness, or any defects in any such notice that may be given, or failure of Lender to comply with any provision of applicable law in enforcing any security interest in or lien upon any property securing any or all of the Indebtedness including, but not limited to, any failure by Lender to dispose of any property securing any or all of the Indebtedness in a commercially reasonable manner; and (g) any defense based upon arising out of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against Borrower or any other guarantor or any endorser, co-maker or other person, including without limitation any discharge of, or bar against collecting, any of the Indebtedness (including without limitation any interest thereon), in or as a result of any such proceeding.

7. Waiver of Other Rights and Defenses.

(a) Guarantor waives any rights and defenses that are or may become available to Guarantor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code.

(b) Guarantor waives all rights and defenses that Guarantor may have because any of the Indebtedness is secured by real property. This means, among other things: (i) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; and (ii) if Lender forecloses on any real property collateral pledged by Borrower: (1) the amount of the Indebtedness may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (2) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because any of the Indebtedness is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

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(c) Guarantor waives any right or defense it may have at law or equity, including California Code of Civil Procedure Section 580a, to a fair market value hearing or action to determine a deficiency judgment after a foreclosure.

(d) Guarantor agrees to withhold the exercise of any and all subrogation and reimbursement rights against Borrower, against any other person, and against any collateral or security for the Indebtedness, including any such rights pursuant to Sections 2847 and 2848 of the California Civil Code, until the Indebtedness has been indefeasibly paid and satisfied in full, all obligations owed to Lender under the Loan Documents have been fully performed, and Lender has released, transferred or disposed of all of its right, title and interest in such collateral or security.

8. **Acceleration.** The obligations of the Guarantor hereunder to pay any or all of the Indebtedness shall, at the option of Lender, immediately become due and payable, without notice, and without regard to the expressed maturity of any of the Indebtedness, in the event: (a) a breach by Borrower of any term, covenant, condition, representation or warranty in any of the Loan Documents, or any statement, report, or certificate made or delivered to Lender by Borrower or Guarantor, or any of their respective officers, partners, employees, or agents, is incorrect, false, untrue, or misleading when given in any material respect; or (b) Borrower or Guarantor shall fail to pay when due all or any part of the Indebtedness; or (c) Guarantor shall fail to pay or perform when due any indebtedness or obligation of Guarantor to Lender, whether under this Guarantee or any other instrument, document, or agreement heretofore or hereafter entered into; or (d) any event shall occur which results in the acceleration of the maturity of any indebtedness of Borrower or Guarantor to others; or (e) Borrower or Guarantor shall fail promptly to perform or comply with any term or condition of any agreement with any third party which does or may result in a material adverse effect on the business of Borrower or Guarantor; or (f) there shall be made or exist any levy, assessment, attachment, seizure, lien, or encumbrance for any cause or reason whatsoever upon all or any part of the property of Borrower or Guarantor; or (g) there shall occur the liquidation, dissolution, termination of existence, insolvency, or business failure of Borrower or Guarantor, or the appointment of a receiver, trustee or custodian for Borrower, Guarantor or all or any part of the property of either of them, or the assignment for the benefit of creditors by Borrower or Guarantor, or the commencement of any proceeding by or against Borrower or Guarantor under any reorganization, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, now or hereafter in effect; or (h) Borrower or Guarantor shall be deceased or declared incompetent by any court or a guardian or conserver shall be appointed for either of them or for the property of either of them; or (i) Borrower or Guarantor shall conceal, remove or permit to be concealed or removed any part of its property, with intent to hinder, delay or defraud its creditors, or make or suffer any transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or shall make any transfer of its property to or for the benefit of any creditor at a time when other creditors similarly situated have not been paid; or (j) Guarantor shall revoke this Guarantee. All of the foregoing is hereinafter referred to as "Events of Default".

9. **Right to Attachment Remedy.** Guarantor agrees that, notwithstanding the existence of any property securing any or all of the Indebtedness, Lender shall have all of the rights of a creditor of Guarantor, including without limitation the right to obtain a temporary protective order and writ of attachment against Guarantor with respect to any sums due under this Guarantee. Guarantor further agrees that in the event any property secures the obligations of Guarantor under this Guarantee, to the extent that Lender, in its sole and absolute discretion, determines prior to the disposition of such property that the amount to be realized by Lender therefrom may be less than the indebtedness of Guarantor under this Guarantee, Lender shall have all the rights of an unsecured creditor against Guarantor, including without limitation the right of Lender, prior to the disposition of said property, to obtain a temporary protective order and writ of attachment against Guarantor. Guarantor waives the benefit of Section 483.010(b) of the California Code of Civil Procedure and of any and all other statutes and rules of law now or hereafter in effect requiring Lender to first resort to or exhaust all such collateral before seeking or obtaining any attachment remedy against Guarantor. Lender shall have no liability to Guarantor as a result thereof, whether or not the actual deficiency realized by Lender is less than the anticipated deficiency on the basis, which Lender obtains a temporary protective order or writ of attachment.

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10. Subordination. Any and all rights of Guarantor under any and all debts, liabilities and obligations owing from Borrower to Guarantor, including any security for and guaranties of any such obligations, whether now existing or hereafter arising, are hereby subordinated in right of payment to the prior payment in full of all of the Indebtedness. No payment in respect of any such subordinated obligations shall at any time be made to or accepted by Guarantor if at any time such payment any Indebtedness is outstanding. Borrower and any assignee, trustee in bankruptcy, receiver, or any other person having custody or control over any or all of Borrower's property are hereby authorized and directed to pay to Lender the entire balance of the Indebtedness before making any payments whatsoever to Guarantor, whether as a creditor, shareholder, or otherwise; and insofar as may be necessary for that purpose, Guarantor hereby assigns and transfers to Lender all rights to any and all debts, liabilities and obligations owing from Borrower to Guarantor, including any security for any guaranties of any such obligations, whether now existing or hereafter arising, including without limitation any payments, dividends or distributions out of the business or assets of Borrower. Any amounts received by Guarantor in violation of the foregoing provisions shall be received and held in trust for the benefit of Lender and shall forthwith be paid over to Lender to be applied to the Indebtedness in such order and sequence as Lender shall in its sole discretion determine. Guarantor hereby expressly waives any right to set-off or assert against Lender any counterclaim that Guarantor may have against Borrower.

11. Revocation. This is a continuing guaranty relating to all of the Indebtedness, including Indebtedness arising under successive transactions that from time to time continue the Indebtedness or renew it after it has been satisfied. The obligations of Guarantor hereunder may be terminated only as to future transactions and only by giving written notice thereof to Lender in accordance with Paragraph 22 herein. No such revocation shall be effective until the third business day following the date of actual receipt thereof by Lender. Notwithstanding such revocation, this Guarantee and all consents, waivers and other provision hereof shall continue in full force and effect as to any and all Indebtedness that is outstanding on the effective date of revocation and all extensions, renewals and modifications of said Indebtedness including without limitation amendments, extensions, renewals and modifications that are evidenced by new or additional instruments, documents or agreements executed after revocation.

12. Independent Liability. Guarantor hereby agrees that one or more successive or concurrent actions may be brought hereon against Guarantor, in the same action in which Borrower may be sued or in separate actions, as often as deemed advisable by Lender. The liability of Guarantor hereunder is exclusive and independent of any other guaranty of any or all of the Indebtedness whether executed by Guarantor or by any other guarantor. The liability of Guarantor hereunder shall not be affected, revoked, impaired, or reduced by any one or more of the following: (a) the fact that the Indebtedness exceeds the maximum amount of Guarantor's liability, if any, specified herein or elsewhere (and no agreement specifying a maximum amount of Guarantor's liability shall be enforceable unless set forth in a writing signed by Lender or set forth in this Guarantee); or (b) any direction as to the application of payment by Borrower or by any other party; or (c) any other continuing or restrictive guaranty or undertaking or any limitation on the liability of any other guarantor (whether under this Guarantee or under any other guaranty agreement); or (d) any payment on or reduction of any other guaranty or undertaking; or (e) any revocation, amendment, modification or release of any such other guaranty or undertaking; or (f) any dissolution or termination of, or increase, decrease, or change in membership or stock ownership of Guarantor. Guarantor hereby expressly represents that it was not induced to give this Guarantee by the fact that there are or may be other guarantors either under this Guarantee or otherwise, and Guarantor agrees that any release of any one or more of such other guarantors shall not release Guarantor from its obligations hereunder either in full or to any lesser extent. If Guarantor is a married person, Guarantor hereby expressly agrees that recourse may be had against his or her separate property for all of his or her obligations hereunder.

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13. **Remedies Cumulative; No Waiver.** Lender shall have the right to seek recourse against Guarantor to the full extent provided for herein or in any other instrument or agreement evidencing obligations of Guarantor to Lender. No election in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Lender's right to proceed in any other form of action or proceeding or against any other party. The failure of Lender to enforce any of the provisions of this Guarantee at any time or for any period of time shall not be construed to be a waiver of any such provision or the right thereafter to enforce the same. All remedies hereunder shall be cumulative and shall be in addition to all rights, powers and remedies given to Lender by law or under other instrument or agreement.

14. **Financial Condition of Borrower.** Guarantor is fully aware of the financial condition of Borrower and is executing and delivering this Guarantee at Borrower's request and based solely upon its own independent investigation of all matters pertinent hereto and is not relying in any manner upon any representation or statement of Lender with respect thereto. Guarantor represents and warrants that it is in a position to obtain, and Guarantor hereby assumes full responsibility for obtaining, any additional information concerning Borrower's financial condition and any other matter pertinent hereto as Guarantor may desire, and Guarantor is not relying upon or expecting Lender to furnish to him any information now or hereafter in Lender's possession concerning the same or any other matter. By executing this Guarantee, Guarantor knowingly accepts the full range of risks encompassed within a contract of continuing guaranty, which risks Guarantor acknowledges include without limitation the possibility that Borrower will incur additional Indebtedness for which Guarantor will be liable hereunder after Borrower's financial condition or ability to pay such Indebtedness has deteriorated and/or after bankruptcy or insolvency proceedings have been commenced by or against Borrower.

15. **Reports and Financial Statements of Guarantor.** Guarantor shall, at its sole cost and expense, at any time and from time to time, prepare or cause to be prepared, and provide to Lender upon Lender's request: (a) such financial statements and reports concerning Guarantor for such periods of time as Lender may reasonably designate; (b) any other information concerning Guarantor's business, financial condition or affairs as Lender may reasonably request; and (c) copies of any and all foreign, federal, state and local tax returns and reports of or relating to Guarantor as Lender may from time to time request. Guarantor hereby intentionally and knowingly waives any and all rights and privileges he may have not to divulge or deliver said tax returns, reports and other information that are requested by Lender hereunder or in any litigation in which Lender may be involved relating directly or indirectly to Borrower or to Guarantor. Guarantor further agrees immediately to give written notice to Lender of any adverse change in Guarantor's financial condition and of any condition or event that constitutes any Events of Default under this Guarantee.

16. **Representations and Warranties.** Guarantor hereby represents and warrants that: (a) it is in Guarantor's direct interest to assist Borrower in procuring credit, because Borrower (i) is fully or partially owned by Guarantor, (ii) is an affiliate of Guarantor, furnishes goods or services to Guarantor, (iii) purchases or acquires goods or services from Guarantor, and/or (iv) otherwise has a direct or indirect corporate or business relationship with Guarantor; (b) this Guarantee has been duly and validly authorized, executed and delivered and constitutes the binding obligation of Guarantor, enforceable in accordance with its terms; and (c) the execution and delivery of this Guarantee does not violate or constitute a default under any order, judgment, decree, instrument or agreement to which Guarantor is a party or by which its property is affected or bound.

17. **Integration.** This Guarantee is the entire and only agreement between Guarantor and Lender with respect to the guaranty of the Indebtedness of Borrower by Guarantor, and all representations, warranties, agreements, or undertakings heretofore or contemporaneously made, which are not set forth herein, are superseded hereby.

18. **Amendment.** The terms and provisions hereof may not be waived, altered, modified, or amended except in a writing executed by Guarantor and a duly authorized officer of Lender.

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19. Costs. Whether or not suit be instituted, Guarantor agrees to reimburse Lender on demand for all attorneys' fees and all other costs and expenses incurred by Lender in enforcing this Guarantee, or arising out of or relating in any way to this Guarantee, or in enforcing any of the Indebtedness against Borrower, Guarantor, or any other person, or in connection with any property of any kind securing all or any part of the Indebtedness. Without limiting the generality of the foregoing, and in addition thereto, Guarantor shall reimburse Lender on demand for all attorneys' fees and costs Lender incurs in any way relating to Guarantor, Borrower or the Indebtedness, in order to: (i) obtain legal advice; (ii) enforce or seek to enforce any of its rights; (iii) commence, intervene in, respond to, or defend any action or proceeding; (iv) file, prosecute or defend any claim or cause of action in any action or proceeding (including without limitation any probate claim, bankruptcy claim, third-party claim, secured creditor claim, reclamation complaint, and complaint for relief from any stay under the Bankruptcy Code (Title 11, United States Code) or otherwise); (v) protect, obtain possession of, sell, lease, dispose of or otherwise enforce any security interest in or lien on any property of any kind securing any or all of the Indebtedness; or (vi) represent Lender in any litigation with respect to Borrower's or Guarantor's affairs. In the event either Lender or Guarantor files any lawsuit against the other predicated on a breach of this Guarantee, the prevailing party in such action shall be entitled to recover its attorneys' fees and costs of suit from the non-prevailing party.

20. Successors and Assigns. All rights, benefits and privileges hereunder shall inure to the benefit of and be enforceable by Lender and its successors and assigns and shall be binding upon Guarantor and its heirs, executors, administrators, personal representatives, successors and permitted assigns, provided that none of the obligations of Guarantor hereunder shall be assigned without the prior written consent of Lender. Neither the death of Guarantor nor notice thereof to Lender shall terminate this Guarantee as to its estate, and notwithstanding the death of Guarantor or notice thereof to Lender, this Guarantee shall continue in full force and effect with respect to all Indebtedness, including without limitation, Indebtedness incurred or created after the death of Guarantor and notice thereof to Lender.

21. Notices. Any notice that a party shall be required or shall desire to give to the other hereunder shall be in writing and either (a) delivered by registered or certified mail, (b) delivered by hand, or (c) delivered by national overnight courier service with next business day delivery, and shall be deemed to have been duly given or made (i) three (3) business days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (ii) one (1) business day after deposit with a national overnight courier with next business day delivery with all charges prepaid, or (iii) when hand-delivered. All notices, requests and demands are to be given or made to the respective parties at the following addresses (or to such other addresses as either party may designate by notice in accordance with the provisions of this paragraph):

If to Guarantor:	c/o Industrial Realty Group, LLC 12214 Lakewood Boulevard Downey, CA 90242 Attention: Stuart Lichter
With a copy to:	Fainsbert Mase & Snyder. LLP 11835 West Olympic Boulevard – Suite 1100 Los Angeles, CA 90064 Attention: Jerry A. Brown, Jr., Esq.
If to Lender:	GemCap Lending I, LLC 24955 Pacific Coast Highway, Suite A202 Malibu, CA 90265 Attention: David Ellis
With a copy to:	Cohen Tauber Spievack & Wagner P.C. 420 Lexington Avenue, Suite 2400 New York, New York 10170 Attention: Robert A. Boghosian, Esq.

22. Construction; Severability; Headings. If more than one person has executed this Guarantee or such other person has executed a separate guaranty document in favor of Lender in respect of the Indebtedness, the term "Guarantor" as used herein and in such other guaranty document shall be deemed to refer to all and any one or more of such persons and their obligations hereunder or under such other guaranty document shall be joint and several. Without limiting the generality of the foregoing, if more than one person has executed this Guarantee or such other person has executed a separate guaranty document in favor of Lender, this Guarantee and such other guaranty document shall in all respects be interpreted as though each person signing this Guarantee or such other guaranty document had signed a separate guaranty document, and reference herein to "other guarantors" or words of similar effect shall include without limitation other persons signing this Guarantee or such other guaranty document. As used in this Guarantee, the term "property" is used in its most comprehensive sense and shall mean all property of every kind and nature whatsoever, including without limitation real property, personal property, mixed property, tangible property and intangible property. Words used herein in the masculine gender shall include the neuter and feminine gender, words used herein in the neuter gender shall include the masculine and feminine gender, words used herein in the singular shall include the plural and words used in the plural shall include the singular, wherever the context so reasonably requires. If any provisions of this Guarantee or the application thereof to any party or circumstance are held invalid, void, inoperative or unenforceable, the remainder of this Guarantee and the application of such provision to other parties or circumstances shall not be affected thereby, the provisions of this Guarantee being severable in any such instance. The headings in this Guarantee are inserted for convenience only and shall not be considered for the purpose of determining the meaning or of any provision hereof.

23. APPLICABLE LAW. THIS GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, THE LAWS OF WHICH THE GUARANTOR HEREBY EXPRESSLY ELECTS TO APPLY TO THIS GUARANTEE, WITHOUT GIVING EFFECT TO PROVISIONS FOR CHOICE OF LAW THEREUNDER. THE GUARANTOR AGREES THAT ANY ACTION OR PROCEEDING BROUGHT TO ENFORCE OR ARISING OUT OF THIS GUARANTEE SHALL BE COMMENCED IN ACCORDANCE WITH THE PROVISIONS OF THIS GUARANTEE.

24. WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY WAIVES ANY AND ALL RIGHTS THAT THE GUARANTOR MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR ANY STATE TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING EITHER DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING BETWEEN GUARANTOR, LENDER OR THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, OUT OF OR IN ANY WAY CONNECTED WITH THIS GUARANTEE. IT IS INTENDED THAT SAID WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, AND/OR COUNTERCLAIMS IN ANY ACTION OR PROCEEDINGS BETWEEN GUARANTOR AND LENDER. GUARANTOR WAIVES ALL RIGHTS TO INTERPOSE ANY CLAIMS, DEDUCTIONS, SETOFFS OR COUNTERCLAIMS OF ANY KIND, NATURE OR DESCRIPTION IN ANY ACTION OR PROCEEDING INSTITUTED BY LENDER WITH RESPECT TO THIS GUARANTEE OR ANY MATTER ARISING HEREFROM OR RELATING HERETO, EXCEPT COMPULSORY COUNTERCLAIMS.

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25. CONSENT TO JURISDICTION. GUARANTOR HEREBY (a) IRREVOCABLY SUBMITS AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF CALIFORNIA, LOS ANGELES COUNTY WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF THIS GUARANTEE OR ANY MATTER ARISING HEREFROM OR RELATING HERETO, AND (b) WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE OR FORUM NON CONVENIENS WITH RESPECT THERETO. IN ANY SUCH ACTION OR PROCEEDING, GUARANTOR WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT OR OTHER PROCESS AND PAPERS THEREIN AND AGREES THAT THE SERVICE THEREOF MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO GUARANTOR AT ITS ADDRESS SET FORTH HEREIN OR OTHER ADDRESS OF WHICH LENDER HAS RECEIVED NOTICE AS PROVIDED IN THIS GUARANTEE. NOTWITHSTANDING THE FOREGOING, GUARANTOR CONSENTS TO THE COMMENCEMENT BY LENDER OF ANY SUIT, ACTION OR PROCEEDING IN ANY OTHER JURISDICTION IN WHICH BORROWER, GUARANTOR OR ANY PORTION OF THE LENDER'S COLLATERAL IS LOCATED TO ENFORCE LENDER'S RIGHTS, AND GUARANTOR WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING.

IN WITNESS WHEREOF, the undersigned has executed this Guarantee on February 28, 2013.

GUARANTOR:

/s/ Stuart Lichter
STUART LICHTER

Address: 631 Paseo De La Playa
Redondo Beach, CA 90277

STATE OF FL)
COUNTY OF DADE) ss.

On the 28 day of Feb 2013 before me, Rosie Suastegui, a Notary Public in and for said State, personally appeared Stuart Lichter, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same as his free and voluntary act.

WITNESS my hand and official seal.

Signature /s/ Rosie Suastegui
Notary Public in and for said County and State

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Exhibit 6.4i

AMENDMENT NUMBER 4 TO THE LOAN AND SECURITY AGREEMENT
AND TO THE LOAN AGREEMENT SCHEDULE

This Amendment Number 4 to the Loan and Security Agreement and to the Loan Agreement Schedule ("**Amendment No. 4**") is entered into as of August 1, 2014 by and between ELIO MOTORS, INC., an Arizona corporation with offices at 102 W. El Caminito Drive, Phoenix, AZ 85021 and at 7600 General Motors Boulevard, Shreveport, LA (the "**Borrower**") and CH Capital Lending, LLC, a Delaware limited liability company with offices at c/o Fainsbert Mase Brown Gordon & Sussman LLP, 11100 Santa Monica Boulevard – Suite 870, Los Angeles, CA 90025 (together with its successors and assigns, the "**Lender**").

RECITALS

A. Borrower and GemCap Lending I, LLC, a Delaware limited liability company (the "**Prior Lender**") are parties to the Loan and Security Agreement dated as of February 28, 2013 (the "**Loan Agreement**").

B. In connection with the Loan Agreement, Borrower executed and delivered to the Prior Lender the (i) Loan Agreement Schedule dated as of February 28, 2013 (the "**Loan Schedule**"), (ii) Secured Promissory Note (Term Loan) in the principal amount of $9,850,000 dated as of February 28, 2013 (the "**Note**"), and (iii) other Loan Documents.

C. Borrower and the Prior Lender are parties to Amendment Number 1 to the Loan and Security Agreement and to the Loan Agreement Schedule dated as of December 24, 2013 ("**Amendment No. 1**").

D. In connection with Amendment No. 1, Borrower executed and delivered to the Prior Lender the Amended and Restated Secured Promissory Note (Term Loan) dated as of December 24, 2013 (the "**First Amended Note**").

E. Borrower and the Prior Lender are parties to Amendment Number 2 to the Loan and Security Agreement and to the Loan Agreement Schedule dated as of February 27, 2014 ("**Amendment No. 2**").

F. In connection with Amendment No. 2, Borrower executed and delivered to the Prior Lender the Second Amended and Restated Secured Promissory Note (Term Loan) dated February 27, 2014 (the "**Second Amended Note**").

G. Borrower and the Prior Lender are parties to Amendment Number 3 to the Loan and Security Agreement and to the Loan Agreement Schedule dated as of May 31, 2014 ("**Amendment No. 3**").

H. In connection with Amendment No. 3, Borrower executed and delivered to the Prior Lender the Third Amended and Restated Secured Promissory Note (Term Loan) dated May 31, 2014 (the "**Third Amended Note**").

I. The Maturity Date under the Loan Agreement and other Loan Documents, as amended through the date hereof, was July 31, 2014.

J. Prior Lender sold and assigned the Loan Agreement and the other Loan Documents to Lender on August 1, 2014 pursuant to a Loan Purchase Agreement, dated as of August 1, 2014, between Prior Lender and Lender (the "**Loan Purchase Agreement**").

K. Lender is the current lender under the Loan Agreement and owner and holder of the Loan Agreement and the other Loan Documents.

L. Borrower has requested that Lender extend the Maturity Date to July 31, 2015 and reduce the Term Loan Interest Rate.

M. As an accommodation to Borrower, Lender has consented to extending the Maturity Date to July 31, 2015 and reducing the Term Loan Interest Rate to ten percent (10%) per annum, subject to the terms and conditions set forth herein.

N. In consideration of Lender's consent and accommodation, Borrower has agreed to (i) pay Lender an extension fee of $197,000 (the "**Extension Fee**"), and (ii) execute and deliver a Fourth Amended and Restated Secured Promissory Note (Term Loan) (the "**Fourth Amended Note**") and to pay and all of Lender's fees, costs and expenses (including Lender's attorneys' fees and costs) in respect of the Loan Agreement and the transactions relating to this Amendment No. 4.

O. Capitalized terms used but not defined herein have the meanings set forth in the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements herein contained and other good and valuable consideration, Lender and Borrower mutually covenant, warrant and agree as follows:

1. Amendments. Subject to Section 2 below, the Loan Agreement and the Loan Schedule, effective as of the date hereof, are amended as follows:

A. All references to the Prior Lender in the Loan Agreement and the Loan Schedule are hereby changed to mean the Lender.

B. The definition of "**Maturity Date**" in Section 1 of the Loan Agreement is hereby deleted and restated in its entirety as follows:

> "**Maturity Date**" means the earlier of (i) July 31, 2015, and (ii) the date Lender may exercise any of its remedies pursuant to the terms hereof.

C. Section 3(a) of the Loan Schedule is hereby deleted and restated in its entirety as follows:

"(a) **Interest on Loans.** Provided no Event of Default has occurred, (i) for the period from the Closing Date through and including February 28, 2014, interest on the unpaid principal balance of the Term Loan shall be computed on the basis of the actual number of days elapsed and a year of 360 days, and shall accrue at the rate of fifteen percent (15%) per annum, (ii) for the period commencing on March 1, 2014 through and including May 31, 2014, interest on the unpaid principal balance of the Term Loan shall be computed on the basis of the actual number of days elapsed and a year of 360 days, and shall accrue at the rate of twelve percent (12%) per annum, (iii) for the period commencing June 1, 2014 through and including July 31, 2014, interest on the unpaid principal balance of the Term Loan shall be computed on the basis of the actual number of days elapsed and a year of 360 days, and shall accrue at the rate of twenty percent (20%) per annum, and (iv) for the period commencing August 1, 2014 through and including the Maturity Date, interest on the unpaid principal balance of the Term Loan shall be computed on the basis of the actual number of days elapsed and a year of 360 days, and shall accrue at the rate of ten percent (10%) per annum (the "**Term Loan Interest Rate**") and shall be payable in accordance with the Term Loan Note."

D. The notices to Lender and copies to its counsel set forth in Section 11 of the Loan Schedule are deleted and restated as follows:

If to Lender:

CH Capital Lending, LLC
c/o Fainsbert Mase Brown Gordon & Sussman LLP
11100 Santa Monica Boulevard – Suite 870
Los Angeles, CA 90025
Attn: Stuart Lichter

With a copy to:

Fainsbert Mase Brown Gordon & Sussman, LLP
11100 Santa Monica Boulevard – Suite 870
Los Angeles, CA 90025
Attention: Jerry A. Brown, Jr., Esq.

2. Effectiveness. The effectiveness of this Amendment No. 4 and the Fourth Amended Note is conditioned upon and subject to the receipt by the Lender of each of the following on or before the dates set forth below:

a. A copy of this Amendment No. 4 duly executed by Borrower and delivered to Lender by e-mail on or before August 1, 2014 with the original of this Amendment No. 4 duly executed by Borrower and delivered to Lender on or before August 5, 2014; and

b. A copy of the original Fourth Amended Note in the form attached hereto as **Exhibit A** duly executed by Borrower and delivered to Lender by e-mail on or before August 1, 2014 with the original of the Fourth Amended Note duly executed by Borrower and delivered to Lender on or before August 5, 2014; and

c. A copy of the original of each Reaffirmation of the Guarantee in the forms attached hereto as **Exhibit B** duly executed by each Guarantor and delivered to Lender by e-mail on or before August 1, 2014 with the original of each Reaffirmation of Guarantee duly executed by each Guarantor and delivered to Lender on or before August 5, 2014; and

d. Borrower shall pay to Lender, on or before August 1, 2014, (i) the Extension Fee, (ii) any amounts paid by Lender to Prior Lender, on Borrower's behalf, in order to close the transactions contemplated by the Loan Purchase Agreement (for example, interest payments, monitoring fees, and legal and appraisal fees that had not been paid by Borrower to Prior Lender, as set forth in the Loan Purchase Agreement), and (iii) all of Lender's fees, costs and expenses (including Lender's attorneys' fees and costs) in respect of the Loan Agreement, the Loan Purchase Agreement, and the transactions relating to the Loan Purchase Agreement and this Amendment No. 4; and

e. Receipt by Lender on or before August 1, 2014, of a written acknowledgement by Shreveport Business Park, LLC and by the Industrial Development Board of Parish of Caddo, Inc., in the form attached hereto as **Exhibit C**; and

f. Receipt by Lender on or before August 1, 2014, of a written consent by the Revitalizing Auto Communities Environmental Response Trust, in the form attached hereto as **Exhibit D** and the documents executed in connection therewith.

3. No Defenses or Claims. Borrower represents and warrants to Lender that, as of the date hereof, Borrower has no claims, setoffs or defenses, nor rights to claims, setoffs or defenses, to the payment or to the performance of Borrower's obligations under the Third Amended Note, the Loan Agreement or any of the other Loan Documents.

4. Miscellaneous. Except as herein expressly amended by this Amendment No. 4, all of the terms and provisions of the Loan Agreement, the Loan Schedule, Amendment No 1, Amendment No. 2 and Amendment No. 3 shall continue in full force and effect and the foregoing together with the other Loan Documents are hereby ratified and confirmed by Borrower. The foregoing is without prejudice to Lender's rights under the Loan Agreement and the other Loan Documents referred to therein, including, without limitation, the Guarantee and applicable law, all of which rights are hereby expressly reserved. This Amendment No. 4 may be executed in counterparts and by facsimile or other electronic signatures, each of which when so executed, shall be deemed an original, but all of which shall constitute but one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Amendment No. 4 has been duly executed as of the day and year first above written.

BORROWER:

ELIO MOTORS, INC.

By: /s/ Paul Elio
Name: Paul Elio
Title: CEO

LENDER:

CH CAPITAL LENDING, LLC

By: HOLDINGS SPE MANAGER, LLC

Its: Manager
By: /s/ Stuart Lichter
Stuart Lichter, President

[SIGNATURE PAGE - AMENDMENT NUMBER 4 TO THE LOAN AND SECURITY AGREEMENT AND TO THE LOAN AGREEMENT SCHEDULE]

Exhibit 6.4ii

FOURTH AMENDED AND RESTATED SECURED PROMISSORY NOTE
(TERM LOAN)

$9,850,000 August 1, 2014

FOR VALUE RECEIVED, the undersigned **ELIO MOTORS, INC.**, an Arizona corporation with its principal place of business located at 102 W. El Caminito Drive, Phoenix, AZ 85021 and at 7600 General Motors Boulevard, Shreveport, LA (**"Borrower"**), hereby unconditionally promises to pay to the order of CH Capital Lending, LLC, a Delaware limited liability company with offices at c/o Fainsbert Mase Brown Gordon & Sussman LLP 11100 Santa Monica Boulevard – Suite 870 Los Angeles, CA 90025 (together with its successors, transferees and assigns, "**Lender**"), on or before the Maturity Date, the principal sum of Nine Million Eight Hundred Fifty Thousand Dollars ($9,850,000) in accordance with the terms of this Fourth Amended and Restated Secured Promissory Note (Term Loan) (this "**Note**"). This Note is issued pursuant to that certain Loan and Security Agreement, dated February 28, 2013 (as amended from time to time, the "**Loan Agreement**"), entered into by and between Borrower and GemCap Lending I, LLC, a Delaware limited liability company (the "**Prior Lender**") and the other Loan Documents. Prior Lender sold and assigned the Loan Agreement and the other Loan Documents to Lender on August 1, 2014, and Lender is the current lender under the Loan Agreement and owner and holder of the Loan Agreement and the other Loan Documents. Capitalized terms used herein and not defined herein shall have their respective meanings as set forth in the Loan Agreement.

INTEREST; AMORTIZATION; DUE DATE; PREPAYMENT: Interest on the unpaid principal balance hereof shall be computed on the basis of the actual number of days elapsed and a year of 360 days and (i) for the period from the Closing Date through and including February 28, 2014, shall accrue at a rate equal to Fifteen Percent (15%) per annum, (ii) for the period commencing on March 1, 2014 through and including May 31, 2014, shall accrue at a rate equal to Twelve Percent (12%) per annum, (iii) for the period commencing June 1, 2014 through and including July 31, 2014, shall accrue at a rate equal to Twenty Percent (20%) per annum, and (iv) for the period commencing on August 1, 2014 through and including the Maturity Date, shall accrue at a rate of Ten Percent (10%) per annum. Following and during the continuation of an Event of Default, interest on the unpaid principal balance shall accrue at a rate equal to Twenty Percent (20%) per annum.

Principal, interest and all other amounts due pursuant to this Note and the Loan Agreement shall be due and payable by Borrower as follows: (i) interest for the eight-month period commencing on the date that the Loan proceeds are disbursed by Prior Lender through and including October 31, 2013 shall be paid in advance on February 28, 2013, and shall be deemed fully earned when paid; (ii) interest for the period commencing on November 1, 2013 through and including February 28, 2014 shall be paid on or before December 31, 2013, and shall be deemed fully earned when paid; (iii) interest for the period commencing on March 1, 2014 through and including May 31, 2014 shall be paid monthly in advance on the first day of each and every consecutive month commencing on March 1, 2014, and shall be deemed fully earned when paid; (iv) interest for the period commencing on June 1, 2014 through and including June 30, 2014 shall be paid on or before June 20, 2014, and shall be deemed fully earned when paid; (v) interest for the period commencing on July 1, 2014 through July 31, 2014 shall be paid on or before August 1, 2014, and shall be deemed fully earned when paid; (vi) interest for the period commencing on August 1, 2014 through the Maturity Date shall be due and payable in advance on the first Business Day of each and every calendar month commencing on August 1, 2014, and shall be deemed fully earned when paid; and (vii) one (1) payment in the amount of the unpaid principal balance, together with all accrued and unpaid interest thereon and all fees, costs and other unpaid amounts due and owing to Lender pursuant to this Note, the Loan Agreement and the other Loan Documents, shall be due and payable on the Maturity Date (the "**Final Payment**").

Borrower may voluntarily prepay the unpaid principal sum hereof without premium or penalty, provided, however, that, (i) such prepayment is no less than the amount of the then-outstanding principal sum of the Term Loan and all accrued and unpaid interest thereon, and (ii) as part of such prepayment, Borrower pays Lender all other amounts due to Lender pursuant to this Note, the Loan Agreement and other Loan Documents.

FEES AND COSTS: All fees, costs and expenses set forth in this Note, the Loan Agreement and other Loan Documents shall be paid by Borrower in accordance with the terms hereof and thereof.

MAXIMUM RATE OF INTEREST: It is intended that the Interest Rate and the Default Interest Rate shall never exceed the maximum rate, if any, which may be legally charged in the State of California for loans made to corporations (the "**Maximum Rate**"). If the provisions for interest contained in this Note would result in a rate higher than the Maximum Rate, the interest shall nevertheless be limited to the Maximum Rate and any amounts which may be paid toward interest in excess of the Maximum Rate shall be applied to the reduction of principal, or, at the option of Lender, returned to the Borrower.

NOTICES: All notices shall be given in accordance with the Loan Agreement at Lender's address designated in the Loan Agreement, or to such other place as Lender may from time to time direct by written notice to Borrower.

APPLICATION OF PAYMENTS: All payments made hereunder shall be made without defense or set-off for any debt or other claim which Borrower may assert against Lender. All payments received hereunder shall be applied in accordance with the provisions of the Loan Agreement.

PAYMENT AND COLLECTION: In order to satisfy Borrower's payment of the Monthly Payments and all fees, expenses and charges as set forth or described in this Note, the Loan Agreement and other Loan Documents, Borrower hereby irrevocably authorizes the Lender to initiate manual and automatic electronic (debit and credit) entries through the Automated Clearing House or other appropriate electronic payment system ("**ACH**") to all deposit accounts maintained by Borrower, wherever located. At the request of the Lender, Borrower shall complete, execute and deliver to the institution set forth below (with a copy to the Lender) any ACH agreement, voided check, information and/or direction letter reasonably necessary to so instruct Borrower's depository institution. Borrower (i) shall maintain in all respects this ACH arrangement; (ii) shall not change depository institutions without Lender's prior written consent, and if consent is received, shall immediately execute similar ACH instruction(s), and (iii) waives any and all claims for loss or damage arising out of debits or credits to/from the depository institution, whether made properly or in error. Borrower has communicated and instructed the institution(s) set forth below:

Bank Name:	BMO Harris Bank
Address:	111 West Monroe
	Chicago, IL 60603
ABA#:	071025661
Account #	XXXXXX5296
Phone:	(602) 650-3725
Reference:	CH Capital Lending, LLC
Contact Person:	Lilianna Simpson

Payment of the Final Payment shall be payable by wire transfer of immediately available funds to the account specified by Lender, in lawful money of the United States.

SECURITY: This Note is secured by a pledge of the Collateral as described in the Loan Documents. The Borrower hereby acknowledges, admits and agrees that its obligations under this Note, the Loan Agreement and other Loan Documents are full recourse obligations to which Borrower pledges its full faith and credit. Borrower further acknowledges that the Collateral is subject to an Intercreditor Agreement, dated as of February 28, 2013, by and between Lender (as successor-in-interest to Prior Lender) and the Revitalizing Auto Communities Environmental Response Trust, as amended from time to time.

DEFAULTS; REMEDIES: If either any amount under this Note is not paid in full when due or upon the happening of an Event of Default, the Lender may declare the unpaid principal sum, accrued and unpaid interest and all other amounts under this Note, the Loan Agreement and other Loan Documents immediately due and payable. In such event, Lender may enforce the payment of this Note either by proceeding against the Collateral, or against the Borrower in one or more proceedings separately, successively, or simultaneously and in any order or manner permitted by law as Lender deems desirable. Lender shall not be required to exhaust its security before proceeding against the Borrower. None of the rights or remedies of the Lender are to be deemed waived or affected by any failure or delay of the Lender to exercise its rights; and, in addition, the Lender shall have all of its rights and remedies set forth herein, the Loan Agreement and other Loan Documents.

The failure to exercise any of the rights and remedies set forth in this Note, the Loan Agreement or other Loan Documents shall not constitute a waiver of the right to exercise the same or any other option at any subsequent time in respect of the same event or any other event. The acceptance by Lender of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing rights and remedies at that time or at any subsequent time or nullify any prior exercise of any such rights and remedies without the express written consent of Lender, except as and to the extent otherwise provided by law.

ATTORNEYS' FEES AND COSTS: If the Lender incurs any loss, costs or expenses in enforcing or collecting this Note, in whole or in part, or enforcing any of the terms of this Note, the Borrower agrees to pay all losses, costs and expenses so paid or incurred by Lender including, without limitation, reasonable attorneys' fees and costs.

NON-PAYMENT OF FEES AND COSTS: All fees, costs and expenses as provided in this Note, the Loan Agreement and other Loan Documents not paid when due shall be added to principal and shall thereafter bear interest at the Default Interest Rate.

WAIVERS: The Borrower waives demand for payment, presentment for payment, protest, notice of nonpayment or dishonor and any and all other notices and demands whatsoever.

TERMINOLOGY: Any reference herein to Lender shall be deemed to include and apply to every subsequent holder of this Note.

HEADINGS: The headings in this Note are for convenience of reference only and shall not affect the meaning or interpretation of this Note or any provision hereof.

LOAN AGREEMENT: Reference is made to the Loan Agreement for provisions as to the Loan Documents, Loans, Collateral, fees, charges, remedies and other matters. If there is any conflict between the terms of this Note and the terms of the Loan Agreement, the terms of the Loan Agreement shall control.

APPLICABLE LAW. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, THE LAWS OF WHICH THE BORROWER HEREBY EXPRESSLY ELECTS TO APPLY TO THIS NOTE, WITHOUT GIVING EFFECT TO PROVISIONS FOR CHOICE OF LAW THEREUNDER. THE BORROWER AGREES THAT ANY ACTION OR PROCEEDING BROUGHT TO ENFORCE OR ARISING OUT OF THIS NOTE SHALL BE COMMENCED IN ACCORDANCE WITH THE PROVISIONS OF THIS NOTE.

WAIVER OF JURY TRIAL. BORROWER HEREBY WAIVES ANY AND ALL RIGHTS THAT IT MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR ANY STATE TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING EITHER DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING BETWEEN BORROWER, LENDER OR ITS SUCCESSORS AND ASSIGNS, OUT OF OR IN ANY WAY CONNECTED WITH THIS NOTE, THE OTHER LOAN DOCUMENTS, THE OBLIGATIONS AND/OR THE COLLATERAL. IT IS INTENDED THAT SAID WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, AND/OR COUNTERCLAIMS IN ANY ACTION OR PROCEEDINGS BETWEEN BORROWER AND LENDER. BORROWER WAIVES ALL RIGHTS TO INTERPOSE ANY CLAIMS, DEDUCTIONS, SETOFFS OR COUNTERCLAIMS OF ANY KIND, NATURE OR DESCRIPTION IN ANY ACTION OR PROCEEDING INSTITUTED BY LENDER WITH RESPECT TO THIS NOTE, THE OTHER LOAN DOCUMENTS, THE OBLIGATIONS, THE COLLATERAL OR ANY MATTER ARISING THEREFROM OR RELATING THERETO, EXCEPT COMPULSORY COUNTERCLAIMS.

CONSENT TO JURISDICTION. BORROWER HEREBY (a) IRREVOCABLY SUBMITS AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF CALIFORNIA, LOS ANGELES COUNTY WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF THIS NOTE, THE OTHER LOAN DOCUMENTS, THE OBLIGATIONS AND/OR THE COLLATERAL OR ANY MATTER ARISING THEREFROM OR RELATING THERETO, AND (b) WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE OR FORUM NON CONVENIENS WITH RESPECT THERETO. IN ANY SUCH ACTION OR PROCEEDING, BORROWER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT OR OTHER PROCESS AND PAPERS THEREIN AND AGREES THAT THE SERVICE THEREOF MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO BORROWER AT ITS OFFICES SET FORTH HEREIN OR OTHER ADDRESS THEREOF OF WHICH LENDER HAS RECEIVED NOTICE AS PROVIDED IN THE LOAN AGREEMENT. NOTWITHSTANDING THE FOREGOING, BORROWER CONSENTS TO THE COMMENCEMENT BY LENDER OF ANY SUIT, ACTION OR PROCEEDING IN ANY OTHER JURISDICTION TO ENFORCE LENDER'S RIGHTS AND BORROWER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING.

ASSIGNMENT: Lender reserves the right to sell, assign, transfer, negotiate, or grant participation interests in all or any part of this Note, or any interest in Lender's rights and benefits hereunder.

LOST NOTE: In the event of the loss, theft, destruction or mutilation of this Note, upon request of Lender and submission of evidence reasonably satisfactory to the Borrower of such loss, theft, destruction or mutilation, and, in the case of any such loss, theft, or destruction, upon delivery of a bond or indemnity reasonably satisfactory to Borrower, or in the case of any such mutilation, upon surrender and cancellation of this Note, Borrower will issue a new Note of like tenor as the lost, stolen, destroyed or mutilated Note.

AMENDMENT AND RESTATEMENT: This Note is given in substitution for, and amends and restates in its entirety, and as so amended and restated supersedes, that certain Secured Promissory Note (Term Loan), dated February 28, 2013, delivered by Borrower to Prior Lender in the original principal amount of $9,850,000, that certain Amended and Restated Secured Promissory Note (Term Loan), dated December 24, 2013, delivered by Borrower to Prior Lender in the original principal amount of $9,850,000, that certain Second Amended and Restated Secured Promissory Note (Term Loan), dated February 27, 2014, delivered by Borrower to Prior Lender in the original principal amount of $9,850,000, and that certain Third Amended and Restated Secured Promissory Note (Term Loan), dated May 31, 2014, delivered by Borrower to Prior Lender in the original principal amount of $9,850,000 (collectively, the "**Existing Notes**"). This Note is not in payment, novation, satisfaction or cancellation of the Existing Notes, or of the indebtedness evidenced and secured thereby, and such indebtedness is hereby ratified and confirmed by Borrower, as amended hereby. It is expressly understood and agreed that this Note is given to amend and restate the terms of the Existing Notes, and that no part of the indebtedness evidenced by the Existing Notes shall be discharged, cancelled or impaired by the execution and delivery of this Note.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Fourth Amended and Restated Secured Promissory Note (Term Loan) has been duly executed and delivered by the Borrower as of the day and year first above written.

BORROWER:

ELIO MOTORS, INC.

By: /s/ Paul Elio
Name: Paul Elio
Title: CEO

[SIGNATURE PAGE – FOURTH AMENDED AND RESTATED SECURED PROMISSORY NOTE (TERM LOAN)]

Exhibit 6.5

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (this "**Agreement**") is entered into as of this 31st day of July, 2015 (the "**Effective Date**"), by and between ELIO MOTORS, INC., an Arizona corporation ("**Borrower**") and CH Capital Lending, LLC, a Delaware limited liability company (together with its successors and assigns, "**Lender**").

RECITALS:

A. Borrower and GemCap Lending I, LLC, a Delaware limited liability company (the "**Prior Lender**") are parties to the Loan and Security Agreement dated as of February 28, 2013 (the "**Loan Agreement**") pursuant to which Prior Lender made a loan to Borrower in the original principal amount of $9,850,000 (the "**Loan**").

B. In connection with the Loan Agreement, Borrower executed and delivered to the Prior Lender the (i) Loan Agreement Schedule dated as of February 28, 2013 (the "**Loan Schedule**"), (ii) Secured Promissory Note (Term Loan) in the principal amount of $9,850,000 dated as of February 28, 2013 (the "**Note**"), and (iii) other Loan Documents.

C. Borrower and the Prior Lender are parties to Amendment Number 1 to the Loan and Security Agreement and to the Loan Agreement Schedule dated as of December 24, 2013 ("**Amendment No. 1**").

D. In connection with Amendment No. 1, Borrower executed and delivered to the Prior Lender the Amended and Restated Secured Promissory Note (Term Loan) dated as of December 24, 2013 (the "**First Amended Note**").

E. Borrower and the Prior Lender are parties to Amendment Number 2 to the Loan and Security Agreement and to the Loan Agreement Schedule dated as of February 27, 2014 ("**Amendment No. 2**").

F. In connection with Amendment No. 2, Borrower executed and delivered to the Prior Lender the Second Amended and Restated Secured Promissory Note (Term Loan) dated February 27, 2014 (the "**Second Amended Note**").

G. Borrower and the Prior Lender are parties to Amendment Number 3 to the Loan and Security Agreement and to the Loan Agreement Schedule dated as of May 31, 2014 ("**Amendment No. 3**").

H. In connection with Amendment No. 3, Borrower executed and delivered to the Prior Lender the Third Amended and Restated Secured Promissory Note (Term Loan) dated May 31, 2014 (the "**Third Amended Note**").

I. Prior Lender sold and assigned the Loan Agreement and the other Loan Documents to Lender on August 1, 2014 pursuant to a Loan Purchase Agreement, dated as of August 1, 2014, between Prior Lender and Lender (the "**Loan Purchase Agreement**").

J. Borrower and the Lender are parties to Amendment Number 4 to the Loan and Security Agreement and to the Loan Agreement Schedule dated as of August 1, 2014 ("**Amendment No. 4**").

K. In connection with Amendment No. 4, Borrower executed and delivered to the Prior Lender the Fourth Amended and Restated Secured Promissory Note (Term Loan) dated August 1, 2014 (the "**Fourth Amended Note**").

L. In connection with the Loan Purchase Agreement, Lender pledged all of its interest in and to the Loan Documents to California Bank & Trust ("**CB&T**") to secure a loan from CB&T to Lender in the original principal amount of $7,880,000 (the "**CB&T Loan**"), the proceeds of which were used to acquire the Note from Prior Lender.

M. The Maturity Date under the Loan Agreement and other Loan Documents, as amended through the date hereof, is July 31, 2015.

N. Borrower has requested that Lender extend the Maturity Date to July 31, 2016.

O. Lender is not willing to further extend the Maturity Date, but, as an accommodation to Borrower, Lender has consented to forebear on the enforcement of certain terms and conditions of the Loan as more fully set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements herein contained and other good and valuable consideration, Lender and Borrower mutually covenant, warrant and agree as follows:

1. General Acknowledgments. Borrower acknowledges and agrees to the following:

(a) The foregoing recitals are herby incorporated into and made a part of this Agreement by this reference;

(b) Capitalized terms used but not defined herein have the meanings set forth in the Loan Agreement;

(c) Neither this Agreement nor any other agreement entered in connection herewith or pursuant to the terms hereof shall be deemed or construed to be a compromise, satisfaction, reinstatement, accord and satisfaction, novation or release of any of the Loan Documents, or any rights or obligations thereunder, or a waiver by Lender of any of its rights under the Loan Documents or at law or in equity;

(d) Except as specifically set forth herein, neither this Agreement nor any other agreement executed in connection herewith pursuant to the terms hereof, nor any actions taken pursuant to this Agreement or such other agreement shall be deemed to cure any Event of Default which may exist under the Loan Documents, or to be a waiver by Lender of any Event of Default under the Loan Documents, or of any rights or remedies in connection therewith or with respect hereto, evidencing the parties' intention that Borrower's obligations under the Loan Documents shall remain in full force and effect;

(e) All liens, security interests, rights and remedies granted to Lender for its benefit under the Loan Documents are hereby renewed, confirmed and continued; and

(f) Borrowers reaffirm the validity, binding effect and enforceability of each of the Loan Documents, as modified by provisions of this Agreement, and acknowledge that Borrower is liable to Lender for the full amount of the principal and interest evidenced by the Loan Documents (as modified hereby), without offset, deduction, claim, counterclaim, defense or recoupment of any kind.

2. Forbearance. Subject to the terms of Section 3 hereof, during the Forbearance Period, as hereinafter defined, Lender hereby irrevocably waives any default or Event of Default that was or will be caused solely as a result of Borrower's failure to pay off the Loan in full on or before the Maturity Date. Provided that Borrower complies with all terms and conditions contained in this Agreement, Lender's obligation to so forbear will commence on the Effective Date and will terminate on the earlier of July 31, 2016, or the date of occurrence of any Agreement Default (defined below) (such period of forbearance being the "**Forbearance Period**").

3. Conditions to Lender's Forbearance. Lender's willingness to forbear as provided in this Agreement is conditioned on the following:

(a) The execution of this Agreement by the Borrower;

(b) Borrower making all required payments of interest to Lender pursuant to the terms of the Fourth Amended Note as if the Maturity Date had been extended through the Forbearance Period;

(c) Borrower satisfying all of its obligations under the Loan Documents on or before July 31, 2016, including the payment in full of the outstanding principal and interest owed pursuant to the Loan Documents;

(d) Borrower complying with all requirements of the Loan Documents to the extent not inconsistent with this Agreement; and

(e) Borrower paying to Lender, on demand, (i) all of Lender's fees, costs and expenses (including Lender's attorneys' fees and costs) incurred in connection with this Agreement and the transactions relating thereto, and (ii) all of Lender's costs and expenses related to the CB&T Loan, including extension fees and points, but specifically excluding any payments of principal and interest related thereto.

4. Default. An Agreement Default ("**Agreement Default**") shall exist under this Agreement if any one or more of the following events shall have occurred, and which remain uncured past any applicable cure period:

(a) Any breach or default in performance by Borrower, of any of the agreements, payments, terms, conditions, covenants, warranties, or representations set forth in this Agreement;

(b) Any breach or default in performance by Borrower, of any of the agreements, payments, terms, conditions, covenants, warranties, or representations set forth in any of the Loan Documents; and

(c) Borrower's failure to satisfy the outstanding principal and interest under the Fourth Amended Note, including all interest accrued thereon through the Forbearance Period, by not later than July 31, 2016.

5. Remedies in Event of Default. Immediately upon the occurrence of an Agreement Default which remains uncured past any applicable cure period, and notwithstanding anything to the contrary set forth herein, Lender shall have the rights and remedies set forth in the Loan Documents.

6. Incorporation of Other Documents. The Loan Documents and all other agreements, documents and writings between or among Borrower and Lender are expressly reaffirmed and incorporated herein by this reference, and shall remain in full force and effect and continue to govern and control the relationship between the parties hereto except to the extent they are inconsistent with, amended or superseded by this Agreement. To the extent of any inconsistency, amendment or superseding provision, this Agreement shall govern and control.

7. Notices. Any notice, request, demand, instruction or other document or communication required or permitted to be given hereunder shall be in writing addressed to the respective party as set forth below and may be personally served, sent by facsimile or email, or sent by a nationally recognized overnight courier or by U.S. Mail, first class, addressed as follows:

If to Lender: CH Capital Lending, LLC
c/o Fainsbert Mase Brown & Sussman LLP
11100 Santa Monica Boulevard – Suite 870
Los Angeles, CA 90025
Attn: Stuart Lichter
Email: SLichter@IndustrialRealtyGroup.com
Telephone: (562) 803-4761
FAX: (562) 803-4796

With a copy to: Fainsbert Mase Brown & Sussman, LLP
11100 Santa Monica Boulevard – Suite 870
Los Angeles, CA 90025
Attention: Jerry A. Brown, Jr., Esq.
Email: JBrown@fms-law.com
Telephone: (310) 473-6400
FAX: (310) 473-8702

To Tenant: Elio Motors, Inc.
102 W. El Caminito Drive
Phoenix, AZ 85021
Attn: Paul Elio, President
Email: pelio@eliomotors.com
Telephone: (602) 369-9140
FAX: _____

With A Copy To: Dill, Dill, Carr, Stonbraker & Hutchings, P.C.
455 Sherman Street, Suite 300
Denver, CO 80203
Attn: Daniel W. Carr, Esq.
Email: dancarr@dillanddill.com
Telephone: (303) 282-4119
FAX: (303) 777-3823

8. Amendments. This Agreement may not be amended or modified except in a writing signed by Lender and Borrower.

9. Indulgence: Modifications. No delay or failure of Lender to exercise any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof, nor the exercise of any other right, power or privilege. The rights of Lender hereunder are cumulative and are not exclusive of any rights or remedies which Lender would otherwise have accept as modified herein. No amendment, modification, supplement, termination, consent or waiver of or to any provision of this Agreement or the Loan Documents, nor any consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by or on behalf of Lender.

10. Waivers Voluntary. The releases and waivers contained in this Agreement are freely, knowingly and voluntarily given by each party, without any duress or coercion, after each party has had opportunity to consult with its counsel and has carefully and completely read all of the terms and provisions of this Agreement.

11. Governing Law and Venue. This Agreement is made in the State of California and the validity of this Agreement, any documents incorporated herein or executed in connection herewith, and (notwithstanding anything to the contrary therein) the Loan Documents, and the construction, interpretation, and enforcement thereof, and the rights of the parties thereto shall be determined under, governed by and construed in accordance with the internal laws of The State of California, without regard to principles of conflicts of law.

12. Counterparts and Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same Agreement. The parties shall be entitled to sign and transmit an electronic signature of this Agreement (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Any party providing an electronic signature agrees to promptly execute and deliver to the other parties an original signed Agreement upon request.

13. Entire Agreement. This Agreement, and any agreements, documents and instruments executed and delivered pursuant hereto or in connection herewith, or incorporated herein by reference, contains the entire agreement of the parties hereto and no party shall be bound by anything not expressed in writing.

14. Severability. If any part, term or provision of this Agreement is held by a court of competent jurisdiction to be illegal, unenforceable or in conflict with any law of the State of Ohio, federal law or any other applicable law, the validity and enforceability of the remaining portions or provisions of this Agreement shall not be affected thereby.

15. Further Assurance. Borrower agrees to execute such other and further documents and instruments as Lender may request to implement the provisions of this Agreement and to perfect and protect the liens and security interests created by the Loan Documents.

16. WAIVER OF A JURY TRIAL. LENDER AND BORROWER EACH ACKNOWLEDGE AND AGREE THAT THERE MAY BE A CONSTITUTIONAL RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY CLAIM DISPUTE OR LAWSUIT ARISING BETWEEN OR AMONG THEM, BUT THAT SUCH RIGHT MAY BE WAIVED. ACCORDINGLY, EACH PARTY AGREES THAT NOTWITHSTANDING SUCH CONSTITUTIONAL RIGHT, IN THIS COMMERCIAL MATTER EACH PARTY BELIEVES AND AGREES THAT IT SHALL BE IN ITS BEST INTEREST TO WAIVE SUCH RIGHT, AND ACCORDINGLY, HEREBY WAIVE SUCH RIGHT TO A JURY TRIAL, AND FURTHER AGREE THAT THE BEST FORUM FOR HEARING ANY CLAIM, DISPUTE OR LAWSUIT, IF ANY, ARISING IN CONNECTION WITH THIS AGREEMENT, ANY LOAN DOCUMENT OR THE RELATIONSHIP AMONG LENDER AND BORROWER SHALL BE A COURT OF COMPETENT JURISDICTION SITTING WITHOUT A JURY.

[***Signatures contained on the following page***]

IN WITNESS WHEREOF, this Forbearance Agreement has been duly executed as of the day and year first above written.

BBORROWER:

ELIO MOTORS, INC.

By: /s/ Paul Elio
Name: PAul Elio
Title: CEO

LENDER:

CH CAPITAL LENDING, LLC

By: HOLDINGS SPE MANAGER, LLC
Its: Manager

By: /s/Stuart Lichter
Stuart Lichter, President

Exhibit 6.6

PROMISSORY NOTE

U.S. $23,000,000 February 28, 2013

FOR VALUE RECEIVED, and at the times hereinafter specified, **ELIO MOTORS, INC.** ("**Maker**"), whose address is 102 W. El Caminito Drive, Phoenix, AZ 85021, Attn: Paul Elio, hereby promises to pay to the order of **REVITALZING AUTO COMMUNITIES ENVIRONMENTAL RESPONSE TRUST** (hereinafter referred to, together with each subsequent holder hereof, as "**Holder**"), at 2930 Ecorse Road, Ypsilanti, Michigan 48198, or at such other address as may be designated from time to time hereafter by any Holder, the principal sum of Twenty-Three Million Dollars ($23,000,000), together with interest on the principal balance outstanding from time to time, as hereinafter provided, in lawful money of the United States of America.

This Note is issued pursuant to Section 1.2.3 of the Purchase and Sale Agreement between Maker and Holder dated as of February __, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "**Agreement**") in connection with the sale by Holder of the ME&F described in the Agreement. Capitalized terms used but not otherwise defined in this Note are used with the meanings ascribed to them in the Agreement.

The balance of principal outstanding from time to time under this Note will be interest free, except that if Maker fails to make any payment when due, then the balance of principal outstanding shall bear interest at the rate of eighteen percent (18%) (the "Interest Rate") per annum, accruing from the date such payment was due. Commencing on November 1, 2013, and on the first day of each month thereafter to and including October 1, 2016, Maker shall make payments to Holder of $173,500. The entire balance of principal and interest outstanding under this Note shall be due and payable in full on September 1, 2016.

Maker shall have the right to prepay all or any portion of the principal of this Note provided that Holder receives at least five (5) days' prior written notice of any such prepayment. Any partial prepayment shall not postpone the due date of any subsequent monthly installment unless Holder shall otherwise agree in writing.

Whenever any payment to be made under this Note shall be stated to be due on a Saturday, Sunday or public holiday or the equivalent for federally chartered banking associations doing business in the State of Louisiana (any other day being a "**Business Day**"), such payment may be made on the next succeeding Business Day.

In addition to interest as set forth herein, Maker shall pay Holder a late charge equal to five percent (5.0%) of any amounts due under this Note in the event any such amount is not paid within ten (10) days after such payment is due. The late charge is not a penalty but liquidated damages to defray administrative and related expenses due to such late payment. The late charge shall be immediately due and payable and shall be paid by Maker to Holder without notice or demand. This provision for a late charge is not and shall not be deemed a grace period and Holder has no obligation to accept a late payment. Further, the acceptance of a late payment shall not constitute a waiver of any default then existing or there-after arising under this Note.

All payments hereunder shall be applied first to the payment of late charges, if any, then to the repayment of any sums advanced by Holder, together with interest thereon from the date of advance until repaid, then to the payment of accrued and unpaid interest, and then to the reduction of principal.

Payments under this Note shall be payable without setoff, counterclaim or deduction of any kind.

This Note is secured by a Security Agreement of even date herewith between Maker and Holder (the "**Security Instrument**"), encumbering the ME&F owned by Maker, as more particularly described in such Security Instrument. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Security Instrument.

Any failure to pay when due any sum hereunder or failure to perform any covenant or agreement herein contained shall constitute an "**Event of Default**" hereunder and under the Security Instrument and the Agreement and any default or Event of Default under the Buyer Loan (as defined in the Agreement), any Additional Financing Loan Documents (as defined in the Agreement), if any, the Security Instrument or the Agreement shall constitute an Event of Default hereunder. Upon the occurrence of any such Event of Default, the entire balance of principal, accrued interest, and other sums owing hereunder shall, at the option of Holder, become at once due and payable without notice or demand, and Holder shall be entitled to recover from Maker all of Holder's costs of collection, including, without limitation, reasonable fees and expenses of attorneys, paralegals and other legal assistants.

Maker hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to the creation and issuance of this Note, and to constitute this Note the legal, valid and binding obligation of Maker, enforceable in accordance with the terms hereof, have been done and performed and happened in due and strict compliance with all applicable laws.

Maker and all parties now or hereafter liable for the payment hereof, primarily or secondarily, directly or indirectly, and whether as endorser, guarantor, surety, or otherwise, hereby severally (a) waive presentment, demand, protest, notice of protest and/or dishonor, and all other demands or notices of any sort whatever with respect to this Note, (b) consent to impairment or release of collateral, extensions of time for payment, and acceptance of partial payments before, at, or after maturity, (c) waive any right to require Holder to proceed against any security for this Note before proceeding hereunder, and (d) agree to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred in the collection of this Note or any part thereof or in preserving, securing possession of, and realizing upon any security for this Note.

The provisions of this Note and of all agreements between Maker and Holder are hereby expressly limited so that in no contingency or event whatever shall the amount paid, or agreed to be paid, to Holder for the use, forbearance, or detention of the money to be loaned hereunder exceed the maximum amount permissible under applicable law. If from any circumstance whatever, the performance or fulfillment of any provision hereof or of any other agreement between Maker and Holder shall, at the time performance or fulfillment of such provision is due, involve or purport to require any payment in excess of the limits prescribed by law, then the obligation to be performed or fulfilled is hereby reduced to the limit of such validity, and if from any circumstance whatever Holder should ever receive as interest an amount which would exceed the highest lawful rate, the amount which would be excessive interest shall be applied to the reduction of the principal balance owing hereunder or, at Holder's option, be paid over to Maker, and shall not be counted as interest.

If any provision hereof or of any other document securing or related to the indebtedness evidenced hereby is, for any reason and to any extent, invalid or unenforceable, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities, or circumstances, nor any other document referred to herein, shall be affected thereby, but instead shall be enforce-able to the maximum extent permitted by law.

Each provision of this Note shall be and remain in full force and effect notwithstanding any negotiation or transfer hereof and any interest herein to any other Holder or participant.

Time is of the essence in this Note.

This Note may not be amended, extended, renewed or modified, nor shall any waiver of any provision hereof be effective, except by an instrument in writing executed by an authorized officer of Holder. Any waiver of any provision hereof shall be effective only in the specific instance and for the specific purpose for which given.

HOLDER AND MAKER KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS NOTE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR THE SECURITY INSTRUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER AND MAKER ENTERING INTO THE SUBJECT TRANSACTION.

Regardless of the place of its execution, this Note shall be construed and enforced in accordance with the laws of the State of Louisiana (excluding the principles thereof governing conflicts of law), and federal law, in the event federal law permits a higher rate of interest than Louisiana law.

IN WITNESS WHEREOF, Maker has executed this Note as of the date first above written.

MAKER:

ELIO MOTORS, INC., an Arizona corporation

By: /s/ Paul Elio
Name: Paul Elio
Title: CEO

Exhibit 6.7

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is entered into as of the 28 day of February, 2013, by and between **ELIO MOTORS, INC.** ("**Debtor**"), and **REVITALIZING AUTO COMMUNITIES ENVIRONMENTAL RESPONSE TRUST** ("**Secured Party**").

Recitals

A. In connection with the sale of certain assets by Secured Party to Debtor pursuant to that certain Purchase and Sale Agreement of even date herewith (the "**Agreement**"), Secured Party has agreed to carry back a portion of the purchase price for such assets (the "**Carry Back Purchase Price**"), which Carry Back Purchase Price is evidenced by that certain promissory note of even date herewith from Debtor to Secured Party (the "**Note**").

B. In order to induce Secured Party to accept the Carryback Purchase Price, Debtor agreed to grant Secured Party a first priority security interest in certain collateral more specifically described herein.

Agreement

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party hereby agree as follows:

1. Grant of Security Interest. Subject to the terms and provisions contained herein, Debtor hereby grants to Secured Party a first priority security interest in all of Debtor's right, title and interest in the collateral described on Exhibit A attached hereto (the "**Collateral**"), to secure payment of the Note and Debtor's other obligations under the Agreement. Notwithstanding the foregoing, Secured Party has entered into an Intercreditor and Subordination Agreement with GemCap Lending I, LLC ("**GCL**") of even date herewith, pursuant to which Secured Party has subordinated its first priority security interest to GCL's lien on the Collateral as set forth therein.

2. Representations and Warranties of Debtor. Debtor represents and warrants to Secured Party that the Collateral is not subject to any assignment, default, claim, setoff, lien, demand, or encumbrance of any nature.

3. Covenants and Agreements of Debtor.

(a) Debtor covenants and agrees to promptly pay all taxes and assessments of every nature which may be levied or assessed against the Collateral.

(b) Debtor covenants and agrees not to transfer or attempt to transfer any interest in the Collateral.

(c) Debtor covenants and agrees to keep the Collateral within the State of Louisiana and free and clear of any liens or encumbrances (other than that created by this document).

(d) Debtor covenants and agrees to operate and use the Collateral in compliance with (i) the terms of the Agreement, and (ii) all applicable laws, rules and regulations promulgated by any governmental entity and to maintain and insure the Collateral in accordance with Debtor's standard business practices.

4. Events of Default. The following shall constitute "**Events of Default**" hereunder, and each such Event of Default shall also constitute an Event of Default under the Note, entitling Secured Party to exercise all or any of the remedies avail-able to Secured Party under the terms of the Note and this Agreement. Any default by Debtor under the Note, including the failure by Debtor to pay any sum when due and payable under the Note.

(a) Any default by Debtor under the Note, including the failure by Debtor to pay any sum when due and payable under the Note.

(b) The failure of Debtor to perform or observe, or other breach of, any other covenant, obligation, agreement, condition, prohibition, representation, warranty or any other term or provision hereunder or under the Agreement.

5. Cure by Secured Party. Debtor agrees that Secured Party shall have the right, but not the obligation, to make any payment and take any action reasonably necessary to maintain, protect and preserve the Collateral, including, but not limited to, curing any late payment of taxes relating to the Collateral. The amount due under the Note shall be increased by any amounts so paid by Secured Party. Payment or action by the Secured Party under this Section 5 shall not be deemed to cure any default by Debtor under the Note or this Agreement.

6. Secured Party's Right Upon an Event of Default.

(a) Upon the occurrence of an Event of Default here-under, Secured Party may declare all indebtedness secured hereby immediately due and payable and shall have all of the remedies of a secured party under the Uniform Commercial Code as enacted by the State of Louisiana. Without limiting the foregoing, Secured Party shall be entitled to recover all of its costs and expenses incurred in enforcing its rights hereunder and under the Note, including reasonable attorneys' fees and costs.

(b) In the event that Secured Party elects to commence Louisiana foreclosure proceedings under this Agreement, Secured Party may cause the Collateral, or any part or parts thereof, to be immediately seized and sold, whether in term of court or in vacation, under ordinary or executory process, in accordance with applicable Louisiana law, to the highest bidder for cash, with or without appraisement, and without the necessity of making additional demand upon or notifying Debtor or placing Debtor in default, all of which are expressly waived.

(c) For purposes of foreclosure under Louisiana executory process procedures, Debtor confesses judgment and acknowledges to be indebted unto and in favor of Secured Party, for the full amount of the Note and the other obligations under the Agreement. To the extent permitted under applicable Louisiana law, Debtor additionally waives: (a) the benefit of appraisal as provided in Articles 2332, 2336, 2723 and 2724 of the Louisiana Code of Civil Procedure, and all other laws with regard to appraisal upon judicial sale; (b) the notice of seizure as provided under Articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (c) the three (3) days' delay provided under Articles 2331 of the Louisiana Code of Civil Procedure; and (d) all other benefits provided under Articles 2331, 2722 and 2723 of the Louisiana Code of Civil Procedure and all other Articles not specifically mentioned above.

(d) Should any or all of the Collateral be seized as an incident of an action for the recognition or enforcement of this Agreement, by executory process, sequestration, attachment, writ of fieri facias or otherwise, Debtor hereby agrees that the court issuing any such order shall, if requested by Secured Party, appoint Secured Party, or any agent designated by Secured Party, or any person or entity named by Secured Party at the time such seizure is requested, or any time thereafter, as keeper of the Collateral as provided under La. R.S. 9:5136, et seq. Such a keeper shall be entitled to reasonable compensation, which compensation to the keeper shall also be secured by this Agreement.

(e) Should it become necessary for Secured Party to foreclose under this Agreement, all declarations of fact, which are made under an authentic act before a Notary Public in the presence of two witnesses, by a person declaring such facts to lie within his or her knowledge, shall constitute authentic evidence for purposes of executory process and also for purposes of La. R.S. 9:3509.1, La. R.S. 9:3504(D)(6) and La. R.S. 10:9-629, where applicable.

(f) Secured Party may, in addition to the foregoing remedies, or in lieu thereof, in Secured Party's sole discretion, commence an appropriate action against Debtor seeking specific performance of any covenant contained herein, or in aid of the execution or enforcement of any power herein granted.

(g) Debtor grants to Secured Party an irrevocable mandate and power of attorney (coupled with an interest) to exercise, after default, in Secured Party's sole discretion and without any obligation to do so, all rights that Debtor has with respect to the Collateral.

(h) The rights and remedies of Secured Party hereunder are cumulative and are not in lieu of, but are in addition to, any other rights or remedies which Secured Party may have under the Note, at law or in equity.

7. Assignment of Secured Parties' Rights. The rights of Secured Party under this Agreement may be assigned by it in connection with any assignment or negotiation of the Note, and any such holder or assignee shall be entitled to rely upon the representations, warranties and covenants herein made.

8. Further Assurances. Debtor hereby agrees to execute such other documents and perform such other acts as may be deemed necessary or appropriate by Secured Party to perfect, protect or enforce the rights hereunder. Debtor hereby authorizes Secured Party and Secured Party's designee to file one or more financing or continuation statements, and amendments thereto (or similar documents required by the laws of any applicable jurisdiction), relative to any personal (movable) property, as Secured Party, at its option and without further consent from or signature of Debtor, may deem appropriate. Debtor agrees that a carbon, photographic or other reproduction of this Agreement or of a financing statement describing any personal (movable) property of Debtor shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions. Debtor agrees that upon an Event of Default, Debtor will follow the instructions of Secured Party and do such further acts and things as Secured Party may reasonably request in order to effect the terms and purposes of this Agreement. Debtor shall pay the filing costs for any financing statement or statements prepared pursuant to this Section.

9. Binding Effect. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10. Amendment. This Agreement may not be amended, modified, or changed, nor shall any waiver of any provision here-of be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification, or discharge is sought.

11. Notices. All notices permitted under this Agreement shall be in writing signed by the party giving same and shall be deemed effective upon personal delivery or three (3) days after mailing by certified or registered mail, postage prepaid, as follows:

If to Debtor:

Elio Motors, Inc.
102 W. El Caminito Drive
Phoenix, AZ 85021
Attn: Paul Elio

With copies to:

Dill Dill Carr Stonbraker & Hutchings, P.C.
455 Sherman Street, Suite 300,
Denver, CO 80203
Attn: Daniel W. Carr, Esq.
Facsimile: 303-777-3823
Email: dancarr@dillanddill.com

If to Secured Party:

Revitalizing Auto Communities Environmental Response Trust
2930 Ecorse Road
Ypsilanti, MI 48198
Attn: Bruce Rasher, Redevelopment Manager
Facsimile: 734.879.9537
Email: brasher@racertrust.org

With copies to:

Revitalizing Auto Communities Environmental Response Trust
2930 Ecorse Road
Ypsilanti, MI 48198
Attn: Carl Garvey, Esq., Deputy General Counsel
Facsimile: 734.879.9537
Email: cgarvey@racertrust.org

Lowe, Fell & Skogg, LLC
1099 18th Street, Suite 2950
Denver, Colorado 80202
Attn: David W. Fell, Esq.
Facsimile: (720) 359-8201
Email: dfell@lfslaw.com

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana. This Agreement may be executed in multiple counterparts.

13. Waiver of Jury Trial. DEBTOR AND SECURED PARTY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THE NOTE OR THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE NOTE OR THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR DEBTOR AND SECURED PARTY ENTERING INTO THE SUBJECT TRANSACTION.

Signature page follows

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

DEBTOR:

ELIO MOTORS, INC., an Arizona corporation

By: /s/ Paul Elio
Name: Paul Elio
Title: CEO

SECURED PARTY:

REVITALIZING AUTO COMMUNITIES ENVIRONMENTAL RESPONSE TRUST

By: EPLET, LLC, acting solely in its representative capacity as Administrative Trustee

By: /s/ Elliott P. Laws
Elliott P. Laws, not individually, but acting solely in his capacity as Managing Member

Exhibit 6.8

FIRST AMENDMENT TO PROMISSORY NOTE

THIS FIRST AMENDMENT TO PROMISSORY NOTE (this "Amendment") is executed effective as of this 17th day of March, 2015 (the "Effective Date"), by and between ELIO MOTORS, INC. ("**Maker**") and REVITALIZING AUTO COMMUNITIES ENVIRONMENTAL RESPONSE TRUST ("**Holder**").

RECITALS

A. Pursuant to a Promissory Note made by Maker payable to the order of Holder dated February 28, 2013 (the "**Note**"), Holder made a loan to Maker in the amount of $23,000,000.

B. Holder and Maker wish to amend certain terms of the Note as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein, Holder and Maker hereby covenant and agree as follows:

1. Defined Terms. Initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Note.

2. Amendment to Note. Maker was required to pay Holder the sum of $173,500 per month pursuant to the Note. Maker failed to make certain of the payments under the Note. Holder has agreed to amend the Note to defer the Note payment for a period of one year. Commencing on the first day of January, 2015 all payments remaining due under the Note shall be deferred until January 1, 2016. The principal balance outstanding shall continue to bear interest at the rate of eighteen percent (18%) per annum until the payments due under the Note are resumed. The entire balance of principal and interest outstanding under the Note shall be due and payable in full on July 1, 2017.

3. No Other Modifications. Except as expressly modified hereby, the Note shall remain unmodified and in full force and effect.

4. Governing Law. This Amendment will be governed by and construed according to the laws of the State of Louisiana.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, Maker and Holder have executed this Amendment as of the date first set forth above.

MAKER:

ELIO MOTORS, INC., an Arizona corporation

By: */s/ Paul Elio*
Name: Paul Elio
Title: CEO

HOLDER:

REVITALIZING AUTO COMMUNITIES ENVIRONMENTAL RESPONSE TRUST, a New York trust

By: EPLET, LLC, acting solely in its capacity as Administrative Trustee of the Revitalizing Auto Communities Environmental Response Trust

By: */s/ Elliott P. Laws*
ELLIOTT P. LAWS, not individually, but acting solely in his capacity as Managing Member

Exhibit 6.9

LEASE AGREEMENT

by and between

SHREVEPORT BUSINESS PARK, LLC,

a Delaware limited liability company

and

ELIO MOTORS, INC.,
an Arizona corporation

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LEASE SUMMARY

Set forth below is a summary of certain terms and conditions of the Lease Agreement between SHREVEPORT BUSINESS PARK, LLC, a Delaware limited liability company, as Landlord, and ELIO MOTORS, INC., an Arizona corporation, as Tenant, solely for the convenience of the parties. In the event there is a conflict between this Lease Summary and the terms and conditions of the Lease Agreement, the terms and conditions of the Lease Agreement shall prevail.

A. **Building(s)** mean one or more of those certain buildings containing 3,356,875 total rentable square feet and having the street address of 7600 General Motors Boulevard, Shreveport, Louisiana. See Paragraph 1.

B. **Premises** means 997,375 rentable square feet of the Buildings, as outlined on the site plan attached as **Exhibit "A"**. See Paragraph 1.

C. **Term** means twenty-five (25) years from the Commencement Date, unless extended or terminated earlier by law or any provision of the Lease. See Paragraph 2.1.

D. **Commencement Date** means approximately December __, 2013. See Paragraph 2.2.

E. **Base Rent** initially means $249,343.75 per month for the Premises beginning on the Base Rent Commencement Date. All rent is due on the first day of each month and shall be paid to Landlord at 4020 Kinross Lakes Parkway, Suite 200, Richfield, Ohio 44286. See Paragraph 3.

F. **Security Deposit** means $581,773.00, based on two (2) month's Base Rent. See Paragraph 4.

G. **Additional Rent** means Tenant's Share of the Project Expenses, payable monthly in advance together with Base Rent. See Paragraph 5.1.A.

H. **Project Expenses** means the sum of Taxes, Insurance Expenses and Common Expenses, related to the Property. This Lease is a "bond type" lease and accordingly, the Project Expenses include any and all costs associated with the Premises. See Paragraphs 5.1.E and 11.

I. **Tenant's Share** for the Premises initially means 100.00%. See Paragraph 5.1.J.

J. **Permitted Use** means automobile manufacturing purposes and uses customarily associated therewith. See Paragraph 7.

K. **Utilities**. Tenant shall pay the cost of its Utilities. See Paragraph 9.

L. **Options To Expand**. Tenant shall have the option to expand the Premises for a period beginning on the Commencement Date and continuing for eight (8) weeks thereafter, as set forth in Paragraph 38.

M. **Options To Extend**. Tenant shall have two (2) options to extend the Term for twenty-five (25) additional years each. The Base Rent for the Premises for each extended Term shall be as set forth in Paragraph 39.

N. **Taxpayer Identification Number** for Tenant is _____.

LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**"), dated as of December __, 2013, is made by and between SHREVEPORT BUSINESS PARK, LLC, a Delaware limited liability company ("**Landlord**"), and ELIO MOTORS, INC., an Arizona corporation ("**Tenant**").

WITNESSETH

1. PREMISES

1.1. Property. The "**Property**" consists of that certain real property improved with one or more multi-tenant buildings ("**Buildings**") located at 7600 General Motors Boulevard, Shreveport, Louisiana ("**Land**"). Fee title to the Property is held by the Industrial Development Board of the Parish of Caddo, Inc. ("**IDB**"). Landlord is currently leasing the Property from IBD pursuant to the terms of that certain lease dated of even date herewith ("**Master Lease**"). Pursuant to Section 8.01(b) of the Master Lease, Landlord has the right to sublease all or a portion of the Property without the prior written consent of IDB, subject to the general terms and conditions of the Master Lease. A copy of the Master Lease is attached hereto as **Exhibit "C"**. This Lease is specifically subject to the

1.2. Premises. Landlord, for and in consideration of the rents, covenants, agreements, and stipulations contained herein, to be paid, kept and performed by Tenant, leases and rents to Tenant, and Tenant hereby leases and takes from Landlord upon the terms and conditions contained herein, 997,375 square feet of office/warehouse/industrial space located within the Property, as outlined in the site plan attached as **Exhibit "A"** ("**Premises**").

1.3. Common Areas. In addition to the Premises, Tenant shall have the use of those certain common areas to be designated by Landlord from time to time on the Property; such areas shall include, but not be limited to, parking areas, access roads and facilities, interior corridors, sidewalks, driveways and landscaped and open areas (collectively, "**Common Areas**"). The use of the Common Areas shall be for the non exclusive use of Tenant and Tenant's employees, agents, suppliers, customers and patrons, in common with Landlord and all other tenants of the Property and all such other persons to whom Landlord has previously granted, or may hereinafter grant, rights of usage; provided that such nonexclusive use shall be expressly subject to such reasonable rules and regulations which may be adopted by Landlord from time to time. Tenant shall not be entitled to use the common areas for storage of goods, vehicles, refuse or any other items. Landlord reserves the right to alter, modify, enlarge, diminish, reduce or eliminate the Common Areas from time to time in its sole discretion; provided, however, it does not unreasonably and materially interfere with Tenant's access or use and occupancy of the Premises. Landlord shall have the right to modify common areas, and if necessary, parts of the Premises, in order to implement new, necessary security measures and Landlord shall endeavor to minimize any adverse affect on Tenant's use of the Premises. If Tenant shall use any of the Common Areas for storage of any items, Tenant shall pay all fines imposed upon either Landlord or Tenant by any fire, building or other regulatory body, and Tenant shall pay all costs incurred by Landlord to clear and clean the Common Areas and dispose of such items, including but not limited to, a disposal fee of twenty-five dollars ($25.00) for each pallet or other container and fifty dollars ($50.00) for each drum, together with any additional costs for testing and special disposal, if required.

2. TERM

2.1. Term. The term of the Lease shall be for twenty-five (25) years beginning on the Commencement Date ("**Term**"), unless extended or sooner terminated pursuant to the terms of this Lease. If the last day of the Term shall fall on other than the last day of a calendar month, the Term shall be extended so as to end on the last day of such calendar month. The term "**Lease Year**" as used herein shall mean any 365-consecutive-day period beginning on the Commencement Date, or first day of the calendar month immediately following the Commencement Date if the Commencement Date falls on other than the first day of a calendar month, or any anniversary thereafter.

2.2. Commencement Dates. The term "**Commencement Date**" as used herein shall mean December __, 2013. The Term "**Base Rent Commencement Date**" as used herein shall mean the earlier of (i) four (4) months after the

SOP (as hereinafter defined), or (ii) August 1, 2015. For purposes of this Lease, the "start of production" ("**SOP**") shall mean the date that Tenant has started assembly of the first motor vehicle intended for sale.

3. RENT

3.1. Rent. Rent shall be due and payable in lawful money of the United States in advance on the first day of each month after the Commencement Date. Tenant shall pay to Landlord as base rent ("**Base Rent**") for the Premises, without notice or demand and without abatement, deduction, offset or set off, the sum of $249,343.75 per month (based upon $3.00 per square foot) beginning on the Base Rent Commencement Date. Base Rent shall increase by ten percent (10%) on every tenth (10^{th}) anniversary of the Commencement Date. Rent for any period during the term hereof which is for less than one (1) full calendar month shall be prorated based upon the actual number of days of the calendar month involved. Tenant shall pay the first full month's Base Rent and any other charges upon execution of this Lease.

3.2. Place of Payment. All payments under this Lease to be made by Tenant to Landlord shall be made payable to, and mailed or personally delivered to Landlord at the following address or such other address(es) which Landlord may notify Tenant from time to time: c/o IRG Realty Advisors, LLC, 4020 Kinross Lakes Parkway Suite 200, Richfield, Ohio 44286.

3.3. Late Payment. Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent (as defined in Paragraph 5.1.F. herein) pursuant to this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any installment of Rent or other payment under this Lease is not received by Landlord, on or before the fifth (5th) day of the month in which such Rent or other payment is due, Tenant shall pay a late charge equal to five percent (5%) of such overdue amounts. Tenant shall also be responsible for a service fee equal to fifty dollars ($50.00) for any check returned for insufficient funds together with such other costs and expenses as may be imposed by Landlord's bank. The payment to and acceptance by Landlord of such late charge shall in no event constitute a waiver by Landlord of Tenant's default with respect to such overdue amounts, nor prevent Landlord from exercising any of the other rights and remedies granted at law or equity or pursuant to this Lease.

3.4. Payment on Account. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent actually due hereunder shall be deemed to be other than a payment on account. No restrictive endorsement or statement on any check or any letter accompanying any check or payment shall be deemed to effect an accord and satisfaction or have any effect whatsoever. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other remedy in this Lease or at law or in equity provided.

3.5. Bond Lease. This Lease is a "bond type" lease in which Tenant, in addition to the payment of Base Rent, shall be directly responsible for the payment of any and all Project Expenses (defined in Paragraph 5.1.E) and all Utilities (defined in Paragraph 9) with respect to the Property, and Landlord shall have no obligations of any nature with respect to the Property, except as otherwise specifically provided in this Lease. Notwithstanding any other provision of this Lease to the contrary, Tenant shall be responsible for all repair, maintenance, replacement and construction with respect to the Property (see Paragraph 10) and, upon expiration of the Term, Tenant shall surrender the Property to Landlord in substantially the same condition as it exists as of the date hereof, reasonable wear and tear excepted, and in accordance with Paragraph 23.

4. SECURITY DEPOSIT

On or before the Base Rent Commencement Date, Tenant shall pay to Landlord a security deposit for the faithful performance of Tenant's obligations under this Lease in the amount of $581,773.00 ("**Security Deposit**"). Within ten (10) days of any increase in the Base Rent hereunder, Tenant shall pay to Landlord an amount necessary to increase the Security Deposit held by Landlord to the amount of the then current monthly Base Rent. If Tenant fails to pay Rent or other charges due hereunder, or otherwise defaults under this Lease, Landlord may use, apply or retain all or a portion of the Security Deposit to compensate Landlord for the amount due by Tenant (including reasonable attorneys fees) under this Lease. If Landlord uses or otherwise applies all or any portion of the Security Deposit, Tenant shall restore such Security Deposit within ten (10) days of notice from Landlord. The Security Deposit shall be non-interest

bearing and Landlord shall be entitled to retain such funds in its general accounts. The balance of the Security Deposit not applied or used by Landlord as permitted in this Paragraph shall be refunded to Tenant thirty (30) days after the later of (i) expiration or other termination of this Lease, and (ii) Tenant has vacated the Premises.

5. ADDITIONAL RENT

5.1. Definitions.

A. "**Additional Rent**" shall mean Tenant's Share of the Project Expenses.

B. "**Common Expenses**" shall mean the aggregate amount of the total costs and expenses paid or incurred by Landlord in any way connected with or related to (i) the operation, repair and maintenance of the Common Areas, the Buildings and the Property, including, without limitation, electricity, gas, water, sewer and other utilities, trash removal, security, snow plowing, sanding, salting and shoveling snow, landscaping, mowing and weed removal, sweeping and janitorial services, on-site manager and employees and related expenses, office expenses, electrical, plumbing, sprinkler and HVAC repair and maintenance, alarm and sprinkler system testing, maintenance and repair, repair, resurfacing and restriping of all parking areas, loading and unloading areas, trash areas, roadways, driveways, walkways, common signage, painting of the Buildings and Property, fence and gate repair and maintenance, repair and replacement of all lighting facilities, and any and all other repairs and maintenance, and (ii) the furnishing of or contracting for any service generally provided to the tenants of the Property by Landlord, including, without limitation, managerial fees (not to exceed 3% of the gross receipts from the Property), administrative expenses related to the Property (not exceed 5% of the Common Expenses) and third party professional fees.

C. "**Computation Year**" shall mean each twelve (12) consecutive month period commencing January 1 of each year during the Term, provided that Landlord, upon notice to Tenant, may change the Computation Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, Tenant's Share of Project Expenses shall be equitably adjusted for the Computation Years involved in any such change.

D. "**Insurance Expenses**" shall mean the aggregate amount of the cost of fire, extended coverage, boiler, sprinkler, commercial general liability, property damage, rent, earthquake, terrorism and other insurance obtained by Landlord in connection with the Property, including insurance required pursuant to Paragraph 14.1 hereof, and the deductible portion of any insured loss otherwise covered by such insurance.

E. "**Project Expenses**" shall mean and include Taxes, Insurance Expenses and Common Expenses.

F. "**Rent**" or "**rent**" shall mean the total of all sums due to Landlord from Tenant hereunder, including but not limited to Base Rent, Additional Rent, Utilities, and all other fees and charges owed to Landlord as well as all damages, costs, expenses, and sums that Landlord may suffer or incur, or that may become due, by reason of any default of Tenant or failure by Tenant to comply with the terms and conditions of this Lease.

G. "**Rentable Area of the Buildings**" shall mean 3,356,875 agreed square feet.

H. "**Rentable Area of the Premises**" shall mean 997,325 agreed square feet.

I. "**Taxes**" shall mean all taxes, assessments and charges levied upon or with respect to the Property or any personal property of Landlord used in the operation thereof, or Landlord's interest in the Property or such personal property. Taxes shall include, without limitation, all general real property taxes and general and special assessments, occupancy taxes, commercial rental taxes, charges, fees or assessments for transit, housing, police, fire or other governmental services or purported benefits to the Property, service payments in lieu of taxes, and any tax, fee or excise on the act of entering into any lease for space in the

Property, or on the use or occupancy of the Property or any part thereof, or on the rent payable under any lease or in connection with the business of renting space in the Property that are now or hereafter levied or assessed against Landlord by the United States of America, the state in which the Property is located, or any political subdivision, public corporation, district or other political or public entity, whether due to increased rate and/or valuation, additional improvements, change of ownership, or any other events or circumstances, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for or as an addition to, as a whole or in part, any other Taxes whether or not now customary or in the contemplation of the parties on the date of this Lease. Taxes shall not include franchise, transfer, inheritance or capital stock taxes or income taxes measured by the net income of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for or as an addition to, as a whole or in part, any other tax that would otherwise constitute a Tax. Taxes shall also include reasonable legal fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Taxes. If any Taxes are specially assessed by reason of the occupancy or activities of one or more tenants and not the occupancy or activities of Tenants as a whole, such Taxes shall be allocated by Landlord to the tenant or tenants whose occupancy or activities brought about such assessment. Pursuant to the terms of the Master Lease, the Property is presently exempt from ad valorum taxes with respect to both the real property and any personal property owned by IDB. As a result, Landlord is required to make certain payments to IDB, designated as rent, in lieu of ad valorum taxes. Accordingly, for so long as the Property is owned by IDB, or any other government or government related entity, Taxes shall also include any and all payments of Rent (as such term is defined in the Master Lease) due by Landlord to IDB pursuant to the terms of the Master Lease.

J. "**Tenant's Share**" shall mean 100% until the Base Rent Commencement Date. ("**Pre Base Rent Period**"). Thereafter, Tenant's Share shall be adjusted to be 29.71% computed by dividing the Rentable Area of the Premises by the Rentable Area of the Buildings. In the event that Landlord leases any portion of the Buildings to another tenant during the Pre Base Rent Period, Tenant shall receive a credit for any Additional Rent received by Landlord from such tenant during the Pre Base Rent Period. After the Pre Base Rent Period, in the event that either the Rentable Area of the Premises or the Rentable Area of the Buildings are changed, Tenant's Share will be appropriately adjusted by Landlord. For purposes of the Computation Year in which such change occurs, Tenant's Share shall be determined on the basis of the number of days during such Computation Year at each such percentage.

5.2. Payments. In addition to Base Rent, and beginning on the Commencement Date, Tenant shall pay to Landlord, monthly, in advance, one-twelfth (1/12) of the Additional Rent due for each Computation Year, in an amount estimated by Landlord and billed by Landlord to Tenant ("**Estimated Expenses**"). Landlord shall have the right to reasonably revise such estimates from time to time and to adjust Tenant's monthly payments accordingly. If either the Commencement Date or the expiration of the Term shall occur on a date other than the first or last day of a Computation Year respectively, the Additional Rent for such Computation Year shall be in the proportion that the number of days the Lease was in effect during such Computation Year bears to 365. With reasonable promptness after the expiration of each Computation Year, Landlord shall furnish Tenant with a statement of the actual expenses ("**Actual Expenses**"), setting forth in reasonable detail the Project Expenses for such Computation Year, and Tenant's Share of such Project Expenses. If the actual Project Expenses for such Computation Year exceed the estimated Project Expenses paid by Tenant for such Computation Year, Tenant shall pay to Landlord the difference between the amount paid by Tenant and the actual Project Expenses within thirty (30) days after the receipt of Landlord's Expense Statement. If the total amount paid by Tenant for any such Computation Year shall exceed the actual Project Expenses for such Computation Year, such excess shall be credited against the next installments of Additional Rent due from Tenant to Landlord hereunder. Neither Landlord's failure to deliver, nor late delivery of, the Estimated or Actual Expenses shall constitute a default by Landlord hereunder or a waiver of Landlord's right to collect any payment provided for herein.

5.3. Intentionally Deleted.

5.4. Disputes. If there is any dispute as to any Additional Rent due under this Paragraph 5 for any particular Computation Year, Tenant shall have the right during the six (6) month period following Tenants receipt of the Actual Expenses for such disputed Computation Year ("**Audit Period**"), upon reasonable notice and at reasonable times,

to inspect Landlord's accounting records at Landlord's accounting office. Tenant's failure to provide Landlord with notice of any dispute as to Additional Rent during the Audit Period, shall constitute a waiver by Tenant to dispute or audit the Additional Rent, or any component thereof, for such Computation Year. If after such inspection Tenant still disputes such Additional Rent, upon Tenant's written request therefore, a certification as to the proper amount of Project Expenses and the amount due to or payable by Tenant shall be made by an independent accounting firm selected by Landlord and Tenant. If Landlord and Tenant are unable to agree upon an accounting firm, Landlord and Tenant shall each select an accounting firm and the two (2) firms so selected shall select a third firm which shall make the certification requested hereunder. Such certification shall be final and conclusive as to all parties. Notwithstanding the foregoing, in no event shall Tenant be entitled to withhold payment of Additional Rent during the certification process and Tenant shall remain obligated to pay all Additional Rent due as otherwise set forth in this Lease. In the event Tenant shall prevail in the certification process, Landlord, at its election, shall either promptly refund any excess Additional Rent payments to Tenant or shall apply such excess as a credit against future Additional Rent due from Tenant. Should the parties obtain a certification, or otherwise agree to compromise the amount in dispute, they shall each pay their proportionate amount of the cost of obtaining the certification in the same percentage as the final certification or compromise amount relates to each parties initial assertion. For example, if Landlord claims Tenant owes $20.00 and Tenant asserts that only $10.00 is due, and the parties ultimately agree on $15.00, each party shall be responsible for paying 50% of the costs of obtaining the certification, if the parties ultimately agree on $18.00, Landlord shall be responsible for 20% and Tenant shall be responsible for 80% of the costs of obtaining the certification.

6. PARKING

So long as Tenant complies with the terms, provisions and conditions of this Lease, Landlord shall maintain and operate, or cause to be maintained and operated automobile parking facilities ("**Parking Facilities**") adjacent to or within a reasonable distance from the Buildings. In addition, Tenant shall be responsible for maintaining that portion of the Parking Facilities that are identified on **Exhibit "A-1"** attached hereto ("**Tenant Parking Areas**") as a part of Tenant's repair and maintenance obligations pursuant to Paragraph 11 herein. In addition, Tenant shall have the exclusive right to use the test track identified on **Exhibit "A-3"** attached hereto. Landlord shall have the right to relocate such Parking Facilities to another location in Landlord's reasonable discretion to facilitate development of the Property. All vehicles located on or about the Premises shall be licensed and insured at all times and shall be in operable condition. NOTWITHSTANDING ANYTHING CONTAINED IN THIS LEASE TO THE CONTRARY, TENANT ACKNOWLEDGES AND AGREES THAT IT SHALL USE ANY PARKING FACILITIES AT ITS SOLE RISK AND THAT LANDLORD SHALL HAVE NO RESPONSIBILITY TO PREVENT, AND SHALL NOT BE LIABLE TO TENANT OR ANY TENANT REPRESENTATIVES FOR, DAMAGES OR INJURIES TO PERSONS OR PROPERTY PARKED OR OTHERWISE LOCATED ON OR ABOUT THE PREMISES.

7. PERMITTED USES

Tenant shall use and occupy the Premises throughout the term of the Lease for automobile manufacturing and warehousing and uses customarily associated therewith and for no other purpose; in particular no use shall be made or permitted to be made of the Premises, nor acts done which will increase the existing rate of insurance upon the Buildings, or cause a cancellation of any insurance policy covering the Buildings, or any part thereof, nor shall Tenant sell, or permit to be kept, used, or sold, in or about the Premises, any article which may be prohibited by the standard form of fire insurance policies. Tenant shall comply with all laws, ordinances, rules, regulations and codes of all municipal, county, state and federal authorities pertaining to Tenant's use and occupation of the Premises. Tenant shall not commit, or suffer to be committed, any waste upon the Premises or any public or private nuisance, or other act or thing which disturbs the quiet enjoyment of any other tenant in the Buildings. Except as set forth in Paragraph 8.2 herein, Tenant shall also specifically not permit the storage of flammable products, fertilizer, charcoal or any other similar items that cause objectionable odors to escape or be emitted from the Premises; Tenant shall insure sanitation and freedom from odor, smell and infestation from rodents or insects. Tenant, at its expense, shall provide (and enclose if required by codes or Landlord) a dumpster or dumpsters for Tenant's trash in a location and manner reasonably approved by Landlord, and shall cause its trash to be removed at intervals reasonably satisfactory to Landlord. In connection therewith, Tenant shall keep the dumpster(s) clean and insect, rodent and odor free.

8. ENVIRONMENTAL COMPLIANCE/HAZARDOUS MATERIALS

8.1. Definitions. **"Hazardous Materials"** shall mean any (i) material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive, flammable, explosive, radioactive, mutagenic or corrosive, including, without limitation, petroleum, or any petroleum derivative, solvents, heavy metals, acids, pesticides, paints, printing ink, PCBs, asbestos, materials commonly known to cause cancer or reproductive problems and those materials, substances and/or wastes, including wastes which are or later become regulated by any local governmental authority, the state in which the Premises are located or the United States Government, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; the Resource Conservation and Recovery Act; all environmental laws of the state where the Property is located, and any other environmental law, regulation or ordinance now existing or hereinafter enacted, (ii) any other substance or matter which results in liability to any person or entity from exposure to such substance or matter under any statutory or common law theory, and (iii) any substance or matter which is in excess of relevant and appropriate levels set forth in any applicable federal, state or local law or regulation pertaining to any hazardous or toxic substance, material or waste, or for which any applicable federal, state or local agency orders or otherwise requires removal, remediation or treatment. "**Hazardous Materials Laws**" shall mean all present and future federal, state and local laws, ordinances and regulations, prudent industry practices, requirements of governmental entities and manufacturer's instructions relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any Hazardous Materials, including without limitation the laws, regulations and ordinances referred to in the preceding sentence.

8.2. Use of Premises by Tenant. Tenant hereby agrees that Tenant and Tenant's officers, employees, representatives, agents, consultants, contractors, subcontractors, successors, assigns, subtenants, concessionaires, invitees and any other occupants of the Premises (for purposes of this Paragraph 8, referred to collectively herein as "**Tenant Representatives**") shall not cause or permit any Hazardous Materials to be used, generated, manufactured, refined, produced, processed, stored or disposed of, on, under or about the Premises or the Property or transport to or from the Premises or the Property without the express prior written consent of Landlord; provided, however, that Tenant shall be permitted to store batteries, tires and such other common cleaning solutions, lubricants and fuels in such quantities as reasonably necessary and appropriate for use in connection with Tenant's automobile manufacturing process. In connection therewith, Tenant shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Tenant or any of Tenant's Representatives of Hazardous Materials on the Premises or the Property, including without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises or the Property with all required permits. Landlord may, in its reasonable discretion, place such conditions as Landlord deems appropriate with respect to such Hazardous Materials, including without limitation, rules, regulations and safeguards as may be required by any insurance carrier, environmental consultant or lender of Landlord, or environmental consultant retained by any lender of Landlord, and may further require that Tenant demonstrates to Landlord that such Hazardous Materials are necessary or useful to Tenant's business and will be generated, stored, used and disposed of in a manner that complies with all Hazardous Materials Laws regulating such Hazardous Materials and with good business practices. Tenant understands that Landlord may utilize an environmental consultant to assist in determining conditions of approval and monitoring in connection with the presence, storage, generation or use of Hazardous Materials on or about the Premises by Tenant. In the event that any of the Hazardous Materials require obtaining a permit from any regulatory authority, Tenant shall reimburse Landlord, as Additional Rent upon demand, the reasonable costs of such consultant to review the permit application. On or before January 31 of each year, Tenant shall provide Landlord with a list of all Hazardous Materials used and stored by Tenant on or about the Premises and the approximate quantity of such materials used and/or store by Tenant over the immediately preceding twelve (12) month period.

8.3. Remediation. If at any time during the Term any contamination of the Premises or the Property by Hazardous Materials shall occur where such contamination is caused by the act or omission of Tenant or Tenant's Representatives ("**Tenant's Contamination**"), then Tenant, at Tenant's sole cost and expense, shall promptly and diligently remove such Hazardous Materials from the Premises, the Property or the groundwater underlying the Premises or the Property to the extent required to comply with applicable Hazardous Materials Laws to restore the Premises or the Property to the same or better condition which existed before Tenant's Contamination. Tenant shall not take any required

remedial action in response to any Tenant's Contamination in or about the Premises or the Property, or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Tenant's Contamination without first obtaining the prior written consent of Landlord, which may be subject to conditions imposed by Landlord as determined in Landlord's sole discretion, provided, however, Landlord's prior written consent shall not be necessary in the event that the presence of Hazardous Materials on, under or about the Premises or the Property (i) poses an immediate threat to the health, safety or welfare of any individual or (ii) is of such a nature that an immediate remedial response is necessary and it is not possible to obtain Landlord's consent before taking such action. Tenant and Landlord shall jointly prepare a remediation plan in compliance with all Hazardous Materials Laws and the provisions of this Lease. In addition to all other rights and remedies of Landlord hereunder, if Tenant does not promptly and diligently take all steps to prepare and obtain all necessary approvals of a remediation plan for any Tenant's Contamination, and thereafter commence the required remediation of any Hazardous Materials released or discharged in connection with Tenant's Contamination within thirty (30) days after all necessary approvals and consents have been obtained and thereafter continue to prosecute such remediation to completion in accordance with an approved remediation plan, then Landlord, at its reasonable discretion, shall have the right, but not the obligation, to cause such remediation to be accomplished, and Tenant shall reimburse Landlord within fifteen (15) business days of Landlord's demand for reimbursement of all amounts reasonably paid by Landlord (together with interest on such amounts at the highest lawful rate until paid), when such demand is accompanied by reasonable proof of payment by Landlord of the amounts demanded. Tenant shall promptly deliver to Landlord, legible copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises or the Property as part of Tenant's remediation of any Tenant's Contamination.

8.4. Disposition of Hazardous Materials. Except as discharged into the sanitary sewer in strict accordance and conformity with Paragraph 8.2 herein and all applicable Hazardous Materials Laws, Tenant shall cause any and all Hazardous Materials removed from the Premises and the Property (including without limitation all Hazardous Materials removed from the Premises as part of the required remediation of Tenant's Contamination) to be removed and transported solely by duly licensed haulers to duly licensed facilities for recycling or final disposal of such materials and wastes. Tenant is and shall be deemed to be the "operator" "in charge" of Tenant's "facility" and the "owner," as such terms are used in the Hazardous Materials Laws, of all Hazardous Materials and any wastes generated or resulting therefrom. Tenant shall be designated as the "generator," as such terms are used in the Hazardous Materials Laws, on all manifests relating to such Hazardous Materials or wastes.

8.5. Notice of Hazardous Materials Matters. Tenant shall immediately notify Landlord in writing of: (i) any enforcement, clean up, removal or other governmental or regulatory action instituted, contemplated or threatened concerning the Premises pursuant to any Hazardous Materials Laws; (ii) any claim made or threatened by any person against Tenant or the Premises relating to damage contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials on or about the Premises; (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises including any complaints, notices, warnings or asserted violations in connection therewith, all upon receipt by Tenant of actual knowledge of any of the foregoing matters; and (iv) any spill, release, discharge or disposal of any Hazardous Materials in, on or under the Premises, the Property, or any portion thereof. Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Tenant's use thereof.

8.6. Indemnification by Tenant. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect, and hold Landlord, and each of Landlord's employees, representatives, agents, attorneys, successors and assigns, and its directors, officers, partners, representatives, any lender having a lien on or covering the Premises or any part thereof, and any entity or person named or required to be named as an additional insured in Paragraph 14.2 of this Lease free and harmless from and against any and all claims, actions (including, without limitation, the cost of investigation and testing, consultant's and attorney's fees, remedial and enforcement actions of any kind, administrative (informal or otherwise) or judicial proceedings and orders or judgments arising therefrom), causes of action, liabilities, penalties, forfeitures, damages (including, but not limited to, damages for the loss or restriction or use of rentable space or any amenity of the Premises or the Property, or damages arising from any adverse impact on marketing of space in the Premises or the Property), diminution in the value of the Premises or the Property, fines, injunctive relief, losses or expenses (including, without limitation, reasonable attorneys' fees and costs) or death of or injury to any person or

damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly by (i) any Tenant's Contamination, (ii) Tenant's or Tenant's Representatives failure to comply with any Hazardous Materials Laws with respect to the Premises, or (iii) offsite disposal or transportation of Hazardous Materials on, from, under or about the Premises or the Property by Tenant or Tenant's Representatives. Tenant's obligations hereunder shall include without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, clean up or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. For purposes of the indemnity provisions hereof, any acts or omissions of Tenant, or by employees, agents, assignees, contractors or subcontractors of Tenant or others acting for or on behalf of Tenant (whether or not they are negligent, intentional, willful or unlawful), shall be strictly attributable to Tenant.

8.7. Indemnification by Landlord. Landlord shall indemnify, defend (by counsel reasonably acceptable to Tenant), protect, and hold Tenant, and each of Tenant's employees, representatives, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, actions, causes of action (including, without limitation, remedial and enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising therefrom), liabilities, penalties, forfeitures, losses or expenses (including, without limitation, reasonable attorneys' fees and costs) or death of or injury to any person or damage to any property whatsoever, to the extent arising from or caused in whole or in part, directly or indirectly by any contamination caused by Landlord in violation of a Hazardous Material Law. Landlord's obligations hereunder shall include without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, clean up or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. This indemnity shall be specifically limited to affirmative acts of Landlord, and shall not include the acts or omissions of any other tenants of the Property or other persons.

8.8. Tenant Certifications. Within ninety (90) days prior to the expiration of the Term, Tenant shall certify to Landlord in writing that, to the best of its knowledge, (i) the Premises is free from all Hazardous Materials caused by Tenant or Tenant's Representatives, and (ii) no such Hazardous Materials exist on, under or about the Premises other than as specifically identified to Landlord by Tenant in writing. If Landlord reasonably believes that such certification is inaccurate, or if an environmental report is required by law, Landlord shall give notice to Tenant within thirty (30) days after receipt of Tenant's certification that Tenant shall have the Premises thoroughly inspected by an environmental consultant acceptable to Landlord for purposes of determining whether the Premises is free from all Hazardous Materials. If Landlord fails to timely give such notice, the requirement for an environmental inspection report is not required of Tenant unless such report is otherwise required by Tenant under this Paragraph 8. Landlord's failure to request an environmental inspection report shall in no way alter, abridge or limit Tenant's indemnity obligation hereunder. Tenant shall deliver to Landlord a copy of the environmental consultant's report forty-five (45) days prior to the expiration of the Lease. In the event the report discloses the existence of any Hazardous Materials, requires any clean up or any other form of response (collectively "**Clean up**"), Tenant shall perform such immediately and deliver the Premises with the conditions specified in the report "cleaned up", to the full satisfaction of Landlord. In the event the conditions specified in the report require Clean up which cannot be completed prior to the expiration of the Term, Tenant shall be obligated to pay Landlord the greater of (i) the fair market rental value of the Premises, or (ii) the rent hereunder, as adjusted, for each day delivery of the Premises in the required condition to Landlord is delayed beyond the expiration of the Term in addition to the Clean up costs.

8.9. Exclusivity. The allocations of responsibility between, obligations and liabilities undertaken by, and indemnifications given by Landlord and Tenant under this Paragraph 8, shall be the exclusive provisions under this Lease, applicable to the subject matter treated in this Paragraph 8, and any other conflicting or inconsistent provisions contained in this Lease shall not apply with respect to the subject matter.

8.10. Compliance with Environmental Laws. Tenant shall at all times and in all respects comply with all Hazardous Materials Laws. All reporting obligations imposed by Hazardous Materials Laws are strictly the responsibility of Tenant. Tenant and Landlord have been informed that certain judicial decisions have held that, notwithstanding the specific language of a lease, courts may impose the responsibility for complying with legal requirements and for performing improvements, maintenance and repairs on a landlord or tenant based on the court's assessment of the parties' intent in light of certain equitable factors. Tenant and Landlord have each been advised by

their respective legal counsel about the provisions of this Lease allocating responsibility for compliance with laws and for performing improvements, maintenance and repairs between Tenant and Landlord. Tenant and Landlord expressly agree that the allocation of responsibility for compliance with laws and for performing improvements, maintenance and repairs set forth in this Lease represents Tenant's and Landlord's intent with respect to this issue.

8.11. Survival and Duration of Obligations. All covenants, representations, warranties, obligations and indemnities made or given under this Paragraph 8 shall survive the expiration or earlier termination of this Lease.

9. UTILITIES

Tenant shall pay all service charges and utility deposits and fees, for water, electricity, sewage, janitorial, trash removal, gas, telephone, pest control and any other utility services furnished to the Premises and the improvements on the Premises during the entire term of this Lease ("**Utilities**"). Tenant shall pay for all Utilities in addition to Rent. Landlord shall not be liable for any reason for any loss or damage resulting from an interruption of any of the Utility services. Except as otherwise determined by Landlord, Landlord may elect to separately meter each of the Utilities at Tenant's expense. If any Utilities are not separately metered or billed to Tenant for the Premises but rather are billed to and paid by Landlord, Tenant shall pay to Landlord, as Additional Rent, its share of the cost of such services, as reasonably determined by Landlord. If any Utilities are not separately metered, Landlord shall have the right to determine Tenant's consumption by submetering, survey or other methods designed to measure consumption with reasonable accuracy.

10. REPAIRS BY LANDLORD

Landlord shall maintain the grounds surrounding the Buildings, including paving, the mowing of grass, care of shrubs and general landscaping as part of the Common Expenses set forth herein. Tenant shall promptly report in writing to Landlord any condition known to Tenant to be defective which Landlord is required to repair and failure to so report such conditions shall make Tenant responsible to Landlord for any liability incurred by Landlord by reason of such conditions. Landlord shall be required to commence such repairs within a reasonable period of time from receipt of Tenant's notice.

11. REPAIRS BY TENANT

Tenant accepts the Premises in its present "As-Is" condition and specifically acknowledges that the Premises is suited for the uses intended by Tenant. Tenant shall, at its own cost and expense, keep and maintain all aspects of the Premises, including the portions of the Buildings that comprise the Premises, in good order and repair, promptly making all necessary repairs and replacements, including, but not limited to, electrical, plumbing, sprinkler and HVAC repair and maintenance, alarm and sprinkler system testing, maintenance and repair, (ii) the maintenance repair, resurfacing and restriping of all parking areas, loading and unloading areas, trash areas, roadways, driveways, and walkways included within the Premises, (iii) maintaining any signage, (iv) painting of the portions of the Buildings comprising the Premises, (v) fence and gate repair and maintenance, (vi) the repair and replacement of all lighting facilities, (vii) the repair, replacement and maintenance of all roofs, foundations and the structural soundness of the foundation and walls of the Buildings comprising the Premises, and (viii) the repair and maintenance of all equipment, facilities and components related to the Premises, including but not limited to fixtures, walls (interior), finish work, ceilings, floors, utility connections and facilities, windows, glass, doors, and plate glass, downspouts, gutters, truck doors, dock levelers, bumpers, seals and enclosures, and termite and pest extermination. Tenant shall, in keeping the Premises in good working order, condition and repair, exercise and perform good maintenance practices. Tenant shall maintain and shall provide Landlord with proof thereof, an annual service maintenance contract for the HVAC and sprinkler systems in a form and with contractors reasonably satisfactory to Landlord. Tenant's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Tenant agrees to return the Premises to Landlord at the expiration, or prior to termination of this Lease, in as good condition and repair as when first received, normal wear and tear excepted, in accordance with Paragraph 23. Tenant shall be permitted to implement its own reasonable security measures in the Premises, subject to prior approval by Landlord; provided, however, that Tenant shall provide Landlord with prior notice before implementing any new security measures that affect any portion of the Property outside of the Premises. Such security measures may not interfere with any other security measures implements by either Landlord or any of the other

tenant's of the Property and may not interfere with access to the to any of the Common Areas or any other portions of the Property other than the Premises, specifically including the roadways labeled "common access" on **Exhibit "A-2**" attached hereto. Notwithstanding anything to the contrary herein, Tenant acknowledges and agrees that it shall be solely responsible for providing adequate security for its premises, trucks and containers, and its use of the Property and Premises thereof. Landlord shall have no responsibility to prevent, and shall not be liable to tenant, its agents, employees, contractors, visitors or invitees, for losses due to theft, burglary or other criminal activity, or for damages or injuries to persons or property resulting from Tenant's storage of trucks and containers on the Premises, from persons gaining access to the Premises or any part of the Property, and Tenant hereby releases Landlord and its agents and employees from all liabilities for such losses, damages or injury, regardless of the cause thereof.

12. TENANT'S TAXES AND ASSESSMENTS

Tenant covenants and agrees to pay promptly, when due, all personal property taxes or other taxes and assessments levied and assessed by any governmental authority upon the removable property of Tenant in, upon or about the Premises.

13. ALTERATION OF PREMISES

Tenant shall not alter, repair or change the Premises at a cost in excess of $50,000.00 or require obtain a permit from any regulatory body ("**Tenant Repairs**") without the prior written consent of Landlord which shall not be unreasonably withheld. All alterations, improvements or changes shall remain a part of and be surrendered with the Premises, unless Landlord directs its removal under Paragraph 23 of this Lease.

14. INSURANCE

14.1. Landlord's Insurance. Landlord shall maintain in full force and effect throughout the entire term of this Lease general comprehensive liability insurance for the Buildings and common areas and general fire and extended coverage insurance, including vandalism and special form or such other or broader coverage as may from time to time be customary on the Buildings and the common areas and other areas of land within which the Buildings are located in such amounts determined by Landlord. Copies of all such insurance policies or certificates thereof endorsed to show payment of the premium shall be available for inspection by Tenant and such policies and certificates shall show Landlord and the beneficiary of any mortgage or deed of trust on the Premises to be additional insureds as their interests may exist (or a mortgagee loss payable endorsement). Such insurance may be provided by a blanket insurance policy covering the Premises, so long as the coverage on the Premises is at all times at least as great as required by this Paragraph. The insurance obtained by Landlord under this Paragraph shall constitute an item of "Common Expenses" under Paragraph 5.1.B.

14.2. Tenant's Insurance. Tenant agrees to take out and keep in force during the term hereof, without expense to Landlord, with an insurance company with general policy holder's rating of not less than A-VII, as rated in the most current Best's Insurance Reports, or other company acceptable to Landlord, the policies of insurance as set forth below. Tenant shall be permitted to obtain the insurance required under this Paragraph 14 by providing a blanket policy of insurance only if such blanket policies expressly provide coverage to the Premises and Landlord as required by this Lease without regard to claims made under such policies with respect to other persons or properties and in such form and content reasonably acceptable to Landlord. All such insurance policies shall be on an occurrence basis and not a claims-made basis, contain a standard separation of insureds provision, and shall name Landlord, its property manager IRG Realty Advisors, LLC (or such other property manager selected by Landlord), and their respective agents and employees as additional insureds on a primary and non-contributory basis.

A. Causes of Loss – Special Form property insurance, in an amount not less than one hundred percent (100%) of replacement cost covering all tenant improvements, betterments and alterations permitted under this Lease, floor and wall coverings, and Tenant's office furniture, business and personal trade fixtures, equipment, furniture system and other personal property from time to time situated in the Premises. Such property insurance shall include a replacement cost endorsement, providing protection against any peril included within the classification fire and extended coverage, sprinkler damage, vandalism, malicious mischief,

and such other additional perils as covered in a cause of loss (special form) insurance policy. The proceeds of such insurance shall be used for the repair and replacement of the property so insured, except that if not so applied or if this Lease is terminated following a casualty, the proceeds applicable to the leasehold improvements shall be paid to Landlord and the proceeds applicable to Tenant's personal property shall be paid to Tenant;

B. Commercial general liability insurance, in the name of Tenant, insuring against any liability from the use and occupancy of the Premises and the business operated by Tenant. All such policies shall be written to apply to all bodily injury or death, property damage and personal injury losses, and shall include blanket contractual liability (including Tenant's indemnity obligations under this Lease), broad form property damage liability, premise-operations and products-completed operations and shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke or fumes from hostile fire, a contractual liability endorsement, and provide primary coverage to Landlord (any insurance policy issued to Landlord providing duplicate or similar coverage shall be deemed to be excess over Tenant's policies), in such amounts as may from time to time be customary with respect to similar properties in the same area, but in any event not less than $3,000,000.00 per occurrence (or such other amounts as may be required by Landlord). The amounts of such insurance required hereunder shall be adjusted from time to time as requested by Landlord based upon Landlord's determination as to the amounts of such insurance generally required at such time for comparable premises and buildings in the general geographical area of the Premises. In addition, such policy of insurance shall include coverage for any potential liability arising out of or because of any construction, work of repair, maintenance, restoration, replacement, alteration, or other work done on or about the Premises by or under the control or direction of Tenant;

C. Workers Compensation insurance as required by the state law applicable in the state in which the Premises is located with Employers Liability insurance with limits of not less than $1,000,000.00; and

D. Business automobile liability insurance covering owned, hired and non-owned vehicles with limits of not less than $1,000,000.00 combined single limit (bodily injury and property damage) per occurrence.

14.3. Certificates of Insurance. All policies of insurance set forth in Paragraph 14.2 above, shall provide that copies of the policies or certificates thereof showing the premium thereon to have been paid, shall be delivered to Landlord and to IRG Realty Advisors, LLC, 4020 Kinross Lakes Parkway Suite 200, Richfield, Ohio 44286 (or such other property manager designated by Landlord), prior to the Commencement Date and thereafter fifteen (15) days prior to each renewal date. All such policies shall provide that they shall not be canceled nor coverage reduced by the insurer without first giving at least thirty (30) days prior written notice to Landlord. If Tenant fails to procure and keep in force such insurance, Landlord may procure it, and the cost thereof with interest at the maximum lawful rate shall be payable immediately by Tenant to Landlord as additional rent. Such insurance may be provided by a blanket insurance policy covering the Premises, so long as the coverage on the Premises is at all times at least as great as required by this Paragraph 14.

14.4. Contractors' Insurance. If Tenant permits or causes any construction, work of repair, maintenance, restoration, replacement, alteration, or other work to be done on or about the Premises by any independent contractor or other person, then Tenant shall cause such independent contractor or other person to take out and keep in force, throughout the period during which such independent contractor or other person performs any work on the Premises and for a period of two years after completion of such work, without expense to Landlord, the policies of insurance as set forth below. All such policies shall be provided by an insurance company with general policy holder's rating of not less than A-VII, as rated in the most current Best's Insurance Reports, or other company acceptable to Landlord. All such insurance policies shall be on an occurrence basis, and shall name Landlord, its property manager IRG Realty Advisors, LLC (or such other property manager selected by Landlord), Tenant, and their respective agents and employees as additional insureds on a primary and non-contributory basis. All policies of insurance set forth in this Paragraph 14.4 shall provide that copies of the policies or certificates thereof showing the premium thereon to have been paid, shall be delivered to Landlord and to IRG Realty Advisors, LLC, 4020 Kinross Lakes Parkway Suite 200, Richfield, Ohio 44286 (or such other property manager designated by Landlord), prior to the date on which such independent contractor or other person commences work on the Premises and thereafter fifteen (15) days prior to each renewal date. All such policies

shall provide that they shall not be canceled nor coverage reduced by the insurer without first giving at least thirty (30) days prior written notice to Landlord. If Tenant fails to cause such any independent contractors or other person performing work on the Premises to procure and keep in force such insurance, Landlord may procure it, and the cost thereof with interest at the maximum lawful rate shall be payable immediately by Tenant to Landlord as additional rent.

A. Commercial general liability insurance, in the name of Tenant, insuring against any liability from the use and occupancy of the Premises and the business operated by Tenant. All such policies shall be written to apply to all bodily injury or death, property damage and personal injury losses, and shall include blanket contractual liability (including Tenant's indemnity obligations under this Lease), broad form property damage liability, premise-operations and products-completed operations and shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke or fumes from hostile fire, a contractual liability endorsement, and provide primary coverage to Landlord (any insurance policy issued to Landlord providing duplicate or similar coverage shall be deemed to be excess over Tenant's policies), in such amounts as may from time to time be customary with respect to similar properties in the same area, but in any event not less than $3,000,000.00 per occurrence (or such other amounts as may be required by Landlord). The amounts of such insurance required hereunder shall be adjusted from time to time as requested by Landlord based upon Landlord's determination as to the amounts of such insurance generally required at such time for comparable premises and buildings in the general geographical area of the Premises. In addition, such policy of insurance shall include coverage for any potential liability arising out of or because of any construction, work of repair, maintenance, restoration, replacement, alteration, or other work done on or about the Premises by or under the control or direction of Tenant;

B. Workers compensation insurance as required by the state law applicable in the state in which the Premises is located with employer liability insurance with limits of not less than $1,000,000.00; and

C. Business automobile liability insurance covering owned, hired and non-owned vehicles with limits of not less than $1,000,000.00 combined single limit (bodily injury and property damage) per occurrence.

15. WAIVER, EXCULPATION AND INDEMNITY

15.1. Definitions. For purposes of this Paragraph 15, (i) "**Tenant Parties**" shall mean, singularly and collectively, Tenant and Tenant's officers, directors, shareholders, partners, members, trustees, agents, employees, independent contractors, consultants, licensees, concessionaires, customers, guests, invitees or visitors as well as to all persons and entities claiming through any of the foregoing persons or entities, and (ii) "**Landlord Parties**" shall mean singularly and collectively, Landlord and Landlord's officers, directors, shareholders, partners, members, trustees, agents, employees, independent contractors, consultants, licensees, concessionaires, customers, guests, invitees or visitors as well as to all persons and entities claiming through any of the foregoing persons or entities.

15.2. Exculpation. Tenant, on behalf of itself and of all Tenant Parties, and as a material part of the consideration to be rendered to Landlord under this Lease, hereby waives, to the fullest extent permitted by law, all claims against Landlord for loss, theft or damage to goods, wares, merchandise or other property (whether tangible or intangible) in and about the Premises or the Property, for loss or damage to Tenant's business or other economic loss (whether direct, indirect or consequential), and for the injury or death to any persons in, on or about the Premises, except for damage or loss directly caused by Landlord's gross negligence or willful misconduct.

15.3. Landlord's Indemnity. Landlord shall indemnify, defend (by an attorney of Landlord's choice, reasonably acceptable to Tenant), reimburse, protect and hold harmless Tenant and all Tenant Parties from and against all third party claims, liability and/or damages arising from or related to the acts or omissions of Landlord or Landlord Parties, relating to their use, possession, or occupancy of the Property or, its obligations under this Lease, or to any work done, permitted or contracted for by any of them on or about the Premises, to the extent that such liability or damage is covered by Landlord's insurance (or would have been covered had Landlord carried the insurance as required under this Lease). It is specifically understood and agreed that Landlord shall not be liable or responsible for the acts or omissions of any of the other tenants of the Property or of any agents, independent contractors, consultants, licensees, concessionaires, customers, guests, invitees or visitors of persons other than Landlord.

15.4. Tenant's Indemnity. Tenant shall indemnify, defend (by an attorney of Tenant's choice, reasonably acceptable to Landlord), reimburse, protect and hold harmless Landlord and all Landlord Parties from and against all third party claims, liability and/ or damages arising from or related to the negligence, acts or omissions of Tenant or any Tenant Parties relating to their use, possession, or occupancy of the Property or, Tenant's obligations under this Lease, or to any work done, permitted or contracted for by any of them on or about the Premises. Tenant shall cause any independent contractor or other person who performs any construction, work of repair, maintenance, restoration, replacement, alteration, or other work on or about the Premises by or under the control or direction of Tenant to execute and deliver to IRG Realty Advisors, LLC, 4020 Kinross Lakes Parkway Suite 200, Richfield, Ohio 44286 (or such other property manager designated by Landlord) an agreement whereby such independent contractor or other person agrees to indemnify, defend (by an attorney of Landlord's choice, reasonably acceptable to such independent contractor or other person) , reimburse, protect and hold harmless Landlord, all Landlord Parties, and Tenant from and against the matters described in this Paragraph 15.4.

15.5. Waiver of Subrogation. To the extent of any and all insurance maintained, or required to be maintained, by either Landlord or Tenant in any way connected with the Premises, Landlord and Tenant hereby waive on behalf of their respective insurance carriers any right of subrogation that may exist or arise as against the other party to this Lease. Landlord and Tenant shall cause the insurance companies issuing their insurance policies with respect to the Premises to waive any subrogation rights that the companies may have against Tenant and Landlord, respectively, which waivers shall be specifically stated in the respective policies.

15. 6. Survival and Duration of Obligations. All representations, warranties, obligations and indemnities made or given under this Paragraph 15 shall survive the expiration or earlier termination of this Lease.

16. CONSTRUCTION LIENS

16.1. Tenant shall not suffer or permit any construction liens, mechanic's liens or materialman's liens to be filed against Landlord's interest in the real property of which the Premises form a part nor against Tenant's leasehold interest in the Premises ("**Tenant Lien**"). Landlord shall have the right at all reasonable times to post and keep posted on the Premises, any notices which it deems necessary for protection from such liens, or take such other action as applicable law may require to protect from such liens. In connection therewith, Tenant shall cooperate with Landlord and shall sign any notice or other documents reasonably required by Landlord to comply with such applicable law. Tenant shall have the right to contest by proper proceedings any Tenant Lien, provided that Tenant shall prosecute such contest diligently and in good faith and such contest shall not expose Landlord to any civil or criminal penalty or liability in connection therewith. In such case, within five (5) days after Landlord's demand, Tenant shall furnish Landlord a surety bond or other adequate security satisfactory to Landlord in an amount equal to one hundred percent (100%) of the amount of such claim or such higher amount as may be reasonably required by any lender of Landlord or to both to indemnify Landlord against liability and hold the Property free from adverse effect in the event the contest is not successful ("**Lien Bond**"). The Lien Bond may be retained by Landlord until the Tenant Lien has been removed of record or until judgment has been rendered on such claim and such judgment has become final, at which time Landlord shall have the right to apply such Lien Bond in discharge of the judgment on the Tenant Lien and to any actual costs, including reasonable attorneys' fees incurred by Landlord, and shall remit the balance thereof to Tenant. In the event that a Tenant Lien is filed and Tenant does not properly contest such lien or timely post the Lien Bond, Landlord, at its election, and upon not less than five (5) days prior written notice to Tenant, may pay and satisfy the Tenant Lien and, in such event the sums so paid by Landlord, including all actual and other expenses, including reasonable attorney's fees, so paid by Landlord, shall be deemed to be additional Rent due and shall be payable by Tenant at once without notice or demand together with interest thereon from the date of payment at the rate of twelve percent (12%) per annum, provided such interest rate shall not exceed the maximum interest rate permitted by law. Notwithstanding the foregoing, Tenant shall have no responsibility for discharge of any mechanics' liens filed by a contractor, subcontractor, materialman, or laborer of Landlord.

16.2. Tenant agrees to give Landlord written notice not less than ten (10) days in advance of the commencement of any Tenant Repairs in order that Landlord may post appropriate notices of Landlord's non-responsibility. Promptly after the Tenant Repairs are completed, Tenant shall file a Notice of Completion.

17. QUIET ENJOYMENT

Landlord covenants and agrees that Tenant, upon making all of Tenant's payments of Rent as and when due under the Lease, and upon performing, observing and keeping the covenants, agreements and conditions of this Lease on its part to be kept, shall peaceably and quietly hold, occupy and enjoy the Premises during the term of this Lease as extended by the options described herein, if any, subject to the terms and provisions of this Lease.

18. LANDLORD'S RIGHT OF ENTRY

Landlord or his agents shall have the right to enter the Premises at reasonable times upon reasonable notice in order to examine it or to show it to prospective tenants or buyers, to place "For Rent" or "For Sale" signs on or about the Premises, and to make modifications or other changes to the Property as are necessary in Landlord's sole discretion to facilitate development of the Property, provided, however, Landlord shall use its best efforts to minimize the effect of any such entry or any interference with Tenant's use of the Premises. Upon receipt of reasonable advance notice from Landlord, Tenant may arrange to have a designated representative accompany Landlord in entering the Premises. Landlord's right of reentry shall not be deemed to impose upon Landlord any obligation, responsibility, or liability for the care, supervision or repair of the Premises other than as herein provided; except that Landlord shall use reasonable care to prevent loss or damage to Tenant's property resulting from Landlord's entry. Landlord shall have the right at any time, without effecting an actual or constructive eviction and without incurring any liability to Tenant therefore, to change the arrangement or location of entrances or passageways, doors and doorways, corridors, elevators, stairs, toilets or other public parts of the Buildings and to change the name, number or designation by which the Buildings are commonly known, provided that such action does not result in any unreasonable interference with Tenant's access to or use of the Premises. Notwithstanding the foregoing, Landlord shall have the right to enter the Premises without first giving notice to Tenant in the event of an emergency where the nature of the emergency will not reasonably permit the giving of notice.

19. DESTRUCTION OF BUILDINGS

19.1. Partial Destruction. In the event of a partial destruction of the building containing the Premises during the term of this Lease from any cause, Landlord shall forthwith repair the same, provided such repair can reasonably be made within one hundred (180) days from the happening of such destruction under applicable laws and regulations. During such period, Tenant shall be entitled to a proportionate reduction of rent to the extent such repairs unreasonably interfere with the business carried on by Tenant in the Premises. If Tenant fails to remove its goods, wares or equipment within a reasonable time and as a result the repair or restoration is delayed, or if such damage or destruction is caused primarily by the negligence or willful act of Tenant, or its employees, invitees or agents, there shall be no reduction in rent during such delay. In the event that such repair cannot reasonably be made within one hundred (180) days from the happening of such destruction under applicable laws and regulations, either Landlord or Tenant shall have the right to terminate this Lease by notifying Tenant in writing within sixty (60) days from the happening of such destruction of Landlord's decision not to repair such building in which event this Lease shall be deemed terminated. If Landlord fails to give such written notice of Landlord's decision not to repair such building within such sixty (60) days, then Landlord shall be required to commence the repair of the building promptly and thereafter diligently complete the repairs. In addition to the above, in the event that such building is partially destroyed and (i) the cost of repairing such building exceeds thirty-three and one-third percent (33-1/3%) of the replacement cost thereof, or (ii) the damage caused by the partial destruction of such building cannot reasonably be repaired within a period of one hundred eighty (180) days from the happening of such damage, Landlord may elect to terminate this Lease, whether or not such building is insured, by written notice to Tenant given within sixty (60) days from the happening of such destruction. If Landlord fails to give such written notice of Landlord's decision not to repair such building within such sixty (60) days, then Landlord shall be required to repair such building within one hundred eighty (180) days from the happening of such destruction, if it can be reasonably repaired in such time, or as soon thereafter as reasonably practical if it cannot reasonably be repaired in such earlier period of time.

19.2. Total Destruction. A total destruction of the building containing the Premises shall terminate this Lease. A total destruction of such building means the cost of repairing such building exceeds seventy-five percent (75%) of the replacement cost of such building.

20. EMINENT DOMAIN

20.1. Definitions. For purposes of this Lease, the word "**condemned**" is co-extensive with the phrase "**right of eminent domain**", that is, the right of the government to take property for public use, and shall include the intention to condemn expressed in writing as well as the filing of any action or proceeding for condemnation.

20.2. Exercise of Condemnation. If any action or proceeding is commenced for the condemnation of the Premises or any portion thereof, or if Landlord is advised in writing by any government (federal, state or local) agency or department or bureau thereof, or any entity or body having the right or power of condemnation, of its intention to condemn all or any portion of the Premises at the time thereof, or if the Premises or any part or portion thereof be condemned through such action, then and in any of such events Landlord may, without any obligation or liability to Tenant, and without affecting the validity and existence of this Lease other than as hereafter expressly provided, agree to sell and/or convey to the condemnor, without first requiring that any action or proceeding be instituted, or if such action or proceeding shall have been instituted, without requiring any trial or hearing thereof, and Landlord is expressly empowered to stipulate to judgment therein, the part and portion of the Premises sought by the condemnor, free from this Lease and the rights of Tenant hereunder. Tenant shall have no claim against Landlord nor be entitled to any part or portion of the amount that may be paid or awarded as a result of the sale, for the reasons as aforesaid, or condemnation of the Premises or any part or portion thereof, except that Tenant shall be entitled to recover from the condemnor and Landlord shall have no claim therefore or thereto for Tenant's relocation costs, loss of goodwill, for Tenant's trade fixtures, any removable structures and improvements erected and made by Tenant to or upon the Premises which Tenant is or may be entitled to remove at the expiration of this Lease and Tenant's leasehold estate hereunder.

20.3. Effect on Lease. If the entire Premises is condemned, this Lease shall terminate as of the earlier of such taking or loss of possession. If only a part of the Premises is condemned and taken and the remaining portion thereof is in Tenant's reasonable discretion not suitable for purposes for which Tenant has leased the Premises, either Landlord or Tenant shall have the option to terminate this Lease effective as of the earlier of such taking or loss of possession. If by such condemnation and taking only a part of the Premises is taken, and the remaining part thereof is in Tenant's reasonable discretion suitable for the purposes for which Tenant has leased the Premises, this Lease shall continue, but the rental shall be reduced in an amount proportionate to the percentage that the floor area of that portion of the Premises physically taken by eminent domain bears to the floor area of the entire Premises.

21. BANKRUPTCY

If a general assignment is made by Tenant for the benefit of creditors, or any action is taken by Tenant under any insolvency or bankruptcy act, or if a receiver is appointed to take possession of all or substantially all of the assets of Tenant (and Tenant fails to terminate such receivership within sixty (60) days after such appointment), or if any action is taken by a creditor of Tenant under any insolvency or bankruptcy act, and such action is not dismissed or vacated within thirty (30) days after the date of such filing, then this Lease shall terminate at the option of Landlord upon the occurrence of any such contingency and shall expire as fully and completely as if the day of the occurrence of such contingency was the date specified in this Lease for the expiration thereof. In such event, Tenant shall then quit and surrender the Premises to Landlord.

22. DEFAULT

If Tenant fails to pay any rent or other sum due hereunder, or in the event Tenant fails to perform any other covenant to be performed by Tenant under this Lease and continues to fail to perform the same for a period of five (5) days after receipt of written notice from Landlord pertaining thereto (or a reasonable period of time, using due diligence, if any non-monetary default cannot be cured within such five (5) day period, but not to exceed thirty (30) days (or such longer period as may be reasonably required so long as Tenant is diligently pursuing the cure thereof, not to exceed ninety (90) days), then Tenant shall be deemed to have breached this Lease and Landlord, in addition to other rights or remedies it may have, may:

A. Continue this Lease in effect by not terminating Tenant's right to possession of the Premises, and thereby be entitled to enforce all Landlord's rights and remedies under this Lease, including the right to recover the Rent specified in this Lease as it becomes due under this Lease; or

B. Terminate Tenant's right to possession of the Premises, thereby terminating this Lease, and recover from Tenant:

(i.) The worth at the time of award of the unpaid Rent which had been earned at the time of termination of the Lease;

(ii.) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of the Lease until the time of award exceeds the amount of rental loss that Tenant proves could have been reasonably avoided;

(iii.) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Tenant proves could be reasonably avoided; and

(iv.) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease; or

C. In lieu of, or in addition to, bringing an action for any or all of the recoveries described in subparagraph B above, bring an action to recover and regain possession of the Premises in the manner provided by the laws of unlawful detainer then in effect in the state where the Property is located. If Landlord makes any expenditure required of Tenant hereunder, or if Tenant fails to make any payment or expenditure required of Tenant hereunder, such amount shall be payable by Tenant to Landlord as Rent together with interest from the date due at the rate of twelve percent (12%) per annum, provided such interest rate shall not exceed the maximum interest rate permitted by law, and Landlord shall have the same remedies as on the default in payment of Rent. The payment of interest required hereunder shall be in addition to the late charge set forth in Paragraph 3.3. Notwithstanding any other provisions of this Lease, under no circumstances shall Landlord or Tenant be liable to the other for any consequential damages arising out of the acts or omissions of Landlord or Tenant or a breach of this Lease by either party.

23. SURRENDER OF PREMISES

On or before the expiration of the Term, Tenant shall vacate the Premises in broom clean condition and otherwise in the same condition as existed on the Commencement Date, ordinary wear and tear and fire and casualty loss excepted, except that any improvements made within and on the Premises by Tenant shall remain, in the same condition and repair as when constructed or installed, reasonable wear and tear and fire and casualty loss excepted, unless Landlord gives Tenant at least thirty (30) days prior written notice, which, if any, of such improvements in the Premises are to be removed. Landlord's failure to timely give notice to Tenant to remove any such improvements shall not relieve Tenant of its obligation to remove any such improvements requested to be removed by Landlord. In addition, Tenant shall remove from the Premises all Tenant's personal property and trade fixtures in order that Landlord can repossess the Premises on the day this Lease or any extension hereof expires or is sooner terminated. Any removal of Tenant's improvements, Tenant's property and/or trade fixtures by Tenant shall be accomplished in a manner which will minimize any damage or injury to the Premises, and any such damage or injury shall be repaired by Tenant at its sole cost and expense with thirty (30) days after Tenant vacates.

24. HOLDING OVER

Should Tenant hold over and remain in possession of the Premises after the expiration of this Lease, without the written consent of Landlord, such possession shall be as a month-to-month tenant. Unless Landlord agrees otherwise in writing, Base Rent during the hold-over period shall be payable in an amount equal to one hundred fifty percent (150%) of the Base Rent paid for the last month of the term hereof until Tenant vacates the Premises and the Security Deposit

shall increase to an amount equal to the increased monthly Base Rent. All other terms and conditions of this Lease shall continue in full force and effect during such hold-over tenancy, which hold-over tenancy shall be terminable by either party delivering at least one (1) month's written notice, before the end of any monthly period. Such hold-over tenancy shall terminate effective as of the last day of the month following the month in which the termination notice is given.

25. SURRENDER OF LEASE

The voluntary or other surrender of this Lease by Tenant, or mutual cancellation thereof, shall not work a merger and may, at the option of Landlord, terminate all or any existing subleases or subtenancies or may operate as an assignment of any or all such subleases or subtenancies to Landlord.

26. SELECT MASTER LEASE REQUIREMENTS

26.1. Personal Property Taxes. In addition to its ownership of the Property, IDB also owns certain plant equipment that Tenant intends to use as part of its manufacturing operations as more particularly described on **Exhibit "A"** to the Master Lease ("**Plant Equipment**"). As the Plant Equipment is owned by IDB, it is not subject to ad valorum personal property taxes. Pursuant to Section 2.02(h) of the Master Lease, Tenant shall make a payment directly to IDB on December 31 of each year, commencing on December 31, 2016 in an amount equal to what the the ad valorem property tax on the Plant Equipment would be if such Plant Equipment were owned by a person or entity whose property is subject to ad valorem property tax. Such payment shall be enforceable by IDB pursuant to the provisions of La. R.S. 51:1160.

26.2. Record Keeping. Pursuant to Section 4.07 of the Master Lease, Landlord is required to file a report with IDB on December 31 of each year listing the number of Full-Time Employees employed at the Property and the amount of the Full-Time Payroll for such Full-Time Employee (as such terms are defined in the Master Lease). Accordingly, Tenant hereby agrees to keep and provide Landlord with sufficient records to permit Landlord to calculate the applicable Base Rent Credits. Tenant hereby acknowledges and agrees that Landlord will make such records available for review and verification by IDB and Tenant shall cooperate with such review and verification process.

26.3. IDB Option Agreement. This Lease is subject to the terms and conditions of that certain option agreement entered into by and between the IDB, the State of Louisiana and the Louisiana Department of Economic Development, all as more fully set forth in Section 11.11 of the Master Lease.

27. RULES AND REGULATIONS

The Tenant shall comply with all reasonable and nondiscriminatory rules and regulations now or hereinafter adopted by Landlord during the existence of this Lease, both in regard to the Property, the Buildings as a whole and to the Premises herein leased. In the event of any inconsistency between the provisions of this Lease and the provisions of any such rules and regulations, the provisions of this Lease shall control.

28. NOTICE

Any notice, request, demand, instruction or other document or communication required or permitted to be given hereunder shall be in writing addressed to the respective party as set forth below and may be personally served, sent by facsimile or email, or sent by a nationally recognized overnight courier or by U.S. Mail, first class, addressed as follows:

TO LANDLORD:
c/o Industrial Realty Group, LLC
12214 Lakewood Blvd.
Downey, CA 90242
Attention: Stuart Lichter
Email: SLichter@IndustrialRealtyGroup.com
Telephone: (562) 803-4761
FAX: (562) 803-4796

	Fainsbert Mase Brown & Sussman, LLP 11835 West Olympic Boulevard, Suite 1100 Los Angeles, California 90064
with a copy to:	Attention: Jerry A. Brown, Jr., Esq. Email: JBrown@FMBSLLP.com Telephone: (310) 473-6400 FAX: (310) 473-8702
TO TENANT:	Elio Motors, Inc. 102 W. El Caminito Drive Phoenix, AZ 85021 Attn: Paul Elio, President Telephone: 602-369-9140 FAX: _____
with a copy to:	Dill, Dill, Carr, Stonbraker & Hutchings, P.C. 455 Sherman Street, Suite 300 Denver, CO 80203 Attn: Daniel W. Carr, Esq. Telephone: (303) 282-4119 FAX: (303) 777-3823

Any party may change their notice or email address and/or facsimile number by giving written notice thereof in accordance with this Paragraph. All notices hereunder shall be deemed given: (1) if served in person, when served; (2) if sent by facsimile or email, on the date of transmission if before 6:00 p.m. P.S.T.; provided that a hard copy of such notice is also sent by either a nationally recognized overnight courier or by U.S. Mail, first class; (3) if by overnight courier, by a nationally recognized courier which has a system of providing evidence of delivery, on the first business day after delivery to the courier; or (4) if by U.S. Mail, on the third day after deposit in the mail, postage prepaid, certified mail, return receipt requested.

29. ASSIGNMENT AND SUBLETTING

29.1. No Assignment. Tenant shall not directly or indirectly, voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of the Premises or Tenant's leasehold estate hereunder (collectively, "**Assignment**"), or permit the Premises to be occupied by anyone other than Tenant or sublet the Premises (collectively, "**Sublease**") or any portion thereof without Landlord's prior written consent in each instance, which consent may not be unreasonably withheld by Landlord.

29.2. No Relief of Obligations. No consent by Landlord to any Assignment or Sublease by Tenant shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether arising before or after the Assignment or Sublease. The consent by Landlord to any Assignment or Sublease shall not relieve Tenant of the obligation to obtain Landlord's express written consent to any other Assignment or Sublease. Any Assignment or Sublease that is not in compliance with this Paragraph 28 shall be void and, at the option of Landlord, shall constitute a material default by Tenant under this Lease. The acceptance of Rent by Landlord from a proposed assignee or sublessee shall not constitute the consent by Landlord to such Assignment or Sublease.

30. ATTORNEY'S FEES

In the event of any legal or equitable action arising out of this Lease, the prevailing party shall be entitled to recover all reasonable fees, costs and expenses, together with reasonable attorney's fees incurred in connection with such action. The fees, costs and expenses so recovered shall include those incurred in prosecuting or defending any appeal. The prevailing party shall also be entitled to reasonable attorney's fees incurred to collect or enforce the judgment.

31. JUDGMENT COSTS

31.1. Landlord. Should Landlord, without fault on Landlord's part, be made a party to any litigation instituted by or against Tenant, or by or against any person holding the Premises by license of Tenant, or for foreclosure of any lien for labor or material furnished to or for Tenant, or any such person, or otherwise arising out of or resulting from any act or transaction of Tenant, or of any such person, Tenant covenants to pay to Landlord, the amount of any judgment rendered against Landlord or the Premises or any part thereof, and all costs and expenses, including reasonable attorney's fees incurred by Landlord in connection with such litigation.

31.2. Tenant. Should Tenant, without fault on Tenant's part, be made a party to any litigation instituted by or against Landlord, or by or against any person holding the Premises by license of Landlord, or for foreclosure of any lien for labor or material furnished to or for Landlord, or any such person, or otherwise arising out of or resulting from any act or transaction of Landlord, or of any such person, Landlord covenants to pay to Tenant, the amount of any judgment rendered against Tenant or the Premises or any part thereof, and all costs and expenses, including reasonable attorney's fees incurred by Tenant in connection with such litigation.

32. BROKERS

Landlord and Tenant each represent and warrant to each other that it has had no dealings with any real estate broker or agent in connection with the Premises and this Lease, and that it knows of no real estate broker or agent who is or might be entitled to a commission in connection with this Lease. Landlord shall only pay the real estate brokerage commission due to any real estate broker or agent entitled to a commission in connection with this Lease if claimed through the actions of Landlord. Tenant shall pay any other commission or finder's fee due if claimed through the actions of Tenant. Each of Tenant and Landlord shall indemnify and hold the other harmless from and against any such commission or finder's fee which may be claimed by any person or broker with respect to this transaction as a result of its breach of the foregoing representation.

33. SUBORDINATION OF LEASE

This Lease is subject and subordinate to the Master Lease and any mortgages which may now or hereafter be placed upon or affect the property or Buildings of which the Premises are a part, and to all renewals, modifications, consolidations, replacements and extensions hereof, provided that the holder(s) of such mortgage(s) shall agree in writing not to disturb the possession of the Premises by Tenant or the rights of Tenant under this Lease so long as Tenant is not in material default (subject to applicable notice and cure rights in favor of Tenant as contained in this Lease) in the performance of its obligations thereunder and, in the event of foreclosure, Tenant agrees to look solely to the mortgagee's interest in the Property for the payment and discharge of any obligations imposed upon the mortgagee or Landlord under this Lease. In the event that a Successor Landlord, as hereinafter defined, takes title to the Property, (i) Successor Landlord shall be bound to Tenant under all of the terms and conditions of this Lease, (ii) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under this Lease, and (iii) this Lease shall continue in full force and effect, in accordance with its terms, as a direct lease between Successor Landlord and Tenant. This clause shall be self-operative, and no further instrument or subordination shall be necessary unless requested by a mortgagee or the insuring title company, in which event Tenant shall sign, within five (5) business days after requested, such instruments and/or documents as the mortgagee and/or insuring title company reasonably request be signed ("**SNDA**"). In the event Tenant fails to execute a SNDA or an estoppel certificate as provided herein, Tenant hereby constitutes and appoints Landlord as its attorney-in-fact, with full power of substitution, to sign, execute, certify, acknowledge, deliver or record, where required or appropriate, in the name, place and stead of Tenant, all such SNDAs and estoppel certificates for and on behalf of Tenant as may be required. For purposes of this Paragraph 33, "**Successor Landlord**" shall mean any party that becomes owner of the Property as the result of a (i) foreclosure under any mortgage or deed of trust; (ii) any other exercise by a lender of rights and remedies (whether under any security instrument or under applicable law, including bankruptcy law) as a result of which such lender becomes owner of the Property; or (iii) delivery by Landlord to any lender (or its designee or nominee) of a deed or other conveyance of Landlord's interest in the Property in lieu of any of the foregoing.

34. TENANT LOAN

In connection with this Lease, Landlord may be obtaining a loan in the approximate amount of $7,500,000.00 ("**Leasehold Loan**") from a third party lender, which loan shall be secured by a leasehold mortgage on the Master Lease. Landlord shall loan the proceeds of the Leasehold Loan to Tenant pursuant to the terms of a separate loan agreement of even date herewith entered into by and between Landlord and Tenant ("**Loan Agreement**"). Any breach by Tenant of any of the terms of the Leasehold Loan or the Loan Agreement shall be deemed to be a breach by Tenant of this Lease and, accordingly, Landlord shall be entitled to enforce any or all of its rights hereunder, including those set forth in Paragraph 22.

35. ESTOPPEL CERTIFICATES AND FINANCIAL STATEMENTS

35.1. Estoppel Certificate. Tenant shall, at any time and from time to time, upon not less than ten (10) days' prior request by Landlord, execute, acknowledge and deliver to Landlord, or to such other persons who may be designated in such request, a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and, if so, the dates to which the rent and any other charges have been paid in advance, and such other items requested by Landlord, including without limitation, the lease commencement date and expiration date, rent amounts, and that no offsets or counterclaims are present. It is intended that any such statement delivered pursuant to this Paragraph may be relied upon by any prospective purchaser or encumbrancer (including assignee) of the Premises.

35.2. Financial Statements. If Landlord desires to finance, refinance, or sell the Buildings, or the Property, or any part thereof, Tenant shall deliver to Landlord, or to such potential lender or purchaser designated by Landlord, such financial information regarding Tenant, as may reasonably be required to establish Tenants' creditworthiness. All financial information provided by Tenant to Landlord or any lender or potential purchaser shall be held by the recipient in strict confidence and may not be used or disclosed by the recipient except for the purpose of determining Tenants' creditworthiness in connection with Tenants' obligations under this Lease.

36. SHORT FORM OF LEASE

Tenant agrees to execute, deliver and acknowledge, at the request of Landlord, a short form of this Lease satisfactory to counsel for Landlord, and Landlord may in its sole discretion record this Lease or such short form in the County where the Premises are located. Tenant shall not record this Lease, or a short form of this Lease, without Landlord's prior written consent which may be withheld in Landlord's reasonable discretion.

37. SIGNS

Tenant shall not place any sign upon the Premises, except that Tenant may, with Landlord's prior written consent which shall not be unreasonably withheld, install such signs on the exterior of the Premises and at the entrance to the Property as are reasonably required to advertise Tenant's own business. The installation of any sign on the Premises by or for Tenant shall be subject to the provisions of Paragraph 23. Tenant shall maintain any such signs installed on the Property. Unless otherwise expressly agreed herein, Landlord reserves the right to install, and all revenues from the installation of, such advertising signs on the Premises, including the roof, as do not unreasonably interfere with the conduct of Tenant's business.

38. OPTION TO EXPAND

During the period beginning on the Commencement Date and continuing for a period of eight (8) weeks thereafter ("**Option Period**"), Tenant shall have an option ("**Expansion Option**") to expand the Premises to include all or a portion of the area highlighted in green and labeled "Elio Motors on **Exhibit "A-4"** attached hereto ("**Expansion Space**"). The Expansion Space shall be provided by Landlord to Tenant in its then "as-is, there is" condition. Base Rent for the Expansion Space shall be payable at the rate of $3.00 per square foot for the first 1,000,000 square feet of the Premises (as amended to include the Expansion Space) and $1.00 per square foot for any portion of the Premises (as amended to include the Expansion Space) in excess of 1,000,000 square feet. Base Rent for the Expansion Space shall

be payable in time and manner, and subject to the same terms and conditions, as the Base Rent set forth in Paragraph 3.1 herein. In addition to Base Rent, Tenant shall also pay Additional Rent on the Expansion Space leased by Tenant as set forth herein. Accordingly, Tenant's Share, the Rentable Area of the Building and the Rentable Area of the Premises shall each be adjusted as set forth in Paragraph 5.1 herein. In connection with the foregoing, Tenant shall give written notice to Landlord on or before the expiration of the Option Period as to what portion of the Expansion Space that Tenant wishes to lease ("**Expansion Notice**"). Thereafter, Tenant shall have five (5) business days thereafter to execute a lease amendment with Landlord incorporating the terms set forth herein ("**Lease Amendment**"). Time is of the essence with regard to Tenant's obligations hereunder. Accordingly, if Landlord does not receive the Expansion Notice or the executed Lease Amendment from Tenant within the express time periods set forth herein, Tenant's Expansion Option shall be terminated and Landlord shall be free to lease the Expansion Space to another tenant.

39. OPTIONS TO EXTEND

Landlord hereby grants to Tenant two (2) options to extend ("**Option(s) to Extend**") the Term for the Premises for an additional twenty-five (25) years per extended option term ("**Option Term(s)**"), upon each and all of the terms and conditions of this Lease as amended below; provided, however, Tenant is not in default of this Lease on the date of exercise of the Option to Extend and has not been in default of this Lease more than two (2) times during the Term, as extended. Tenant shall give to Landlord written notice on or prior to twelve (12) months before expiration of the then current Term or first Option Term of the exercise of the Option to Extend for such Option Term, time being of the essence. The Term as defined in Paragraph 2 hereof shall also include any Options to Extend properly exercised hereunder. If notice of exercise of any Option to Extend is not timely given, all further Options to Extend shall automatically expire. The Base Rent for either Option Term shall be equal to ninety-five percent (95%) of the Market Rent (as defined below) established at the beginning of each Option Term, provided that the Base Rent shall not be less than the Base Rent then in effect at the end of the current Term, as extended. The rent for the Option Terms shall consist of Base Rent (including any increases as set forth in Paragraph 3.1), Tenant's Share of Project Expenses pursuant to Paragraph 5, and any other charges under this Lease. The Options to Extend are personal to Tenant and may not be assigned without Landlord's written consent which may be withheld in its sole discretion.

Landlord and Tenant shall use their best good faith efforts to agree upon the fair market Base Rent for the Premises **("Market Rent")**. If Landlord and Tenant fail to reach agreement after fifteen (15) business days following Tenant's written notice of the exercise of the Option to Extend for such Option Term ("**Market Rent Negotiation Period**"), then each party shall make a separate determination of the Market Rent which shall be submitted to the other party. Either party's failure to timely submit its determination of Market Rent to the other party shall be deemed acceptance of the submitting party's determination of Market Rent. If Landlord's submitted Market Rent is less than or equal to three percent (3%) greater than Tenant's submitted Market Rent, the Market Rent shall be deemed to be the average of Landlord's and Tenant's submitted Market Rent.

If Landlord's submitted Market Rent is more than three percent (3%) greater than Tenant's submitted Market Rent, each party's submitted Market Rent shall be submitted to arbitration prior to ten (10) business days following the selection of arbitrators as set forth below. Landlord and Tenant shall each appoint, prior to ten (10) days after the end of the Market Rent Negotiation Period, one arbitrator who shall by profession be a current real estate broker or appraiser of comparable commercial properties in the immediate vicinity of the Project, and who has been active in such field over the last five (5) years. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Market Rent is the closest to the actual Market Rent as determined by the arbitrators (i.e., the arbitrators may only select Landlord's or Tenant's determination of Market Rent and shall not be entitled to make a compromise determination). The two (2) arbitrators so appointed shall prior to five (5) business days after the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two arbitrators. The three arbitrators shall prior to fifteen (15) days after the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Market Rent, and shall notify Landlord and Tenant thereof. The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant. If either Landlord or Tenant fails to appoint an arbitrator prior to ten (10) days after the end of the Market Rent Negotiation Period, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant. If the two (2) arbitrators fail to agree upon and appoint a third (3rd) arbitrator, or both parties

fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association. The cost of arbitration shall be paid by Landlord and Tenant equally.

40. REMOVAL OF PERSONAL PROPERTY

Landlord shall allow Tenant to store personal property in others areas on the Property, outside of the Premises, in its sole discretion ("**Storage Areas**"). Upon thirty (30) days prior notice from Landlord to Tenant of Landlord's lease to another tenant for such Storage Areas, or portion thereof, Tenant agrees to vacate the Storage Areas, or portion thereof, in broom clean condition and otherwise in the same condition as existed on the Commencement Date, ordinary wear and tear and fire and casualty loss excepted. Tenant shall remove from the Storage Areas, or portion thereof, all of Tenant's personal property and trade fixtures in order that Landlord can lease such areas. Any removal of Tenant's improvements, Tenant's property and/or trade fixtures by Tenant shall be accomplished in a manner which will minimize any damage or injury to the Property, and any such damage or injury shall be repaired by Tenant at its sole cost and expense with thirty (30) days after Tenant vacates.

41. FORCE MAJEURE

In discharging its duty to complete the tenant improvements and to operate, maintain and repair those systems as set forth in this Lease, Landlord shall be held to a standard of reasonableness and shall not be liable to Tenant for matters outside its control, including, but not limited to, acts of God, civil riot, war, strikes, labor unrest, or shortage of material, and in no event shall Landlord be liable to Tenant for incidental damages, including, but not limited to, loss of business or business interruption.

42. GENERAL PROVISIONS

42.1. Waiver of Jury Trial; Governing Law; Venue. **EACH PARTY TO THIS LEASE HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS LEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY. THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF LOUISIANA. THE PARTIES HERETO AGREE THAT VENUE SHALL BE PROPER IN ANY STATE OR FEDERAL COURT LOCATED WITHIN, OR HAVING JURISDICTION OVER, CADDO PARISH, LOUISIANA.**

42.2. Waiver. The waiver by Landlord of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. The acceptance of rent hereunder shall not be construed to be a waiver of any breach by Tenant of any term, condition or covenant of this Lease.

42.3. Remedies Cumulative. It is understood and agreed that the remedies herein given to Landlord shall be cumulative, and the exercise of any one remedy of Landlord shall not be to the exclusion of any other remedy.

42. 4. Successors and Assigns. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto; if Landlord or Tenant is comprised of multiple parties, each of such parties hereto shall be jointly and severally liable hereunder.

42. 5. No Personal Liability. No individual member, manger, manager of a member, partner, shareholder, director, officer, employee, trustee, investment advisor, consultant or agent of Landlord, or individual member of a joint venture, tenancy in common, firm, limited liability company or partnership (general or limited), which constitutes Landlord, or any successor interest thereof, shall be subject to personal liability with respect to any of the covenants or conditions of this Lease. Tenant shall look solely to the equity of Landlord in the Property and to no other assets of Landlord for the satisfaction of any remedies of Tenant in the event of any beach by Landlord. It is mutually agreed by Tenant and Landlord that this paragraph is and shall be deemed to be a material and integral part of this Lease. All

obligations of Landlord shall be binding upon Landlord only during the period of Landlord's ownership of the Property and not thereafter.

42. 6. Entire Agreement. This Lease, the exhibits referred to herein, and any addendum executed concurrently herewith, are the final, complete and exclusive agreement between the parties and cover in full each and every agreement of every kind or nature, whatsoever, concerning the Premises and all preliminary negotiations and agreements of whatsoever kind or nature, are merged herein. Landlord has made no representations or promises whatsoever with respect to the Premises, except those contained herein, and no other person, firm or corporation has at any time had any authority from Landlord to make any representations or promises on behalf of Landlord, and Tenant expressly agrees that if any such representations or promises have been made by others, Tenant hereby waives all right to rely thereon. No verbal agreement or implied covenant shall be held to vary the provisions hereof, any statute, law or custom to the contrary notwithstanding. Unless otherwise provided herein, no supplement, modification, or amendment of this Lease shall be binding unless executed in writing by the parties.

42.7. Captions. The captions of paragraphs of this Lease are for convenience only, and do not in any way limit or amplify the terms and provisions of this Lease.

42.8. Partial Invalidity. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

42.9. Authority. The person(s) executing this Lease warrants that he or she has the authority to execute this Lease and has obtained or has the requisite corporate or other authority to do the same.

42.10. Approvals. Any consent or approval required hereunder shall not be unreasonably withheld, conditioned or delayed by the party from whom such consent or approval is requested unless this Lease expressly provides otherwise.

42.11. Counterparts and Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same Amendment. The parties shall be entitled to sign and transmit an electronic signature of this Agreement (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Any party providing an electronic signature agrees to promptly execute and deliver to the other parties an original signed Agreement upon request.

42.12. Joint and Several Obligations. The obligations of the persons signing as Tenant under this Lease shall be joint and several in all respects.

[***Signatures contained on the following page***]

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement in duplicate as of the day and year first above written.

LANDLORD:

SHREVEPORT BUSINESS PARK, LLC,
a Delaware limited liability company

By: Holdings SPE Manager, LLC,
a Delaware limited liability company,
its Manager

By: /s/John A. Mase
John A. Mase, CEO

TENANT:

ELIO MOTORS, INC.,
an Arizona corporation

By: /s/Paul Elio
Name:PAul Elio
Title: CEO

Exhibit 6.10

FIRST AMENDMENT TO LEASE

This First Amendment to Lease ("**First Amendment**"), is entered into as of the 31st day of July 2015, by and between SHREVEPORT BUSINESS PARK, LLC, a Delaware limited liability company ("**Landlord**") and ELIO MOTORS, INC., an Arizona corporation ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into that certain lease agreement dated as of December 27, 2014 (the "**Lease Agreement**") for 997,375 square feet of space located in those certain buildings commonly known as 7600 General Motors Boulevard, Shreveport, Louisiana (the "**Premises**").

B. Landlord and Tenant mutually desire to amend the Lease Agreement in accordance with the terms and conditions hereto.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Recitals/Definitions. The foregoing recitals are hereby incorporated into and made a part of this First Amendment by this reference. All capitalized terms in this First Amendment shall have the same meaning ascribed thereto in the Lease Agreement, unless otherwise provided herein. The Lease Agreement and this First Amendment are collectively referred to as the "**Lease**."

2. Effective Date of First Amendment. This First Amendment shall be effective commencing effective as of August 1, 2015 (the "**Effective Date**").

3. Base Rent Commencement Date. Notwithstanding anything to the contrary contained in the Lease Agreement, the Base Rent Commencement Date (as defined in Paragraph 2.2 of the Lease Agreement) shall be extended and shall now be February 1, 2016. Thereafter, Base Rent for the period February 1, 2016 through July 31, 2016 shall be deferred and shall be due and payable, in full, on August 1, 2016.

4. Effect of First Amendment. Except as specifically amended in this First Amendment, all of the terms and conditions of the Lease Agreement shall continue in full force and effect. In the event of any conflict between the terms of this First Amendment and the terms of the Lease Agreement, the terms of this First Amendment shall prevail.

5. Counterparts and Electronic Signatures. This First Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same First Amendment. The parties shall be entitled to sign and transmit an electronic signature of this First Amendment (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Any party providing an electronic signature agrees to promptly execute and deliver to the other parties an original signed First Amendment.

6. Entire Agreement. This First Amendment contains the entire understanding and agreement between the parties relating to the matters covered hereby and supersedes all prior or contemporaneous negotiations, arrangements, agreements, understandings, representations, and statements, whether oral or written, with respect to the matters covered hereby, all of which are merged herein and shall be of no further force or effect.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Lease as of the date first written above.

LANDLORD:

SHREVEPORT BUSINESS PARK, LLC,
a Delaware limited liability company

By: Holdings SPE Manager, LLC,
a Delaware limited liability company,
its Manager

By: */s/ John A. Mase*
John A. Mase, CEO

TENANT:

ELIO MOTORS, INC.,
an Arizona corporation

By */s/ Paul Elio*
:
Name: Paul Elio
Title: CEO

Exhibit 6.11

PROMISSORY NOTE AND SECURITY AGREEMENT

This Promissory Note and Security Agreement (the "Agreement"), dated as of this 5th day of December 2014, is made by and between Elio Motors, Inc., an Arizona corporation ("Elio"), with an address at 1855 E. Southern Ave., Suite 204, Mesa, Arizona 85204 and IAV Automotive Engineering Inc. a Michigan corporation ("IAV"), with an address at 15620 Technology Drive, Northville, MI 48168, herein referred to as a Party or collectively as the Parties.

NOW, THEREFORE, IAV and Elio, intending to be legally bound, hereby agree as follows:

1. **Definitions.**

a) "Collateral" shall mean all property in which a security interest is granted hereunder and described in Exhibit A.

b) "Obligations" shall mean all debts, liabilities, obligations, covenants and duties owing by Elio to IAV of any kind or nature, present or future, whether or not evidenced by this Note or any other note, guaranty or other instrument, whether arising under this Agreement, other contracts with IAV or under any other agreement or by operation of law, whether or not for the payment of money, arising by a separate agreement, or in any other manner. The term includes, but is not limited to, all principal, interest, fees, charges, expenses, reasonable attorneys' fees, and any other sum chargeable under this Agreement or any other agreement between IAV and Elio.

c) "Proceeds" shall have the meaning provided in the UCC.

2. **Promissory Note.** FOR VALUE RECEIVED, Elio, hereby promises to pay to IAV, or its permitted assigns, pursuant to this Promissory Note (the "Note") the principal sum of ONE MILLION SIX HUNDRED THOUSAND U.S. DOLLARS AND NO CENTS ($1,600,000.00) (the "Principal Amount"), or such lesser amount as the Parties shall agree to in a writing signed by both parties. The unpaid Principal Amount shall bear interest at a rate equal to the short term applicable federal rate for the most recently available month, as published by the Internal Revenue Service, adjusting on the 15th day of each calendar month. Interest shall be calculated for the actual number of days elapsed, using a daily rate determined by dividing the annual rate by 360.

3. **Payment at Maturity.** The unpaid Principal Amount and interest thereon shall be due and payable on December 31, 2015 (the "Maturity Date") at the principal offices of IAV in lawful money of the United States.

4. **The Security.** This Note is secured by, and Elio hereby grants to IAV, a valid, continuing security interest in all presently existing and hereafter acquired Collateral in order to secure prompt, full and complete payment of any and all Obligations, including, without limitation, each of its Obligations and duties under this Note and other contracts existing between Elio and IAV.

5. **Elio's Representations and Warranties.**

a) **Transactions Involving Collateral.** Elio shall not pledge, mortgage, encumber, grant any other third party a security interest or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of IAV. This includes security interests even if junior in right to the security interests granted under this Agreement. All proceeds from any disposition or sale of the Collateral (for whatever reason) shall be held in trust for IAV and shall not be commingled with any other funds. Upon receipt, Elio shall immediately deliver any such proceeds held in trust to IAV.

b) **Title.** Elio represents and warrants to IAV that Elio holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement and priority liens provided to Revitalizing Auto Communities Environmental Response Trust and Gemcap Lending I LLC which was assigned to CH Capital Lending LLC. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which IAV has specifically consented. Elio shall defend IAV's rights in the Collateral against the claims and demands of all other persons.

c) **Repairs and Maintenance.** Elio agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Elio further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

d) **Authorization**. The execution and performance of this Agreement has been duly authorized by all necessary action and does not and will not: (a) require any consent or approval of the stockholders, shareholder, or members of Elio, or the consent of any governmental entity which has not been obtained; or (b) violate any provision of any indenture, contract, agreement or instrument to which Elio is a party or by which it is bound.

6. **Promissory Note Default.** Elio shall be in default under the terms this Agreement upon the occurrence of any of the following events or conditions:

a) default in the payment or performance of any of the Obligations or of any covenants or liabilities contained or referred to herein or in any of the Obligations on or before the Maturity Date;

b) any warranty, representation or statement made or furnished to IAV by or on behalf of Elio proving to have been false in any material respect when made or furnished;

c) loss, theft, substantial damage, destruction, sale or encumbrance to or any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon, unless specifically authorized herein;

d) dissolution, termination of existence, filing by Elio or by any third party against Elio of any petition under any Federal bankruptcy statute, insolvency, business failure, appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by, Debtor; or

e) the occurrence of an event of default under this Agreement, or any other contract or agreement, between Elio and/or IAV and any other secured party of Elio.

f) the re-location, movement, or transfer of any piece of the equipment away from the Shreveport Assembly Plant without notifying IAV of the re-location, movement or transfer, except for the sale of surplus equipment which is currently taking place.

7. **Remedy after Default.** Upon default and at any time thereafter, IAV may declare all Obligations, and, in the case of a default under Section 6(d), the Obligations shall automatically become, immediately due and payable and shall have the remedies of a secured party under the Uniform Commercial Code of Michigan, including without limitation the right to take immediate and exclusive possession of the Collateral or the Proceeds thereof, or any part thereof, and for that purpose may, so far as Elio can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace), upon any premises on which the Collateral, or the Proceeds thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Uniform Commercial Code of Michigan); and IAV shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Elio's right of redemption in satisfaction of the Elio's Obligations as provided in the Uniform Commercial Code of Michigan. IAV without removal may render the Collateral unusable and dispose of the Collateral on the Elio's premises. IAV may require Elio to assemble the Collateral and make it available to IAV for possession at a place to be designated by IAV which is reasonably convenient to both parties. The net proceeds realized upon any sale or disposition, after deduction for the expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorney's fees and legal expenses incurred by IAV, shall be applied in satisfaction of the Obligations secured hereby. The remedies of IAV hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Uniform Commercial Code of Michigan shall not be construed as a waiver of any of the other remedies of the IAV so long as any part of the Elio's Obligation remains unsatisfied.

8. **Financing Statements.** Elio authorizes IAV to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect IAV's security interest. At IAV's request, Elio additionally agrees to sign all other documents that are necessary to perfect, protect, and continue IAV's security interest in the Collateral. Elio will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless IAV is required by law to pay such fees and costs. Elio irrevocably appoints IAV to execute documents necessary to transfer title if there is a default under this Agreement. IAV may file a copy of this Agreement as a financing statement. If Elio changes Elio's name or address, or the name or address of any person granting a security interest under this Agreement changes, Elio will promptly notify the IAV of such change.

9. **Early Discharge.** Upon full and indefeasible payment of the outstanding Principal Amount and all interest thereon, this Note and Security Agreement shall be fully discharged, cancelled and surrendered to Elio.

10. **Default Rate of Interest**. Upon the occurrence of a Default, Elio promises to pay interest on the outstanding Principal Amount of this Note at a simple rate of interest equal to fifteen percent (15%) per annum or, if lower, the highest rate permitted by applicable law ("Default Rate").

11. **Forbearance.** Any forbearance of IAV in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by IAV of payment of any sum payable hereunder after the due date of such payment shall not be a waiver of the IAV's right to require prompt payment when due of all other sums payable hereunder and shall not affect IAV's security interest in the Collateral.

12. **Insurance**. Elio shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as IAV may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to IAV and issued by a company or companies reasonably acceptable to IAV. Elio, upon request of IAV, will deliver to IAV from time to time the policies or certificates of insurance in form satisfactory to IAV, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to IAV and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of IAV will not be impaired in any way by any act, omission or default of Elio or any other person. In connection with all policies covering assets in which IAV holds or is offered a security interest, Elio will provide IAV with such loss payable or other endorsements as IAV may require. If Elio at any time fails to obtain or maintain any insurance as required under this Agreement, IAV may (but shall not be obligated to) obtain such insurance as IAV deems appropriate.

13. **Attorneys' Fees; Expenses.** Elio agrees to pay upon demand all of IAV's costs and expenses, including IAV's reasonable attorneys' fees and IAV's legal expenses, incurred in the event of Elio's default and in connection with the enforcement of this Agreement. IAV may hire or pay someone else to help enforce this Agreement, and Elio shall pay the costs and expenses of such enforcement. Costs and expenses include IAV's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Elio also shall pay all court costs and such additional fees as may be directed by the court.

14. **Law and Venue.** This Agreement and all disputes between the Parties shall be governed by and interpreted in accordance with the internal laws of the State of Michigan, without reference to Michigan's conflict of laws principles. For all litigation of disputes or controversies which may arise between the Parties, the Parties consent to the exclusive jurisdiction of the courts of the State of Michigan and the United States district courts sitting in the State of Michigan, and agree that any and all such disputes and controversies shall be determined exclusively by one of such courts.

15. **Severability Provisions.** If any one or more provisions of this Agreement are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain in full force and effect.

16. **Cross-Collateralization.** In addition to the Note, this Agreement secures all Obligations, debts and liabilities, plus interest thereon, of Elio to IAV, or any one or more of them, as well as all claims by IAV against Elio or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

17. **Execution**. This Agreement may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same agreement. This Agreement may, upon execution, be delivered by facsimile or electronic mail, which shall be deemed for all purposes to be an original signature.

18. **Headings**. The headings in this Agreement are for reference purposes only and shall not limit or otherwise affect the meaning of the provisions.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

IAV Automotive Engineering Inc.		**Elio Motors, Inc.**	
By:	/s/A. C. Middlemass	**By:**	/s/Paul Elio
	(signature)		**(signature)**
	A. C. Middlemass		PAUl Elio
	(handwritten or typed name)		**(handwritten or typed name)**
Title	V.P. BUS. DEVT.	**Title**	CEO
	(authorized representative)		**(authorized representative)**
Dated:	12-05-2014	**Dated:**	12-5-2015

Exhibit A

Description of Collateral

The Collateral shall mean and include all right, title, interest, claims and demands of Elio in and to all of the following:

a) Each and every item of goods, equipment, fixtures or personal property located at Elio's Shreveport Assembly Plant, whether now owned or hereafter acquired, together with all substitutions, renewals or replacements of and additions, improvements, accessions, replacement parts and accumulations to any and all of such goods, equipment, fixtures or personal property, including, without limitation, the equipment specifically listed on **Schedule 1 attached hereto** (collectively, the "Equipment"), together with all proceeds thereof, including, without limitation, insurance, condemnation, requisition or similar payments, and all proceeds from sales, renewals, releases or other dispositions thereof.

Exhibit 6.12

Installment Payment Agreement
IAV Automotive Engineering Inc. and Elio Motors, Inc.

This Installment Payment Agreement ("Agreement") is made this 13th day of March 2015 ("Effective Date"), by and between IAV Automotive Engineering Inc., a Michigan corporation doing business at 15620 Technology Drive, Northville, Michigan 48168 ("IAV") and Elio Motors, Inc., an Arizona corporation doing business at 1855 E. Southern Ave., Ste. 204, Mesa, Arizona 85204. IAV and Elio may be referred to in this Agreement as a "Party" or collectively as the "Parties".

RECITALS

A. IAV completed the design, successfully assembled the Elio prototype engine, and successfully ran the engine on the dyno for initial testing at IAV's test facility in Northville, Michigan.

B. As of the date of this Agreement, Elio has $1,323,000 (One Million Three Hundred and Twenty-Three Thousand Dollars and No/100) in outstanding debt owed to IAV for the design, development, and procurement of parts required to prepare the engine for testing.

AGREEMENT

1. **Acknowledgement of Debt**. Elio hereby acknowledges, agrees, and does not dispute the total outstanding debt owed by Elio to IAV is $1,323,000. The outstanding debt was incurred by Elio for services rendered by IAV in the development of the Elio three-wheeled car.

2. **Promissory Note.** Elio, hereby promises to pay to IAV, or its permitted assigns, pursuant to this Promissory Note the principal sum of $1,323,000 (One Million Three Hundred and Twenty-Three Thousand Dollars and No/100) (the "Principal Amount"), or such lesser amount as the Parties shall agree to in a writing signed by both parties. The unpaid Principal Amount shall bear interest at a rate equal to the short term applicable federal rate for the most recently available month, as published by the Internal Revenue Service, adjusting on the 15th day of each calendar month. Interest shall be calculated for the actual number of days elapsed, using a daily rate determined by dividing the annual rate by 360.

3. **Installment Payments.** Elio also agrees to pay IAV One Hundred and Fifty Thousand Dollars ($150,000.00) per month, on or before the 15th of every month, until the outstanding balance remaining under this Agreement is paid, or by December 1, 2015, whichever is sooner. Installment payments will be applied against the Principal Amount.

4. **Right to Audit**. Elio grants to IAV access to all pertinent information, including, but not limited to, books, records, payroll data, receipts, bank records, correspondence and other documents for the purpose of auditing the deposits Elio receives for the three-wheeled vehicle. Elio will preserve these documents for a period of 1 year after all outstanding balances identified in this Agreement are paid.

5. This Agreement does not impact or change the enforceability of the Promissory Note and Security Agreement dated December 5, 2014. IAV and Elio specifically agree that this Agreement does not supersede, or in any way, change the rights, duties, and obligations agreed to in the December 5, 2014 Promissory Note and Security Agreement.

6. **Enforcement and Construction.** The Agreement shall be governed by, construed and enforced in accordance with, and subject to the laws of the State of Michigan. This Agreement has been prepared as a result of negotiations between the Parties. The headings of the paragraphs are merely descriptive and should not be construed as influencing or limiting the substance of the paragraphs in any way.

7. **Execution**. This Agreement may be executed in counterparts, each of which shall be deemed an original against the party whose signature appears thereon, and all of which shall be considered an original and together shall constitute one Agreement. Facsimile signatures shall have the same effect as original signatures**.**

8. **Attorneys' Fees; Expenses.** Elio agrees to pay upon demand all of IAV's costs and expenses, including IAV's reasonable attorneys' fees and IAV's legal expenses, incurred in the event of Elio's default and in connection with the enforcement of this Agreement. IAV may hire or pay someone else to help enforce this Agreement, and Elio shall pay the costs and expenses of such enforcement. Costs and expenses include IAV's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit,

including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Elio also shall pay all court costs and such additional fees as may be directed by the court.

Signed by:

	IAV Automotive Engineering Inc.		Elio Motors, Inc.
By:	/s/Christopher Hennessy	By:	/s/Paul Elio
	(signature)		(signature)
	CHRISTOPHER HENNESSY		PAUl Elio
	(handwritten or typed name)		(handwritten or typed name)
Title:	VP ENGINEERING	Title:	CEO
	(authorized representative)		(authorized representative)
Dated:	3/13/15	Dated:	3-13-15

Exhibit 6.13

PROMISSORY NOTE

$1,000,500.00 March 6, 2014

FOR VALUE RECEIVED, the undersigned, ELIO MOTORS, INC., an Arizona corporation, with an address at 102 W. El Caminito Drive, Phoenix, AZ 85021 ("Borrower"), hereby promises to pay to the order of STUART LICHTER, an individual, with an address at 11100 Santa Monica Boulevard, Suite 850, Los Angeles, CA 90025, and assigns ("Lender"), the principal amount of **ONE MILLION FIVE HUNDRED DOLLARS ($1,000,500.00**), in lawful money of the United States ("Loan"), or the aggregate unpaid principal amount of all advances (hereinafter each being referred to as an "Advance" and collectively, the "Advances") made to Borrower, in no event later than the Maturity Date, and to pay interest on the unpaid principal balance of this Promissory Note (this "Note") in the manner and at the rate as hereinafter specified.

1. **Defined Terms.** As used in this Note the following terms shall have the following meanings:

The terms "Advance" or "Advances" shall have the meanings as defined in the introductory paragraph. Advances will be made as set forth in Section 2 hereof.

The term "Bankruptcy Code" shall mean Title 11 of the United States Code, as amended.

The term "Borrower" shall have the meaning as defined in the introductory paragraph.

The term "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks in California are authorized or required to close under the laws of the State of California.

The term "Event of Default" shall mean any of the events or conditions specified in Section 8 hereof.

The term "Interest" means the annual rate of interest payable on the outstanding Advances in accordance with the terms hereof.

The term "Lender" shall have the meaning as defined in the introductory paragraph.

The term "Loan" shall have the meaning as defined in the introductory paragraph.

The term "Maturity Date" shall mean July 31, 2016.

The term "Note" shall have the meaning as defined in the introductory paragraph.

The term "Obligations" shall mean all existing and future debts, liabilities and obligations at any time owing by Borrower to Lender hereunder.

2. **Advances.** Lender shall make the Loan in two tranches as follows: (i) one tranche of FIVE HUNDRED DOLLARS ($500.00) on the date hereof and (ii) one tranche of ONE MILLION DOLLARS ($1,000,000.00) on December 2, 2014.

3. **Principal and Interest.**

(a) Interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date of such Advance until payment in full is made and shall accrue and be payable at the rate of ten percent (10%) per annum, with interest on overdue interest to bear interest.

(b) Upon the occurrence of an Event of Default, interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date of such Event of Default until payment in full is made and shall accrue and be payable at the rate of eighteen percent (18%) per annum, with interest on overdue interest to bear interest.

(c) The unpaid principal amount of the Loan may, at any time and from time to time, be voluntarily paid or prepaid, in whole or in part, without premium or penalty.

(d) All amounts due and owing hereunder shall be paid in full no later than the earlier of: (i) the Maturity Date; or (ii) the occurrence and continuation of an Event of Default.

4. **Computation of Interest and Fees.**

(a) Computation of interest on the Loan and all fees under this Note shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Borrower acknowledges that such latter calculation method will result in a higher yield to Lender than a method based on a year of 365 or 366 days.

(b) Under no circumstances or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines Lender has charged or received interest hereunder in excess of the highest applicable rate, Lender shall apply, in its sole discretion, and set off such excess interest received by Lender against other Obligations due or to become due and such rate shall automatically be reduced to the maximum rate permitted by such law.

5. **Manner and Treatment of Payments.**

(a) Each payment due on this Note shall be made to Lender, at his address set forth in the introductory paragraph of this Note or to such other address as Lender shall designate in writing to Borrower. All payments shall be made in lawful money of the United States of America.

(b) Any payment due under this Note which is paid by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless and until the amount due is actually received by Lender. Each payment received by Lender (including, without limitation, mandatory prepayments) shall be applied as follows: first, to the payment of any and all costs, fees and expenses incurred by or payable to Lender in connection with the collection or enforcement of this Note; second, to the payment of all unpaid late charges (if any); third, to the payment of all accrued and unpaid interest hereunder; and fourth, to the payment of the unpaid principal balance of this Note, or in any other manner which Lender may, in its sole discretion, elect from time to time.

6. **Repayment Extension.** If any payment of principal or interest shall be due on a day that is not a Business Day, then such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest.

7. **Representations and Warranties.** Borrower represents and warrants to Lender that:

Existence and Qualification; Power - Borrower is a corporation duly formed, validly existing and in good standing under the laws of the state of Arizona. Borrower is duly qualified or registered to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties makes such qualification or registration necessary. Borrower has all requisite power and/or other authority to conduct its business, to own and lease its properties and to execute and deliver this Note and to perform its Obligations;

Compliance with Laws - Borrower is in compliance in all material respects with all laws, regulations and other legal requirements applicable to its business, has obtained all authorizations, consents, approvals, orders, licenses and permits from, and has accomplished (or obtained exemptions from) all filings, registrations and qualifications that are necessary for the transaction of its business;

Authority; Compliance With Other Agreements and Instruments - the execution, delivery and performance by Borrower of this Note have been duly authorized by all necessary corporate, partnership or membership action, as applicable, and do not and will not: (i) require any consent or approval not heretofore obtained of any manager, director, shareholder, member, partner, security holder or creditor of such party; (ii) violate or conflict with any provision of Borrower's articles of incorporation, bylaws, or other comparable instruments; or (iii) result in a breach by Borrower or constitute a default by Borrower under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other contractual obligation to which Borrower is a party or by which Borrower or any of its property is bound or affected;

No Default - no event has occurred and is continuing which with the giving of notice or the lapse of time or both would constitute an Event of Default;

Representations and Warranties - prior to the making of each Advance all representations and warranties contained herein shall be true and correct in all material respects and of the same force and effect as though such representations and warranties had been made as of the date of the making of each Advance;

Patriot Act Compliance - Borrower is not involved in any activity, directly or indirectly, which would constitute a violation of applicable laws concerning money laundering, the funding of terrorism or similar activities. No part of the proceeds of the Loan will be used to fund activities which would constitute a violation of the United States Lender Secrecy Act, the United States Money Laundering Control Act of 1986, the United States International Money Laundering Abatement and Anti-terrorist Financing Act of 2001.

8. **Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Note:

Payments – if Borrower fails to make any payment of principal or interest or other Obligations when such payment is due and payable; or

Other Charges - if Borrower fails to pay any other charges, fees, expenses or other monetary obligations owing to Lender arising out of or incurred in connection with this Note within five (5) Business Days after the date such payment is due and payable; or

Warranties or Representations - if any warranty, representation or other statement by or on behalf of Borrower contained in or pursuant to this Note or in any document, agreement or instrument furnished in compliance with, relating to, or in reference to this Note, is false, erroneous, or misleading in any material respect when made; or

Covenants – if Borrower is in breach of any covenant hereunder other than payment obligations, and such breach is not cured within five (5) Business Days thereafter; or

Agreements with Others - (i) if Borrower shall default beyond any grace period in the payment of principal or interest of any material Indebtedness of Borrower; or (ii) if Borrower otherwise defaults under the terms of any such Indebtedness if the effect of such default is to enable the holder of such Indebtedness to accelerate the payment of Borrower's obligations, which are the subject thereof, prior to the maturity date or prior to the regularly scheduled date of payment; or

Judgments - if any final judgment exceeding $5,000 for the payment of money (i) which is not fully and unconditionally covered by insurance or (ii) for which Borrower has not established a cash or cash equivalent reserve in the full amount of such judgment, shall be rendered by a court of record against Borrower, and such judgment shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or bonded pending appeal; or

Assignment for Benefit of Creditors, etc. - if Borrower makes, or proposes in writing, an assignment for the benefit of creditors generally, offers a composition or extension to creditors, or makes or sends notice of an intended bulk sale of any business or assets now or hereafter owned or conducted by Borrower; or

Bankruptcy, Dissolution, etc. - upon the commencement of any action for the dissolution or liquidation of Borrower, or the commencement of any proceeding to avoid any transaction entered into by Borrower, or the commencement of any case or proceeding for reorganization or liquidation of Borrower's debts under the Bankruptcy Code or any other state or federal law, now or hereafter enacted for the relief of debtors, whether instituted by or against Borrower; provided however, that Borrower shall have thirty (30) days to obtain the dismissal or discharge of involuntary proceedings filed against it, it being understood that during such thirty (30) day period, Lender may seek adequate protection in any bankruptcy proceeding; or

Receiver - upon the appointment of a receiver, liquidator, custodian, trustee or similar official or fiduciary for Borrower or for Borrower's property; or

Execution Process, etc. - the issuance of any execution or distraint process against any property of Borrower; or

Termination of Business - if Borrower ceases any material portion of its business operations as presently conducted; or

Liens - if any lien in favor of Lender shall cease to be valid, enforceable and perfected ; or

Material Adverse Effect – if there is any change in Borrower's financial condition which, in Lender's reasonable opinion, has or would be reasonably likely to have a material adverse effect on (a) the assets, properties, financial condition, creditworthiness, business prospects, material agreements or results of business operations of Borrower, or (b) Borrower's ability to pay the Obligations in accordance with the terms hereof, or (c) the validity or enforceability of this Note or the rights and remedies of Lender hereunder or thereunder.

9. **Rights and Remedies upon Demand or Default.** Upon the occurrence and during the continuation of an Event of Default hereunder, Lender shall have all rights and remedies provided in this Note or other applicable law, all of which rights and remedies may be exercised without notice to Borrower, all such notices being hereby waived, except such notice as is expressly provided for hereunder or is not waivable under applicable law. All rights and remedies of Lender are cumulative and not exclusive and are enforceable, in Lender's discretion, alternatively, successively, or concurrently on any one or more occasions and in any order Lender may determine. Without limiting the foregoing, Lender may accelerate the payment of all Obligations and demand immediate payment thereof to Lender.

10. **Remedies Cumulative.** Each right, power and remedy of Lender hereunder or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and concurrent, and the exercise or the beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by Lender of any or all such other rights, powers or remedies. No failure or delay by Lender to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach thereof or a default hereunder shall constitute a waiver thereof, or preclude Lender from exercising any such other rights, powers or remedy. By accepting full or partial payment after the due date of any amount of principal or interest on this Note, or other amounts payable on demand, Lender shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to it in order to collect all such other amounts due and payable under this Note.

11. **Collection Expenses.** If this Note is placed in the hands of an attorney for collection following the occurrence of an Event of Default hereunder, Borrower agrees to pay to Lender upon demand costs and expenses, including all attorneys' fees and court costs, paid or incurred by Lender in connection with the enforcement or collection of this Note (whether or not any action has been commenced by Lender to enforce or collect this Note) or in successfully defending any counterclaim or other legal proceeding brought by Borrower contesting Lender's right collect the outstanding principal balance of this Note. All of such costs and expenses shall bear interest hereunder from the date of payment by Lender until repaid in full by Borrower.

12. **Certain Waivers by Borrower.** Borrower waives demand, presentment, protest and notice of demand, of non-payment, of dishonor, and of protest of this Note. Lender, without notice to or further consent of Borrower and without in any respect compromising, impairing, releasing, lessening or affecting the obligations of Borrower hereunder, may: (a) release, surrender, waive, add, substitute, settle, exchange, compromises, modify, extend or grant indulgences with respect to this Note and (b) grant any extension or other postponements of the time of payment hereof.

13. **Choice of Law: Forum Selection: Consent to Jurisdiction.** This Note shall be governed by, construed and interpreted in accordance with the laws of the State of California (excluding the choice of law rules thereof). Borrower hereby irrevocably submits to the jurisdiction of any state or federal court sitting in the State of California, Los Angeles County in any action or proceeding arising out of or relating to this Note, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

14. **Invalidity of Any Part.** If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or any remaining part of any provision) of this Note, and this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained in this Note, but only to the extent of its invalidity, illegality, or unenforceability. In any event, if any such provision pertains to the repayment of the Obligations evidenced by this Note, then and in such event, at Lender's option, the outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable.

15. **WAIVER OF JURY TRIAL. BORROWER HEREBY (i) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (ii) WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LENDER AND BORROWER MAY BE PARTIES ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO THIS NOTE AND/OR ANY TRANSACTIONS, OCCURRENCES, COMMUNICATIONS, OR UNDERSTANDINGS (OR THE LACK OF ANY OF THE FOREGOING) RELATING IN ANY WAY TO BORROWER-LENDER RELATIONSHIP BETWEEN THE PARTIES. IT IS UNDERSTOOD AND AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER OF JURY TRIAL IS SEPARATELY GIVEN, KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND BORROWER HEREBY AGREES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. LENDER IS HEREBY AUTHORIZED TO SUBMIT THIS NOTE TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND BORROWER SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF SUCH WAIVER OF RIGHT TO TRIAL BY JURY.**

16. **Waiver of Defenses, Counterclaims, etc.** Borrower hereby waives, in any litigation (whether or not arising out of or related to this note or any other obligation or liabilities to Lender) in which Borrower and Lender shall be adverse parties, the right to interpose any defense, set-off or counterclaim of any nature or description, excluding mandatory counterclaims that, if not raised in such proceeding, would be waived.

17. **Indemnification**. Borrower agrees: (i) to pay and reimburse Lender for all of Lender's reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and execution of, and any amendment, supplement or modification to, this Note, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of internal and external counsel, (ii) to pay and reimburse Lender for reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Note and any such other documents, including the reasonable fees, disbursements and other charges of its counsel, whether internal or external, (iii) to pay, indemnify and hold harmless Lender from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable and documented fees, disbursements and other charges of counsel for Lender connection with the execution, delivery, enforcement, performance and administration of this Note and any such other documents or the use of the proceeds thereof, including any of the foregoing relating to the violation of, noncompliance with or liability applicable to the operations of Borrower; provided that Borrower shall have no obligation hereunder to Lender with respect to damages caused directly by the gross negligence or willful misconduct of Lender as determined by a non-appealable final judgment.

18. **Miscellaneous.** Time is of the essence under this Note. The paragraph headings of this Note are for convenience only, and shall not limit or otherwise affect any of the terms hereof. This Note constitutes the entire agreement between the parties with respect to the subject matter hereof and supersede all prior letters, representations, or agreements, oral or written, with respect thereto. No modification, release, or waiver of this Note shall be deemed to be made by Lender unless in writing signed by Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved. No course of dealing or conduct shall be effective to modify, release or waive any provisions of this Note. This Note shall inure to the benefit of and be enforceable by Lender and Lender's successors and assigns and any other person to whom Lender may grant an interest in the obligations evidenced by this Note and shall be binding upon and enforceable against Borrower and Borrower's successors and assigns. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note as of the date first written above.

Borrower:

ELIO MOTORS, INC.,
an Arizona corporation

By: /s/Paul Elio
Paul Elio
Chief Executive Officer

Exhibit 6.14

PROMISSORY NOTE

$300,000.00 May 30, 2014

FOR VALUE RECEIVED, the undersigned, ELIO MOTORS, INC., an Arizona corporation, with an address at 102 W. El Caminito Drive, Phoenix, AZ 85021 ("Borrower"), hereby promises to pay to the order of STUART LICHTER, an individual, with an address at 11100 Santa Monica Boulevard, Suite 850, Los Angeles, CA 90025, and assigns ("Lender"), the principal amount of **THREE HUNDRED THOUSAND DOLLARS ($300,000.00)**, in lawful money of the United States ("Loan"), or the aggregate unpaid principal amount of all advances (hereinafter each being referred to as an "Advance" and collectively, the "Advances") made to Borrower, in no event later than the Maturity Date, and to pay interest on the unpaid principal balance of this Promissory Note (this "Note") in the manner and at the rate as hereinafter specified.

1. **Defined Terms.** As used in this Note the following terms shall have the following meanings:

The terms "Advance" or "Advances" shall have the meanings as defined in the introductory paragraph. Advances will be made as set forth in Section 2 hereof.

The term "Bankruptcy Code" shall mean Title 11 of the United States Code, as amended.
The term "Borrower" shall have the meaning as defined in the introductory paragraph.

The term "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks in California are authorized or required to close under the laws of the State of California.

The term "Event of Default" shall mean any of the events or conditions specified in Section 8 hereof.

The term "Interest" means the annual rate of interest payable on the outstanding Advances in accordance with the terms hereof.

The term "Lender" shall have the meaning as defined in the introductory paragraph.

The term "Loan" shall have the meaning as defined in the introductory paragraph.

The term "Maturity Date" shall mean July 31, 2016.

The term "Note" shall have the meaning as defined in the introductory paragraph.

The term "Obligations" shall mean all existing and future debts, liabilities and obligations at any time owing by Borrower to Lender hereunder.

2. **Advances.** Lender shall make the Loan in two tranches as follows: (i) one tranche of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) on the date hereof and (ii) one tranche of TWO HUNDRED THOUSAND DOLLARS ($200,000.00) on November 10, 2014.

3. **Principal and Interest.**

(a) Interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date of such Advance until payment in full is made and shall accrue and be payable at the rate of ten percent (10%) per annum, with interest on overdue interest to bear interest.

(b) Upon the occurrence of an Event of Default, interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date of such Event of Default until payment in full is made and shall accrue and be payable at the rate of eighteen percent (18%) per annum, with interest on overdue interest to bear interest.

(c) The unpaid principal amount of the Loan may, at any time and from time to time, be voluntarily paid or prepaid, in whole or in part, without premium or penalty.

(d) All amounts due and owing hereunder shall be paid in full no later than the earlier of: (i) the Maturity Date; or (ii) the occurrence and continuation of an Event of Default.

4. **Computation of Interest and Fees.**

(a) Computation of interest on the Loan and all fees under this Note shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Borrower acknowledges that such latter calculation method will result in a higher yield to Lender than a method based on a year of 365 or 366 days.

(b) Under no circumstances or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines Lender has charged or received interest hereunder in excess of the highest applicable rate, Lender shall apply, in its sole discretion, and set off such excess interest received by Lender against other Obligations due or to become due and such rate shall automatically be reduced to the maximum rate permitted by such law.

5. **Manner and Treatment of Payments.**

(a) Each payment due on this Note shall be made to Lender, at his address set forth in the introductory paragraph of this Note or to such other address as Lender shall designate in writing to Borrower. All payments shall be made in lawful money of the United States of America.

(b) Any payment due under this Note which is paid by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless and until the amount due is actually received by Lender. Each payment received by Lender (including, without limitation, mandatory prepayments) shall be applied as follows: first, to the payment of any and all costs, fees and expenses incurred by or payable to Lender in connection with the collection or enforcement of this Note; second, to the payment of all unpaid late charges (if any); third, to the payment of all accrued and unpaid interest hereunder; and fourth, to the payment of the unpaid principal balance of this Note, or in any other manner which Lender may, in its sole discretion, elect from time to time.

6. **Repayment Extension.** If any payment of principal or interest shall be due on a day that is not a Business Day, then such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest.

7. **Representations and Warranties.** Borrower represents and warrants to Lender that:

Existence and Qualification; Power - Borrower is a corporation duly formed, validly existing and in good standing under the laws of the state of Arizona. Borrower is duly qualified or registered to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties makes such qualification or registration necessary. Borrower has all requisite power and/or other authority to conduct its business, to own and lease its properties and to execute and deliver this Note and to perform its Obligations;

Compliance with Laws - Borrower is in compliance in all material respects with all laws, regulations and other legal requirements applicable to its business, has obtained all authorizations, consents, approvals, orders, licenses and permits from, and has accomplished (or obtained exemptions from) all filings, registrations and qualifications that are necessary for the transaction of its business;

Authority; Compliance With Other Agreements and Instruments - the execution, delivery and performance by Borrower of this Note have been duly authorized by all necessary corporate, partnership or membership action, as applicable, and do not and will not: (i) require any consent or approval not heretofore obtained of any manager, director, shareholder, member, partner, security holder or creditor of such party; (ii) violate or conflict with any provision of Borrower's articles of incorporation, bylaws, or other comparable instruments; or (iii) result in a breach by Borrower or constitute a default by Borrower under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other contractual obligation to which Borrower is a party or by which Borrower or any of its property is bound or affected;

No Default - no event has occurred and is continuing which with the giving of notice or the lapse of time or both would constitute an Event of Default;

Representations and Warranties - prior to the making of each Advance all representations and warranties contained herein shall be true and correct in all material respects and of the same force and effect as though such representations and warranties had been made as of the date of the making of each Advance;

Patriot Act Compliance - Borrower is not involved in any activity, directly or indirectly, which would constitute a violation of applicable laws concerning money laundering, the funding of terrorism or similar activities. No part of the proceeds of the Loan will be used to fund activities which would constitute a violation of the United States Lender Secrecy Act, the United States Money Laundering Control Act of 1986, the United States International Money Laundering Abatement and Anti-terrorist Financing Act of 2001.

8. **Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Note:

Payments – if Borrower fails to make any payment of principal or interest or other Obligations when such payment is due and payable; or

Other Charges - if Borrower fails to pay any other charges, fees, expenses or other monetary obligations owing to Lender arising out of or incurred in connection with this Note within five (5) Business Days after the date such payment is due and payable; or

Warranties or Representations - if any warranty, representation or other statement by or on behalf of Borrower contained in or pursuant to this Note or in any document, agreement or instrument furnished in compliance with, relating to, or in reference to this Note, is false, erroneous, or misleading in any material respect when made; or

Covenants – if Borrower is in breach of any covenant hereunder other than payment obligations, and such breach is not cured within five (5) Business Days thereafter; or

Agreements with Others - (i) if Borrower shall default beyond any grace period in the payment of principal or interest of any material indebtedness of Borrower; or (ii) if Borrower otherwise defaults under the terms of any such indebtedness if the effect of such default is to enable the holder of such Indebtedness to accelerate the payment of Borrower's obligations, which are the subject thereof, prior to the maturity date or prior to the regularly scheduled date of payment; or

Judgments - if any final judgment exceeding $5,000 for the payment of money (i) which is not fully and unconditionally covered by insurance or (ii) for which Borrower has not established a cash or cash equivalent reserve in the full amount of such judgment, shall be rendered by a court of record against Borrower, and such judgment shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or bonded pending appeal; or

Assignment for Benefit of Creditors, etc. - if Borrower makes, or proposes in writing, an assignment for the benefit of creditors generally, offers a composition or extension to creditors, or makes or sends notice of an intended bulk sale of any business or assets now or hereafter owned or conducted by Borrower; or

Bankruptcy, Dissolution, etc. - upon the commencement of any action for the dissolution or liquidation of Borrower, or the commencement of any proceeding to avoid any transaction entered into by Borrower, or the commencement of any case or proceeding for reorganization or liquidation of Borrower's debts under the Bankruptcy Code or any other state or federal law, now or hereafter enacted for the relief of debtors, whether instituted by or against Borrower; provided however, that Borrower shall have thirty (30) days to obtain the dismissal or discharge of involuntary proceedings filed against it, it being understood that during such thirty (30) day period, Lender may seek adequate protection in any bankruptcy proceeding; or

Receiver - upon the appointment of a receiver, liquidator, custodian, trustee or similar official or fiduciary for Borrower or for Borrower's property; or

Execution Process, etc. - the issuance of any execution or distraint process against any property of Borrower; or

Termination of Business - if Borrower ceases any material portion of its business operations as presently conducted; or

Liens - if any lien in favor of Lender shall cease to be valid, enforceable and perfected ; or

Material Adverse Effect – if there is any change in Borrower's financial condition which, in Lender's reasonable opinion, has or would be reasonably likely to have a material adverse effect on (a) the assets, properties, financial condition, creditworthiness, business prospects, material agreements or results of business operations of Borrower, or (b) Borrower's ability to pay the Obligations in accordance with the terms hereof, or (c) the validity or enforceability of this Note or the rights and remedies of Lender hereunder or thereunder.

9. **Rights and Remedies upon Demand or Default.** Upon the occurrence and during the continuation of an Event of Default hereunder, Lender shall have all rights and remedies provided in this Note or other applicable law, all of which rights and remedies may be exercised without notice to Borrower, all such notices being hereby waived, except such notice as is expressly provided for hereunder or is not waivable under applicable law. All rights and remedies of Lender are cumulative and not exclusive and are enforceable, in Lender's discretion, alternatively, successively, or concurrently on any one or more occasions and in any order Lender may determine. Without limiting the foregoing, Lender may accelerate the payment of all Obligations and demand immediate payment thereof to Lender.

10. **Remedies Cumulative.** Each right, power and remedy of Lender hereunder or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and concurrent, and the exercise or the beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by Lender of any or all such other rights, powers or remedies. No failure or delay by Lender to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach thereof or a default hereunder shall constitute a waiver thereof, or preclude Lender from exercising any such other rights, powers or remedy. By accepting full or partial payment after the due date of any amount of principal or interest on this Note, or other amounts payable on demand, Lender shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to it in order to collect all such other amounts due and payable under this Note.

11. **Collection Expenses.** If this Note is placed in the hands of an attorney for collection following the occurrence of an Event of Default hereunder, Borrower agrees to pay to Lender upon demand costs and expenses, including all attorneys' fees and court costs, paid or incurred by Lender in connection with the enforcement or collection of this Note (whether or not any action has been commenced by Lender to enforce or collect this Note) or in successfully defending any counterclaim or other legal proceeding brought by Borrower contesting Lender's right collect the outstanding principal balance of this Note. All of such costs and expenses shall bear interest hereunder from the date of payment by Lender until repaid in full by Borrower.

12. **Certain Waivers by Borrower.** Borrower waives demand, presentment, protest and notice of demand, of non-payment, of dishonor, and of protest of this Note. Lender, without notice to or further consent of Borrower and without in any respect compromising, impairing, releasing, lessening or affecting the obligations of Borrower hereunder, may: (a) release, surrender, waive, add, substitute, settle, exchange, compromises, modify, extend or grant indulgences with respect to this Note and (b) grant any extension or other postponements of the time of payment hereof.

13. **Choice of Law; Forum Selection; Consent to Jurisdiction.** This Note shall be governed by, construed and interpreted in accordance with the laws of the State of California (excluding the choice of law rules thereof). Borrower hereby irrevocably submits to the jurisdiction of any state or federal court sitting in the State of California, Los Angeles County in any action or proceeding arising out of or relating to this Note, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

14. **Invalidity of Any Part.** If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or any remaining part of any provision) of this Note, and this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained in this Note, but only to the extent of its invalidity, illegality, or unenforceability. In any event, if any such provision pertains to the repayment of the Obligations evidenced by this Note, then and in such event, at Lender's option, the outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable.

15. **WAIVER OF JURY TRIAL. BORROWER HEREBY (i) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (ii) WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LENDER AND BORROWER MAY BE PARTIES ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO THIS NOTE AND/OR ANY TRANSACTIONS, OCCURRENCES, COMMUNICATIONS, OR UNDERSTANDINGS (OR THE LACK OF ANY OF THE FOREGOING) RELATING IN ANY WAY TO BORROWER-LENDER RELATIONSHIP BETWEEN THE PARTIES. IT IS UNDERSTOOD AND AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER OF JURY TRIAL IS SEPARATELY GIVEN, KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND BORROWER HEREBY AGREES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. LENDER IS HEREBY AUTHORIZED TO SUBMIT THIS NOTE TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND BORROWER SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF SUCH WAIVER OF RIGHT TO TRIAL BY JURY.**

16. **Waiver of Defenses, Counterclaims, etc.** Borrower hereby waives, in any litigation (whether or not arising out of or related to this note or any other obligation or liabilities to Lender) in which Borrower and Lender shall be adverse parties, the right to interpose any defense, set-off or counterclaim of any nature or description, excluding mandatory counterclaims that, if not raised in such proceeding, would be waived.

17. **Indemnification**. Borrower agrees: (i) to pay and reimburse Lender for all of Lender's reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and execution of, and any amendment, supplement or modification to, this Note, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of internal and external counsel, (ii) to pay and reimburse Lender for reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Note and any such other documents, including the reasonable fees, disbursements and other charges of its counsel, whether internal or external, (iii) to pay, indemnify and hold harmless Lender from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable and documented fees, disbursements and other charges of counsel for Lender connection with the execution, delivery, enforcement, performance and administration of this Note and any such other documents or the use of the proceeds thereof, including any of the foregoing relating to the violation of, noncompliance with or liability applicable to the operations of Borrower; provided that Borrower shall have no obligation hereunder to Lender with respect to damages caused directly by the gross negligence or willful misconduct of Lender as determined by a non-appealable final judgment.

18. **Miscellaneous.** Time is of the essence under this Note. The paragraph headings of this Note are for convenience only, and shall not limit or otherwise affect any of the terms hereof. This Note constitutes the entire agreement between the parties with respect to the subject matter hereof and supersede all prior letters, representations, or agreements, oral or written, with respect thereto. No modification, release, or waiver of this Note shall be deemed to be made by Lender unless in writing signed by Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved. No course of dealing or conduct shall be effective to modify, release or waive any provisions of this Note. This Note shall inure to the benefit of and be enforceable by Lender and Lender's successors and assigns and any other person to whom Lender may grant an interest in the obligations evidenced by this Note and shall be binding upon and enforceable against Borrower and Borrower's successors and assigns. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note as of the date first written above.

Borrower:

ELIO MOTORS, INC.,
an Arizona corporation

By: /s/Paul Elio
Paul Elio
Chief Executive Officer

Exhibit 6.15

SECURED PROMISSORY NOTE

$600,000.00 June 19, 2014

FOR VALUE RECEIVED, the undersigned, ELIO MOTORS, INC., an Arizona corporation, with an address at 102 W. El Caminito Drive, Phoenix, AZ 85021 (the "Borrower"), hereby promises to pay to the order of STUART LICHTER, an individual with an address at 12214 Lakewood Blvd, Downey, CA 90242, and assigns (hereinafter the "Lender"), the principal amount of **SIX HUNDRED THOUSAND DOLLARS ($600,000.00)**, in lawful money of the United States (the "Loan"), or the aggregate unpaid principal amount of all advances (hereinafter each being referred to as an "Advance" and collectively, the "Advances") made to Borrower, in no event later than the Maturity Date, and to pay interest on the unpaid principal balance of this Secured Promissory Note (this "Note") in the manner and at the rate as hereinafter specified .

1. **Defined Terms.** As used in this Note the following terms shall have the following meanings:

The terms "Advance" or "Advances" shall have the meanings as defined in the introductory paragraph.

The term "Lender" shall have the meaning as defined in the introductory paragraph.

The term "Bankruptcy Code" shall mean Title 11 of the United States Code, as amended.
The term "Borrower" shall have the meaning as defined in the introductory paragraph.

The term "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks in California are authorized or required to close under the laws of the State of California.

The term "Collateral" shall mean the collateral described in Exhibit A annexed hereto.

The term "Event of Default" shall mean any of the events or conditions specified in Section 10 hereof.

The term "Interest" means the annual rate of interest payable on the outstanding Advances in accordance with the terms hereof.

The term "Loan" shall have the meaning as defined in the introductory paragraph.

The term "Maturity Date" shall mean December 31, 2014.

The term "Note" shall mean this Secured Promissory Note.

The term "Obligations" shall mean all existing and future debts, liabilities and obligations at any time owing by Borrower to Lender hereunder.

The term "UCC" shall mean the Uniform Commercial Code as presently enacted in California (or any successor legislation thereto), and as the same may be amended from time to time, and the state counterparts thereof as may be enacted in such states or jurisdictions where any of the Collateral is located or held.

Capitalized terms used but not defined herein shall have the meanings given to them in the UCC.

2. **Advances.**

(a) Lender shall make the Loan in one tranche of SIX HUNDRED THOUSAND DOLLARS ($600,000.00) on the date hereof.

(b) Borrower shall utilize the Advance to pay all sums due to GemCap Lending I, LLC ("GemCap") pursuant to that certain Amendment Number 3 to the Loan and Security Agreement and to the Loan Agreement Schedule entered into by and between Borrower and GemCap on or about the date hereof and for ongoing business operations and working capital.

3. **[INTENTIONALLY DELETED]**

4. **[INTENTIONALLY DELETED]**

5. **Principal and Interest.**

(a) Interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date hereof until payment in full is made and shall accrue and be payable at the rate of ten percent (10%) per annum, before and after default, before and after maturity, before and after judgment and before and after the commencement of any proceeding under the Bankruptcy Code, with interest on overdue interest to bear interest.

(b) The unpaid principal amount of any Advance may, at any time and from time to time, be voluntarily paid or prepaid in whole or in part without premium or penalty.

(c) All amounts due and owing hereunder shall be paid in full no later than the earlier of: (i) the Maturity Date; or (ii) the occurrence and continuation of an Event of Default.

6. **Computation of Interest and Fees.**

(a) Computation of interest on the Loan and all fees under this Note shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Borrower acknowledges that such latter calculation method will result in a higher yield to the Lender than a method based on a year of 365 or 366 days.

(b) Under no circumstances or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines Lender has charged or received interest hereunder in excess of the highest applicable rate, Lender shall apply, in its sole discretion, and set off such excess interest received by Lender against other Obligations due or to become due and such rate shall automatically be reduced to the maximum rate permitted by such law.

7. **Manner and Treatment of Payments.**

(a) Each payment due on this Note shall be made to Lender, at his address set forth in the introductory paragraph of this Note or to such other address as Lender shall designate in writing to Borrower. All payments shall be made in lawful money of the United States of America.

(b) Any payment due under this Note which is paid by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless and until the amount due is actually received by Lender. Each payment received by Lender (including, without limitation, mandatory prepayments) shall be applied as follows: first, to the payment of any and all costs, fees and expenses incurred by or payable to Lender in connection with the collection or enforcement of this Note; second, to the payment of all unpaid late charges (if any); third, to the payment of all accrued and unpaid interest hereunder; and fourth, to the payment of the unpaid principal balance of this Note, or in any other manner which Lender may, in its sole discretion, elect from time to time.

8. **Security Interest in Collateral.**

(a) To secure payment to Lender and performance of the Obligations, Borrower hereby grants to Lender a continuing security interest in, a general lien upon and a right of set-off against the Collateral. In connection therewith, Borrower hereby agrees to fully cooperate with Lender, and to use Borrower's best efforts in connection therewith, to cause each of the holders of the Collateral accounts listed on Exhibit A hereto (each an "Account Holder") to enter into an account "control agreement" by and between each Account Holder, Borrower and Lender so as to fully perfect the security interest granted to Lender hereunder in and to each of the Collateral accounts.

(b) Borrower hereby authorizes Lender, at any time and from time to time, to file financing statements, continuation statements and amendments thereto under the Uniform Commercial Code naming Borrower as debtor and Lender as secured party and indicating therein the types or describing the items of Collateral herein specified. Borrower will not, without the prior written consent of Lender, file or authorize or permit to be filed in any jurisdiction any such financing or like statement in which Lender is not named as the sole secured party covering the Collateral set forth herein.

(c) Lender, at its discretion, whether any of the Obligations be due may, in its name or in the name of Borrower or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement deemed desirable with respect to, any of the Collateral, but shall be under no obligation so to do, or Lender may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, or release, any of the Collateral, without thereby incurring responsibility to, or discharging or otherwise affecting any liability of Borrower. Lender shall not be required to take any steps necessary to preserve any rights of prior parties to any of the Collateral. Upon default hereunder or in connection with any of the Obligations (whether such default be that of Borrower or of any other party obligated thereon), Lender shall have the rights and remedies provided by law. Borrower will pay to Lender all reasonable out of pocket expenses (including reasonable expense for legal services of every kind) of, or incidental to, the enforcement of any of the provisions hereof or of any of the Obligations, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement of any of the Collateral or receipt of the proceeds thereof, and for the care of the Collateral and defending or asserting the rights and claims of Lender in respect thereof, by litigation or otherwise, including expense of insurance, and all such expenses shall be indebtedness within the terms of this Note. Lender, at any time, at its option, may apply the net cash receipts from the Collateral to the payment of principal of and/or interest on any of the Obligations, whether or not then due, making proper rebate of interest or discount. Notwithstanding that Lender, whether in its own behalf and/or in behalf of another and/or of others, may continue to hold Collateral and regardless of the value thereof, Borrower shall be and remain liable for the payment in full, principal and interest, of any balance of the Obligations and expenses at any time unpaid.

8. **Repayment Extension.** If any payment of principal or interest shall be due on a Saturday, Sunday or any other day on which banking institutions in the State of California are required or permitted to be closed, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest.

9. **Representations and Warranties.** Borrower represents and warrants to Lender that:

Existence and Qualification; Power - Borrower is a limited liability company duly formed, validly existing and in good standing under the laws of the state of its organization. Borrower is duly qualified or registered to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties makes such qualification or registration necessary. Borrower has all requisite power and/or other authority to conduct its business, to own and lease its properties and to execute and deliver this Note and to perform its Obligations;

Compliance with Laws - Borrower is in compliance in all material respects with all laws, regulations and other legal requirements applicable to its business, has obtained all authorizations, consents, approvals, orders, licenses and permits from, and has accomplished (or obtained exemptions from) all filings, registrations and qualifications that are necessary for the transaction of its business;

Authority; Compliance With Other Agreements and Instruments - the execution, delivery and performance by Borrower of this Note has been duly authorized by all necessary corporate, partnership or membership action, as applicable, and does not and will not: (i) require any consent or approval not heretofore obtained of any manager, director, member, partner, security holder or creditor of such party; (ii) violate or conflict with any provision of Borrower's articles of organization, operating agreement, or other comparable instruments; or (iii) result in a breach by Borrower or constitute a default by Borrower under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other contractual obligation to which Borrower is a party or by which Borrower or any of its property is bound or affected;

No Default - no event has occurred and no event is continuing which with the giving of notice or the lapse of time or both would constitute an Event of Default;

Representations and Warranties - prior to the making of each Advance all representations and warranties contained herein shall be true and correct in all material respects and of the same force and effect as though such representations and warranties had been made as of the date of the making of such Advance;

Patriot Act Compliance - Borrower is not involved in any activity, directly or indirectly, which would constitute a violation of applicable laws concerning money laundering, the funding of terrorism or similar activities. No part of the proceeds of the Loan will be used to fund activities which would constitute a violation of the United States Lender Secrecy Act, the United States Money Laundering Control Act of 1986, the United States International Money Laundering Abatement and Anti-terrorist Financing Act of 2001.

10. **Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Note:

Payments – if Borrower fails to make any payment of principal or interest or other Obligations when such payment is due and payable; or

Other Charges - if Borrower fails to pay any other charges, fees, expenses or other monetary obligations owing to Lender arising out of or incurred in connection with this Note within five (5) Business Days after the date such payment is due and payable; or

Warranties or Representations - if any warranty, representation or other statement by or on behalf of Borrower contained in or pursuant to this Note or in any document, agreement or instrument furnished in compliance with, relating to, or in reference to this Note, is false, erroneous, or misleading in any material respect when made; or

Covenants – if Borrower is in breach of any covenant hereunder other than payment obligations, and such breach is not cured within five (5) Business Days thereafter; or

Agreements with Others - (i) if Borrower shall default beyond any grace period in the payment of principal or interest of any material Indebtedness of Borrower; or (ii) if Borrower otherwise defaults under the terms of any such Indebtedness if the effect of such default is to enable the holder of such Indebtedness to accelerate the payment of Borrower's obligations, which are the subject thereof, prior to the maturity date or prior to the regularly scheduled date of payment; or

Judgments - if any final judgment exceeding $5,000 for the payment of money (i) which is not fully and unconditionally covered by insurance or (ii) for which Borrower has not established a cash or cash equivalent reserve in the full amount of such judgment, shall be rendered by a court of record against Borrower and such judgment shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or bonded pending appeal; or

Assignment for Benefit of Creditors, etc. - if Borrower makes or proposes in writing, an assignment for the benefit of creditors generally, offers a composition or extension to creditors, or makes or sends notice of an intended bulk sale of any business or assets now or hereafter owned or conducted by Borrower; or

Bankruptcy, Dissolution, etc. - upon the commencement of any action for the dissolution or liquidation of Borrower, or the commencement of any proceeding to avoid any transaction entered into by Borrower, or the commencement of any case or proceeding for reorganization or liquidation of Borrower's debts under the Bankruptcy Code or any other state or federal law, now or hereafter enacted for the relief of debtors, whether instituted by or against Borrower; provided however, that Borrower shall have thirty (30) days to obtain the dismissal or discharge of involuntary proceedings filed against it, it being understood that during such thirty (30) day period, Lender may seek adequate protection in any bankruptcy proceeding; or

Receiver - upon the appointment of a receiver, liquidator, custodian, trustee or similar official or fiduciary for Borrower or for Borrower's property; or

Execution Process, etc. - the issuance of any execution or distraint process against any property of Borrower; or

Termination of Business - if Borrower ceases any material portion of its business operations as presently conducted; or

Liens - if any lien in favor of Lender shall cease to be valid, enforceable and perfected ; or

Material Adverse Effect – if there is any change in Borrower's financial condition which, in Lender's reasonable opinion, has or would be reasonably likely to have a material adverse effect with respect to (a) the assets, properties, financial condition, creditworthiness, business prospects, material agreements or results of business operations of Borrower, or (b) Borrower's ability to pay the Obligations in accordance with the terms hereof, or (c) the validity or enforceability of this Note or the rights and remedies of Lender hereunder or thereunder.

11. **Rights and Remedies upon Demand or Default.** Upon the occurrence and during the continuation of an Event of Default hereunder, Lender shall have all rights and remedies provided in this Secured Promissory Note, the UCC or other applicable law, all of which rights and remedies may be exercised without notice to Borrower, all such notices being hereby waived, except such notice as is expressly provided for hereunder or is not waivable under applicable law. All rights and remedies of Lender are cumulative and not exclusive and are enforceable, in Lender's discretion, alternatively, successively, or concurrently on any one or more occasions and in any order Lender may determine. Without limiting the foregoing, Lender may (i) accelerate the payment of all Obligations and demand immediate payment thereof to Lender, (ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral, (iii) require Borrower, at Borrower's expense, to assemble and make available to Lender any part or all of the Collateral at any place and time designated by Lender, (iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral, (v) notify account debtors or other obligors to make payment directly to Lender, or notify bailees as to the disposition of Collateral, (vi) extend the time of payment of, compromise or settle for cash, credit, return of merchandise, and upon any terms or conditions, any and all Accounts or other Collateral which includes a monetary obligation and discharge or release the account debtor or other obligor, without affecting any of the Obligations, and (vii) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including, without limitation, entering into contracts with respect thereto, by public or private sales at any exchange, broker's board, any office of Lender or elsewhere) at such prices or terms as Lender may deem reasonable, for cash, upon credit or for future delivery, with Lender having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Borrower, which right or equity of redemption is hereby expressly waived and released by Borrower. If any of the Collateral or other security for the Obligations is sold or leased by Lender upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Lender. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Lender to Borrower designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Borrower waives any other notice. In the event Lender institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Borrower waives the posting of any bond which might otherwise be required.

Lender may apply the proceeds of Collateral actually received by Lender from any sale, lease, foreclosure or other disposition of the Collateral to payment of any of the Obligations, in whole or in part (including attorneys' fees and legal expenses incurred by Lender with respect thereto or otherwise chargeable to Borrower) and in such order as Lender may elect, whether or not then due. Borrower shall remain liable to Lender for the payment on demand of any deficiency together with interest at the rate set forth herein and all costs and expenses of collection or enforcement, including reasonable attorneys' fees and legal expenses.

Lender may, at its option, cure any default by Borrower under any agreement with a third party or pay or bond on appeal any judgment entered against Borrower, discharge taxes and liens at any time levied on or existing with respect to the Collateral, and pay any amount, incur any expense or perform any act which, in Lender's sole judgment, is necessary or appropriate to preserve, protect, insure, maintain, or realize upon the Collateral. Such amounts paid by Lender shall be repayable by Borrower on demand and added to the Obligations, with interest payable thereon at the rate set forth herein. Lender shall be under no obligation to effect such cure, payment, bonding or discharge, and shall not, by doing so, be deemed to have assumed any obligation or liability of Borrower.

12. **Remedies Cumulative.** Each right, power and remedy of Lender hereunder or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and concurrent, and the exercise or the beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by Lender of any or all such other rights, powers or remedies. No failure or delay by Lender to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach thereof or a default hereunder shall constitute a waiver thereof, or preclude Lender from exercising any such other rights, powers or remedy. By accepting full or partial payment after the due date of any amount of principal or interest on this Note, or other amounts payable on demand, Lender shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to it in order to collect all such other amounts due and payable under this Note.

13. **Collection Expenses.** If this Note is placed in the hands of an attorney for collection following the occurrence of an Event of Default hereunder, Borrower agrees to pay to Lender upon demand costs and expenses, including all attorney's fees and court costs, paid or incurred by Lender in connection with the enforcement or collection of this Note (whether or not any action has been commenced by Lender to enforce or collect this Note) or in successfully defending any counterclaim or other legal proceeding brought by Borrower contesting Lender's right collect the outstanding principal balance of this Note. All of such costs and expenses shall bear interest hereunder from the date of payment by Lender until repaid in full by Borrower.

14. **Certain Waivers by Borrower.** Borrower waives demand, presentment, protest and notice of demand, of non-payment, of dishonor, and of protest of this Note. Lender, without notice to or further consent of Borrower and without in any respect compromising, impairing, releasing, lessening or affecting the obligations of Borrower hereunder, may: (a) release, surrender, waive, add, substitute, settle, exchange, compromises, modify, extend or grant indulgences with respect to (i) this Note, and/or (ii) all or any part of any collateral or security for this Note; and (b) grant any extension or other postponements of the time of payment hereof.

15. **Choice of Law: Forum Selection: Consent to Jurisdiction.** This Note shall be governed by, construed and interpreted in accordance with the laws of the State of California (excluding the choice of law rules thereof). Borrower hereby irrevocably submits to the jurisdiction of anyState or federal court sitting in the State of California, Los Angeles County in any action or proceeding arising out of or relating to this Note, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

16. **Invalidity of Any Part.** If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or any remaining part of any provision) of this Note, and this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained in this Note, but only to the extent of its invalidity, illegality, or unenforceability. In any event, if any such provision pertains to the repayment of the Obligations evidenced by this Note, then and in such event, at Lender's option, the outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable.

17. **WAIVER OF JURY TRIAL. BORROWER HEREBY (i) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (ii) WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LENDER AND BORROWER MAY BE PARTIES ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO THIS NOTE AND/OR ANY TRANSACTIONS, OCCURRENCES, COMMUNICATIONS, OR UNDERSTANDINGS (OR THE LACK OF ANY OF THE FOREGOING) RELATING IN ANY WAY TO BORROWER-LENDER RELATIONSHIP BETWEEN THE PARTIES. IT IS UNDERSTOOD AND AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER OF JURY TRIAL IS SEPARATELY GIVEN, KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND BORROWER HEREBY AGREES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. LENDER IS HEREBY AUTHORIZED TO SUBMIT THIS NOTE TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND BORROWER SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF SUCH WAIVER OF RIGHT TO TRIAL BY JURY.**

18. **Waiver of Defenses, Counterclaims, etc.** Borrower hereby waives, in any litigation (whether or not arising out of or related to this note or any other obligation or liabilities to Lender) in which Borrower and Lender shall be adverse parties, the right to interpose any defense, set-off or counterclaim of any nature or description, excluding mandatory counterclaims that, if not raised in such proceeding, would be waived.

19. **Indemnification**. The Borrower agrees: (i) to pay and reimburse Lender for all of Lender's reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and execution of, and any amendment, supplement or modification to, this Note, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of internal and external counsel, (ii) to pay and reimburse Lender for reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Note and any such other documents, including the reasonable fees, disbursements and other charges of its counsel, whether internal or external, (iii) to pay, indemnify and hold harmless the Lender from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable and documented fees, disbursements and other charges of counsel for Lender connection with the execution, delivery, enforcement, performance and administration of this Note and any such other documents or the use of the proceeds thereof, including any of the foregoing relating to the violation of, noncompliance with or liability applicable to the operations of the Borrower; provided that the Borrower shall have no obligation hereunder to Lender with respect to damages caused directly by the gross negligence or willful misconduct of Lender as determined by a non-appealable final judgment.

20. **Miscellaneous.** Time is of the essence under this Note. The paragraph headings of this Note are for convenience only, and shall not limit or otherwise affect any of the terms hereof. This Note constitutes the entire agreement between the parties with respect to the subject matter hereof and supersede all prior letters, representations, or agreements, oral or written, with respect thereto. No modification, release, or waiver of this Note shall be deemed to be made by Lender unless in writing signed by Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved. No course of dealing or conduct shall be effective to modify, release or waive any provisions of this Note. This Note shall inure to the benefit of and be enforceable by Lender and Lender's successors and assigns and any other person to whom Lender may grant an interest in the obligations evidenced by this Note and shall be binding upon and enforceable against Borrower and Borrower's successors and assigns. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders.

Borrower:

ELIO MOTORS, INC.

By: /s / Paul Elio
Name: PAUL Elio
Title: CEO

Exhibit 6.16

FIRST AMENDMENT TO SECURED PROMISSORY NOTE

This First Amendment to Secured Promissory Note ("**First Amendment**") is entered into as of July 20, 2015, by and between ELIO MOTORS, INC., an Arizona corporation ("**Borrower**"), and STUART LICHTER, an individual ("**Lender**").

RECITALS:

A. Borrower executed that certain Secured Promissory Note dated as of June 19, 2014 ("**Note**") for the benefit of Lender in the original principal amount of Six Hundred Thousand Dollars ($600,000.00).

B. The Note had a Maturity Date of December 31, 2014.

C. Lender and Borrower mutually desire to extend the Maturity Date to July 31, 2016 in accordance with the terms and conditions hereto.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Recitals/Definitions. The foregoing recitals are hereby incorporated into and made a part of this First Amendment by this reference. All capitalized terms in this First Amendment shall have the same meanings ascribed thereto in the Note, unless otherwise provided herein.

2. Effective Date of Amendment. This First Amendment shall be effective as of December 31, 2014.

3. Maturity Date. The Maturity Date set forth in the Note is extended such that the Maturity Date shall now mean July 31, 2016.

4. Effect of First Amendment. Except as specifically amended by this First Amendment, all of the terms and conditions of the Note continue in full force and effect. In the event of any conflict between the terms of this First Amendment and the terms of the Note, the terms of this First Amendment shall prevail.

5. Counterpart and Electronic Copies. This First Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same First Amendment. The parties shall be entitled to sign and transmit an electronic signature of this First Amendment (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Any party providing an electronic signature agrees to promptly execute and deliver to the other parties an original signed First Amendment, upon request.

6. Entire Agreement. This First Amendment contains the entire understanding and agreement between the parties relating to the matters covered hereby and supersedes all prior or contemporaneous negotiations, arrangements, agreements, understandings, representations, and statements, whether oral or written, with respect to the matters covered hereby, all of which are merged herein and shall be of no further force or effect.

[Signature on following page]

IN WITNESS WHEREOF, Borrower and Lender have executed this First Amendment to Secured Promissory Note as of the date first written above.

BORROWER:

ELIO MOTORS, INC.,
an Arizona corporation

By: /s/Paul Elio
Paul Elio
Chief Executive Officer

LENDER:

By: /s/Stuart Lichter
Stuart Lichter

Exhibit 6.17

OPTION AGREEMENT

This Option Agreement (this "***Agreement***") is entered into effective as of the 15th day of December, 2014, by and between ELIO MOTORS, INC., an Arizona corporation (the "***Company***") and STUART LICHTER ("***Optionee***").

1. Grant of Option. In consideration of (i) the loan of $1,000,500 received from Optionee, (ii) the guaranty of a $9,850,000 loan originally made to Company by GemCap Lending I, LLC, and (iii) other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company grants to Optionee the option (the "***Option***") to purchase a number of shares of common stock of the Company sufficient to give Optionee up to a five percent (5%) ownership interest in the Company as of the date Optionee's exercise of this Option and exclusive of his then existing ownership of shares in the Company (the "***Shares***").

2. Grant Date of Option. The effective date of this Option shall be December 15, 2014, the date on which this Option was granted, even though this Agreement is memorialized and dated on the date below.

3. Option Price. The price at which Optionee may exercise the Option shall be $7,500,000 (the "***Option Price***"), which is five percent (5%) of a $150,000,000 valuation of the Company. In the event that Optionee elects to exercise only a portion of the Option at any given time, the Option Price shall be adjusted on a pro rata basis.

4. When Option Exercisable. Optionee may exercise the Option at any time, and from time-to-time, after the date of this Agreement and for a period of ten (10) years thereafter (the "***Option Period***").

5. Limited Transferability of Option. Optionee shall be entitled, in its discretion, to allocate interests in the Option and to distribute the Option so long as any transfer is in compliance with all applicable federal and state securities laws.

6. Merger or Reorganization of the Company. If, during the Option Period but before Optionee has exercised all of the rights under the Option with regard to the total number of Shares available for purchase by Optionee, the Shares are changed into or changed for a different number or different kind of shares or other securities, this Agreement shall remain in force. However, there shall be substituted for each of the Shares the number and kind of shares or other securities for which each Share was exchanged or into which share was changed. The shares or securities substituted for each Share of the Company may be purchased by Optionee or its permitted assignee(s) under this Agreement for the price set for the Shares in Paragraph 3.

7. Manner in Which Option is Exercised. Any of Optionee's Option rights may be exercised by written notice to the Company, delivered to the Company and accompanied by payment for the purchase price for the Shares being purchased. Following receipt of payment for the Shares, the Company shall issue and deliver the Shares that have been purchased to Optionee or permitted holder(s) of the Option.

8. Violation of Law. The Option granted by this Agreement may not be exercised if its exercise would violate any applicable state securities law, any registration under or any requirements of the Securities Act of 1933, as amended, or the rules of an exchange on which the Shares are then traded.

9. Unregistered Security. Optionee acknowledges and understands that the Shares that may be acquired upon exercise of this Option have not been registered under the Securities Act of 1933, as amended, and such Shares will not be so registered. Accordingly, the Shares may not be sold, assigned, transferred or otherwise disposed of unless such interests are first registered pursuant to all such applicable laws or unless counsel reasonably satisfactory to the Company shall have rendered a satisfactory opinion that such registration is not required.

10. General. This Agreement shall bind and inure to the benefit of the Company and Optionee. The terms and provisions of this Agreement may not be modified or amended, or any of the provisions hereof waived except, in the case of modification and amendment, pursuant to the written consent of the Company and Optionee, and, in the case of waiver, pursuant to a writing by the party so waiving. This Agreement may be executed in counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument; in making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart thereof executed by the party to be charged. Section headings in this Agreement are for convenience of reference only.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 29th day of June, 2015.

COMPANY:

Elio Motors, Inc.

By: /s/ Paul Elio
Paul Elio, CEO

OPTIONEE:

/s/ Stuart Lichter
Stuart Lichter

Exhibit 6.18

OPTION AGREEMENT

This Option Agreement (this "***Agreement***") is entered into effective as of the 29th day of June, 2015, by and between ELIO MOTORS, INC., an Arizona corporation (the "***Company***") and STUART LICHTER ("***Optionee***").

1. Grant of Option. In consideration of the loan of $300,000 received from Optionee, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company grants to Optionee the option (the "***Option***") to purchase a number of shares of common stock of the Company sufficient to give Optionee up to a two percent (2%) ownership interest in the Company as of the date of Optionee's exercise of this Option and exclusive of his then existing ownership of shares in the Company (the "***Shares***").

2. Grant Date of Option. The effective date of this Option shall be June 29, 2015, the date on which this Option was granted.

3. Option Price. The price at which Optionee may exercise the Option shall be $3,000,000 (the "***Option Price***"), which is two percent (2%) of a $150,000,000 valuation of the Company. In the event that Optionee elects to exercise only a portion of the Option at any given time, the Option Price shall be adjusted on a pro rata basis.

4. When Option Exercisable. Optionee may exercise the Option at any time, and from time-to-time, after the date of this Agreement and for a period of ten (10) years thereafter (the "***Option Period***").

5. Limited Transferability of Option. Optionee shall be entitled, in its discretion, to allocate interests in the Option and to distribute the Option so long as any transfer is in compliance with all applicable federal and state securities laws.

6. Merger or Reorganization of the Company. If, during the Option Period but before Optionee has exercised all of the rights under the Option with regard to the total number of Shares available for purchase by Optionee, the Shares are changed into or changed for a different number or different kind of shares or other securities, this Agreement shall remain in force. However, there shall be substituted for each of the Shares the number and kind of shares or other securities for which each Share was exchanged or into which share was changed. The shares or securities substituted for each Share of the Company may be purchased by Optionee or its permitted assignee(s) under this Agreement for the price set for the Shares in Paragraph 3.

7. Manner in Which Option is Exercised. Any of Optionee's Option rights may be exercised by written notice to the Company, delivered to the Company and accompanied by payment for the purchase price for the Shares being purchased. Following receipt of payment for the Shares, the Company shall issue and deliver the Shares that have been purchased to Optionee or permitted holder(s) of the Option.

8. Violation of Law. The Option granted by this Agreement may not be exercised if its exercise would violate any applicable state securities law, any registration under or any requirements of the Securities Act of 1933, as amended, or the rules of an exchange on which the Shares are then traded.

9. Unregistered Security. Optionee acknowledges and understands that the Shares that may be acquired upon exercise of this Option have not been registered under the Securities Act of 1933, as amended, and such Shares will not be so registered. Accordingly, the Shares may not be sold, assigned, transferred or otherwise disposed of unless such interests are first registered pursuant to all such applicable laws or unless counsel reasonably satisfactory to the Company shall have rendered a satisfactory opinion that such registration is not required.

10. General. This Agreement shall bind and inure to the benefit of the Company and Optionee. The terms and provisions of this Agreement may not be modified or amended, or any of the provisions hereof waived except, in the case of modification and amendment, pursuant to the written consent of the Company and Optionee, and, in the case of waiver, pursuant to a writing by the party so waiving. This Agreement may be executed in counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument; in making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart thereof executed by the party to be charged. Section headings in this Agreement are for convenience of reference only.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 29th day of June, 2015.

COMPANY:

Elio Motors, Inc.

By: /s/ Paul Elio
Paul Elio, CEO

OPTIONEE:

/s Stuart Lichter
Stuart Lichter

Exhibit 6.19

BROKER-DEALER SERVICES AGREEMENT

This Agreement ("Agreement") is made and entered into as of <date> by and between FundAmerica Securities, LLC, a Delaware limited liability company ("FundAmerica", "us, "our", or "we"), and Elio Motors, Inc., an Arizona corporation ("Issuer", "you" or "your").

Whereas, FundAmerica is a broker-dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority ("FINRA") providing capital markets compliance and other services for market participants, including issuers conducting offerings of securities pursuant to exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), including, but not limited to exemptions under Regulation D Rules 506(b), 506(c), and Regulation A, as amended, as well as intrastate crowdfunding rules. In servicing this market, FundAmerica has created and maintains proprietary tools and technology, negotiated third-party integrations, and has developed operational services, including limited customer service and compliance, to provide certain back-end tools and specific compliance services to issuers raising capital; and,

Whereas, Issuer is undertaking a capital raising effort pursuant to SEC exemption from registration pursuant to Regulation A (the"Offering"); and,

Whereas Issuer recognizes the benefit of having FundAmerica, as a regulated market participant, provide certain support services as described herein for proposed investors in its Offering, Issuer desires to retain FundAmerica and FundAmerica desires to be retained by Issuer pursuant to the terms and conditions set forth herein; and,

Now, therefore, in consideration of the mutual promises and covenants contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Retention:

a. Issuer hereby retains FundAmerica to provide the services (the "Services") set forth in Section 2 below during the Offering period, commencing on the date hereof and until the earlier of the completion or cancellation of the Offering or the termination of this Agreement as provided in Section 8 hereof.

b. FundAmerica shall serve as the service provider for all potential investors in the Offering as requested and referred by the Issuer. However, FundAmerica will not provide services for any investors who are introduced to the Offering by a registered broker-dealer that entered into a selling agreement with Issuer.

c. Issuer agrees to provide FundAmerica with due diligence materials as it reasonably requests.

d. FundAmerica will not advise Issuer or any prospective investor with respect to the Offering, or the terms and structure thereof, which will be determined solely and exclusively by Issuer and its advisers in meeting its capital needs. Issuer will provide FundAmerica with copies of the Offering materials and disclosures, including the investor subscription agreement and the Offering circular or private placement memorandum (as may be applicable). Under no circumstances shall any communication, whether oral, written or otherwise, be construed or relied on by Issuer as advice from FundAmerica. Issuer acknowledges that FundAmerica is not acting as a placement agent or underwriter for the Offering and has not and will not at any time provide any securities, financing, legal or accounting advice to Issuer. Issuer represents that it will only rely on the advice of its securities counsel, accountants and/or auditors, and any placement agent or underwriter.

2. **Services:**

a. **FundAmerica Responsibilities –** FundAmerica agrees to:

i. Accept investor referrals from Issuer, generally via the FundAmerica Technologies software system, but also via other means as may be established by mutual agreement of the Parties;

ii. Review and process information from potential investors, including but not limited to running reasonable background checks for anti-money laundering ("AML"), IRS tax fraud identification and USA PATRIOT Act purposes, and gather and review responses to customer identification information consistent with Know Your Customer ("KYC") rules;

iii. Review subscription agreements received from prospective investors to confirm they are complete;

iv. Contact investors, as needed, to gather additional information or clarification;

v. Contact Issuer and/or Issuer's agents, if needed, to gather additional information or clarification;

vi. Advise Issuer as to permitted investment limits for investors pursuant to Regulation A, Tier 2;

vii. Provide Issuer with prompt notice for investors we advise the Issuer to decline to accept;

viii. Provide investors with email confirmations relating to the Offering and their participation in it;

ix. Serve as registered agent where required for state blue sky requirements, but in no circumstance with FundAmerica solicit a securities transaction, recommend the Issuer's securities or provide investment advice to any prospective investor;

x. Transmit data to transfer agent as book-entry data for maintaining Issuer's responsibilities for managing investors (investor relationship management, aka "IRM") and for maintaining future good-delivery and recordkeeping; and

xi. Keep investor details and data confidential and not disclose to any third-party except as required by regulators, by law or in our performance under this Agreement (e.g. as needed for AML).

b. **Issuer Responsibilities – Issuer agrees to:**

i. Refer investors, at its sole and arbitrary discretion, to FundAmerica Securities;

ii. Ensure investors understand they are making a "self-directed" decision, and provide FundAmerica with all KYC details and data required to ascertain whether the investor is eligible to invest in the Offering and the investment threshold, if applicable;

iii. Immediately, but not later than within 24 hours, notify FundAmerica with details of any notices, requests, complaints or actions of or by any regulators, law enforcement, investors, trade associations or legal counsel regarding the Offering;

iv. Establish an escrow account in compliance with SEC Rule 15c2-4 using the services of an escrow agent and bank or trust company;

v. Comply with state securities departments, and with other authorities as required for the Offering being conducted and the general business of Issuer; and

vi. Not compensate any unregistered person directly or indirectly with any fees, commissions or other consideration based upon the amount, sale of securities or success of an Offering.

c. **Marketing of Offering –** Issuer represents that it will ensure the marketing and promotional activities it engages in, as related to the Offering, are not materially misleading and in compliance with all SEC rules and regulatory guidance, as well as industry best practices. In no event will Issuer or its agents provide "advice" or make securities recommendations to any investor. Issuer will not compensate any person for directly selling securities unless such person is associated with a FINRA member broker-dealer and is appropriately registered with both the SEC and the state(s) in which the investors reside.

3. **Compensation:** For services provided under this Agreement, the terms and payments shall be:

a. **Administrative Service Fees:** Administrative service fees include, but are not limited to, AML checks of the issuer and its associated persons, AML checks of investors, together with any expenses incurred in providing these services. Administrative service fees will be charged to Issuer at the time of the service. The Fee for **a**nti-money laundering checks will be – domestic investor - $2 / international investor (if any) - $60.

b. **Brokerage Service Fees:** Brokerage service fees will be 1.0% (one percent) of the aggregate amount of gross proceeds received by the Issuer the Offering.

Fees may be reduced on a case-by-case basis, or as required in compliance with FINRA rules. For these purposes, an email from FundAmerica to Issuer will constitute sufficient evidence of an alteration of the Fee Schedule. Any alteration to the Fee Schedule shall not be interpreted to be, or constitute an amendment or general waiver of the Fee Schedule or other terms of this Agreement unless specifically set forth by FundAmerica in writing.

c. **Expenses:** Issuer will be responsible for and pay directly to FINRA the fee for filing the Offering pursuant to Rule 5110.

d. **Payment Terms:** FundAmerica will charge Administrative service fees directly to Issuer via ACH-debit and Issuer hereby authorizes such payment. Brokerage service fees are due upon the sale of securities to investors and Issuer agrees and directs that they will be paid from the flow of funds upon Closing. The parties shall have the reasonable right to obtain documentation concerning the details of the payments due.

e. **Compensation upon Termination.** In the event of termination of the Offering by Issuer, Issuer agrees to reimburse FundAmerica for, or otherwise pay and bear, the full amount of FundAmerica's accountable expenses incurred to such date (which shall include, but shall not be limited to, all fees and disbursements of FundAmerica's counsel), less any amounts previously paid to FundAmerica in reimbursement for such expenses up to an aggregate reimbursement cap of $10,000.

4. **Warranties and Representations**:

The Issuer and FundAmerica represent and warrant that each has all requisite power and authority to enter into and carry out the terms and provisions of this Agreement and the execution, delivery and performance of this Agreement does not breach or conflict with any agreement, document or instrument to which it is a party or bound, and further:

FundAmerica warrants and represents to the Issuer that:

i. It is an SEC registered, FINRA member, SIPC insured firm in good standing and licensed to conduct securities business;
ii. It is duly registered in states where investors reside;
iii. Its personnel who provide services to the Issuer are licensed securities representatives and/or principals, as required by regulations for the business being conducted;
iv. It will not compensate any unregistered person with any fees based upon the amount or success of any investment in the Offering;
v. It will comply with any required FINRA filings File Form 5110 for the Offering;
vi. It will not solicit or sell investors any other services or investment products; and
vii. It will not provide any investment advice nor any investment recommendations to any investor.

Issuer warrants and represents to FundAmerica that:

i. The offering materials will be complete and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

ii. It will duly comply with all state securities ("blue sky") laws and regulations and make all filings as required.

5. **Non-Exclusivity, No Underwriting:** For clarity, FundAmerica Securities is not participating in the selling effort for this Offering. Issuer may, in its sole discretion, offer the opportunity to any broker-dealer(s) to participate in the syndicate and compensate them for selling, advisory, underwriting and other services. This Agreement is otherwise non-exclusive and shall not be construed to prevent either party from engaging in any business activities.

6. **Limited License of Trademarks.** During the term of this Agreement, Issuer has the option to generally use FundAmerica's name, logo and trademarks on its website and other marketing materials so long as the communication specifies that "securities are offered/ sold through FundAmerica Securities, LLC, member FINRA and SIPC". The use of FundAmerica's name, logo or trademarks cannot be used in a manner that implies the Offering is endorsed, recommended, or vetted by FundAmerica, or that Issuer or its agents are authorized to act as a securities agent or a representative of FundAmerica. Furthermore, it is agreed that FundAmerica and Issuer each, in perpetuity, have the option to use the name and logo of one another in disclosing the existence of this business relationship.

7. **Independent Contractor.** It is agreed that FundAmerica and Issuer are independent contractors for the business and services provided hereunder. Under no circumstances shall this Agreement be deemed to imply or infer that Issuer and FundAmerica have anything other than an arm's length and independent relationship. Both FundAmerica and Issuer shall be individually responsible and liable for their own respective federal, state, local and other taxes or fees, as well as all costs associated with their businesses. FundAmerica is not a fiduciary of the Issuer or its management or board of directors in regard to any of the Services provided under this Agreement.

8. **Term and Termination:** This Agreement is effective beginning on the date set forth above through the completion or cancellation of the Offering unless terminated by either Party pursuant to this Section 8.

a. Either Party may terminate their participation in this Agreement without cause by giving 10 days' notice via email to the other at any time. Such termination shall only affect future business and not apply to transactions or other business conducted prior to the date of termination.

b. Either Party may terminate their participation in this Agreement for cause immediately by giving notice via email to the other at any time. Such termination shall only affect future business and not apply to transactions or other business conducted prior to the date of termination. The non-breaching Party has the sole discretion to grant a period to cure by giving notice via email of the time period for such cure. However, the grant of a cure period does not waive any indemnification or rights of the non-breaching Party to pursue all remedies.

c. In the event of any termination, the parties shall cease referring and processing investors.

9. **Mutual Indemnification:** The Parties hereby agree as follows:

(a) To the extent permitted by law, the Issuer will indemnify FundAmerica and its affiliates, stockholders, directors, officers, employees and controlling persons (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) against all losses, claims, damages, expenses and liabilities, as the same are incurred (including the reasonable fees and expenses of counsel), relating to or arising out of its activities hereunder or pursuant to this engagement letter, except to the extent that any losses, claims, damages, expenses or liabilities (or actions in respect thereof) are found in a final judgment (not subject to appeal) by a court of law to have resulted primarily and directly from FundAmerica's willful misconduct or gross negligence in performing the services described herein. Similarly, to the extent permitted by law, FundAmerica will indemnify the Issuer and its affiliates, stockholders, directors, officers, employees and controlling persons (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) against all losses, claims, damages, expenses and liabilities, as the same are incurred (including the reasonable fees and expenses of counsel), relating to or arising out of its activities hereunder or pursuant to this engagement letter, except to the extent that any losses, claims, damages, expenses or liabilities (or actions in respect thereof) are found in a final judgment (not subject to appeal) by a court of law to have resulted primarily and directly from Issuer's willful misconduct or gross negligence in connection with the Offering.

(b) Promptly after receipt by the party seeking indemnification (the "Indemnitee") of notice of any claim or the commencement of any action or proceeding with respect to which Indemnitee is entitled to indemnity hereunder, Indemnitee will notify the party from whom indemnification is sought (the "Indemnitor") in writing of such claim or of the commencement of such action or proceeding, and Indemnitee will assume the defense of such action or proceeding and will employ counsel reasonably satisfactory to Indemnitee and will pay the fees and expenses of such counsel. Notwithstanding the preceding sentence, Indemnitee will be entitled to employ counsel separate from counsel for Indemnitor and from any other party in such action if counsel for Indemnitee reasonably determines that it would be inappropriate under the applicable rules of professional responsibility for the same counsel to represent both Indemnitor and Indemnitee. In such event, the reasonable fees and disbursements of no more than one such separate counsel will be paid by Indemnitor, in addition to local counsel. Indemnitor will have the exclusive right to settle the claim or proceeding provided that Indemnitor will not settle any such claim, action or proceeding without the prior written consent of Indemnitee, which will not be unreasonably withheld.

(c) Each party agrees to notify the other promptly of the assertion against it or any other person of any claim or the commencement of any action or proceeding relating to a transaction contemplated by this engagement letter.

(d) If for any reason the foregoing indemnity is unavailable to Indemnitee or insufficient to hold Indemnitee harmless, then Indemnitor shall contribute to the amount paid or payable by Indemnitee as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect not only the relative benefits received by Indemnitor on the one hand and Indemnitee on the other, but also the relative fault of Indemnitor on the one hand and Indemnitee on the other that resulted in such losses, claims, damages or liabilities, as well as any relevant equitable considerations. The amounts paid or payable by a party in respect of losses, claims, damages and liabilities referred to above shall be deemed to include any legal or other fees and expenses incurred in defending any litigation, proceeding or other action or claim. Notwithstanding the provisions hereof, FundAmerica's share of the liability hereunder shall not be in excess of the amount of fees actually received, or to be received, by FundAmerica under this engagement letter (excluding any amounts received as reimbursement of expenses incurred by FundAmerica).

10. **Confidentiality and Mutual Non-Disclosure:** It is acknowledged that in the performance of this Agreement each party may become aware of and/or in possession of confidential, non-public information of the other party. Except as necessary in this Agreement's performance, or as authorized in writing by a Party or by law, the Parties (and their affiliated persons) shall not disclose or make use of such non-public information. Nothing contained herein shall be construed to prohibit the SEC, FINRA, or other government official or entities from obtaining, reviewing, and auditing any information, records, or data. Issuer acknowledges that regulatory record-keeping requirements, as well as securities industry best practices, require FundAmerica to maintain copies of practically all data, including communications and Offering materials, regardless of any termination of this Agreement. Notwithstanding the foregoing, information which is, or was, in the public domain (including having been published on the internet) is not subject to this section.

11. **Notices:** All notices given pursuant to this Agreement shall be in writing and sent via email to:
FundAmerica Securities: jonathan@fundamericasecurities.com
Issuer: pelio@eliomotors.com

12. **Binding Arbitration, Applicable Law and Venue, Attorneys Fees**: This Agreement is governed by, and will be interpreted and enforced in accordance with the regulations of the SEC and FINRA, and laws of the State of New York, without regard to principles of conflict of laws. Any claim or dispute arising under this Agreement may only be brought in arbitration, pursuant to the rules of the Financial Industry Regulatory Authority ("FINRA"), with venue in New York City, New York. Each of the parties hereby consents to this method of dispute resolution, as well as jurisdiction, and waives any right it may have to object to either the method, venue or jurisdiction for such claim or dispute. Any award an arbitrator makes will be final and binding on all parties and judgment on it may be entered in any court having jurisdiction. Furthermore, the prevailing party shall be entitled to recover damages plus reasonable attorney's fees.

13. **Entire Agreement, Amendment, Severability and Force Majeure:** This Agreement contains the entire agreement between Issuer and FundAmerica regarding this Agreement. If any provision of this Agreement is held invalid, the remainder of this Agreement shall continue in full force and effect. Furthermore, no party shall be responsible for any failure to perform due to acts beyond its reasonable control, including acts of regulators, acts of God, terrorism, shortage of supply, labor difficulties (including strikes), war, civil unrest, fire, floods, electrical outages, equipment or transmission failures, internet interruptions, vendor failures (including information technology providers), or other similar causes. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement must be amended in writing.

14. **Counterparts; Facsimile**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. The parties agree that a facsimile signature may substitute for and have the same legal effect as the original signature.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date set forth above.

ELIO MOTORS, INC.	**FUNDAMERICA SECURITIES, LLC**
<SIGNATURE>	<Signature>
Paul Elio	Jonathan Self
CEO	President

Exhibit 11.1

HCVT CERTIFIED PUBLIC ACCOUNTANTS
HOLTHOUSE CARLIN & VAN TRIGT LLP

Consent of Independent Registered Public Accounting Firm

We consent to the use, in the Offering Statement on Form 1-A of Elio Motors, Inc., of our report dated August 12, 2015 on our audit of the balance sheets of Elio Motors, Inc. as of December 31, 2014 and 2013, and the related statements of operations, changes in stockholders' deficit and cash flows for the years then ended, and the related notes to the financial statements.

Los Angeles, California
August 24, 2015

11444 W. Olympic Boulevard, 11th Floor, West Los Angeles, CA 90064 ● 3011 Townsgate Road, Suite 400, Westlake Village, CA 91361
100 Oceangate, Suite 800, Long Beach, CA 90802 ● 117 East Colorado Boulevard, 6th Floor, Pasadena, CA 91105
555 Anton Boulevard, Suite 700, Costa Mesa, CA 92626 ● 15760 Ventura Boulevard, Suite 1700, Encino, CA 91436
400 W. Ventura Boulevard, Suite 250, Camarillo, CA 93010 ● 115 West Second Street, Suite 204, Fort Worth, TX 76102

Exhibit 12.1

455 Sherman St., Suite 300
Denver, Colorado 80203
303-777-3737
303-777-3823 FAX
www.dillanddill.com

August 27, 2015

Elio Motors, Inc.
2942 North 24th Street, Suite
114-700
Phoenix, Arizona 85016

Gentlemen:

We are acting as counsel to Elio Motors, Inc. (the "Company") in connection with the preparation and filing with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, of the Company's Offering Statement on Form 1-A. The Offering Statement covers 2,090,000 shares of the Company's common stock (the "Shares").

In our capacity as such counsel, we have examined and relied upon the originals or copies certified or otherwise identified to our satisfaction, of the Offering Statement, the form of Subscription Agreement and such corporate records, documents, certificates and other agreements and instruments as we have deemed necessary or appropriate to enable us to render the opinions hereinafter expressed.

On the basis of such examination, we are of the opinion that:

1. The Shares have been duly authorized by all necessary corporate action of the Company.

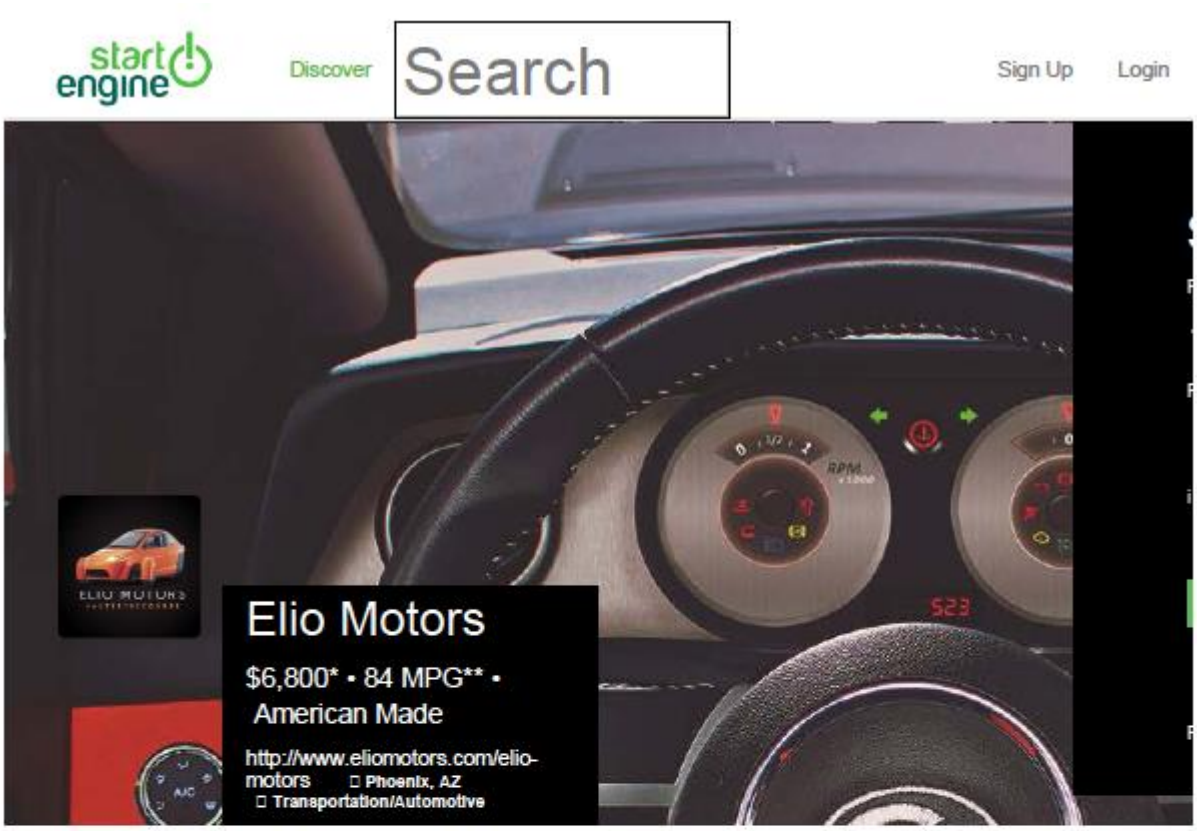
2. When issued and sold by the Company against payment therefor pursuant to the terms of the Subscription Agreement, the Shares will be validly issued, fully paid and non-assessable.

We hereby consent to the use of our name in the Offering Statement and we also consent to the filing of this opinion as an exhibit thereto. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Dill Dill Carr Stonbraker & Hutchings, P.C.
DILL DILL CARR STONBRAKER & HUTCHINGS, P.C.

Exhibit 13.1



PITCH TEAM TERMS UPDATES

RESERVE MY SHARES FOLLOW

Elio Motors, Inc.

Elevator Pitch:

Welcome to Elio Motors, a revolutionary startup altering the course of American transportation. With the help of StartEngine.com we've launched a crowdfunding initiative - a chance for you to buy in and share our dream. Join us today! #AlterTheCourse

https://www.facebook.com/ElioMotors

twitter.com/@eliomotors

Phoenix, AZ

Tweet

The Pitch

WE HAVE REACHED OUR GOAL

$25 MILLION

IN NON-BINDING EXPRESSED INTEREST

Thank you for your support! We hit our goal, but it isn't too late.
You can still be a part of crowdfunding history by reserving your shares today.

A few short years ago, automotive enthusiast Paul Elio sized up the prevailing status quo of personal transportation. He saw the soaring costs of the vehicles we drive. He saw fuel prices spike to record highs almost daily. He saw Americans struggling with an economy that was taking too much and giving back too little. Paul Elio decided that the world was ready for something radically new. The result? A three-wheeled masterpiece of automotive brilliance that bears his name.

The American made two-seater Elio is affordable, fuel-efficient and fun to drive. And, it's already gained the attention of 43,000+ who have reserved their place in line.

OUR MISSION

> TO PROVIDE A FUN-TO-DRIVE, SUPER-ECONOMICAL PERSONAL TRANSPORTATION ALTERNATIVE, THAT'S AFFORDABLE, SAFE, AND ENVIRONMENTALLY FRIENDLY.

OUR COMMITMENT

AMERICAN DREAM · AMERICAN JOBS · AMERICAN AUTOMOTIVE INGENUITY

In a nutshell, Elio is a stand-alone solution for today's generation of drivers. Gas prices are constantly spiking. Cars themselves cost more than houses did a few short years ago. And in case you haven't noticed, the world, and personal space along with it, is shrinking. We simply need to evolve to more efficient and practical forms of transportation. We need a new way to get around. Elio is that new way. Never has different, sexy and fun tag-teamed so well with serious, practical and smart.

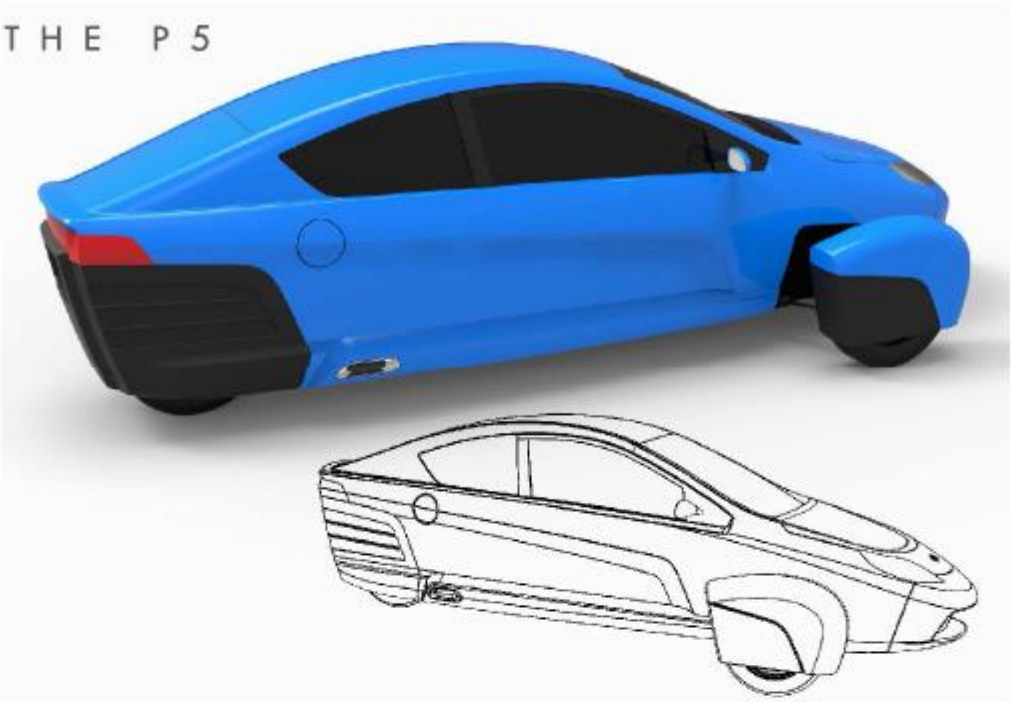
WHY ELIO?

$6,800

84 MPG

ENGINEERED TO THE HIGHEST SAFETY STANDARDS

BUILT IN AMERICA



The Elio fifth generation prototype (P5) was announced June 8, 2015. Refinements include: improved aerodynamics, production intent drivetrain (Elio Motors prototype engine specifically developed by IAV and transmission from Aisin) and updated interior.

THE FACILITY

The Elio will be manufactured at a former GM plant in Shreveport, La., and is expected to create 1,500 jobs at the facility and another 1,500 jobs at supplier companies. The potential ripple effect will create an additional 18,000 jobs nationwide.

ELIO: $6,800

AVERAGE NEW VEHICLE: $33,560

HOW $6,800 IS POSSIBLE

Elio Motors is laser focused on cost savings including everything from engineering decisions, supplier relationships, options packaging, the retail network, and service arrangement. Focus on detail in each of these areas keeps total costs down.

LESS STUFF = LESS COST

Elio Motors is truly changing the way vehicles are manufactured in the world. The entire team is laser focused on cost savings by bringing together the most notable auto suppliers in the world to collaborate on engineering and to supply the parts to achieve the high mileage, low price goal.

Innovative engineering, supplier relationships, retail and service networks and options packages take cost out of the vehicle wherever possible. This is a first.

OUR SUPPLIERS

BOSCH	Continental	AISIN	LEAR CORPORATION	COOPER TIRES
#1 AUTOMOTIVE SUPPLIER IN THE WORLD	#4 AUTOMOTIVE SUPPLIER IN THE WORLD	#5 AUTOMOTIVE SUPPLIER IN THE WORLD.	#11 MANUFACTURER IN THE WORLD	#2 TIRE NORTH AMERICAN TIRE MANUFACTURER

PLUS: Altair, IAV, NEWTECH 3, Comau, Cooper Tires, Henkel, Admiral Tool, Technosports Creative, Cooper Standard, Dakkota Lighting Technologies, LLC, Detroit Thermal Systems, Eastern Catalytic, Flame-Spray Industries, Guardian, Mando Corporation, Irvin, JNM Tool & Manufacture Inc., Kiekert, Lear Corporation, Peterson Spring, Plastics Research Corporation, Superior Roll Forming, Takata, Auto Essentials Group, D.E.S. Group, Infinite Skyz, Core-Tech, and U.S. Motor Works.

RETAIL CENTERS

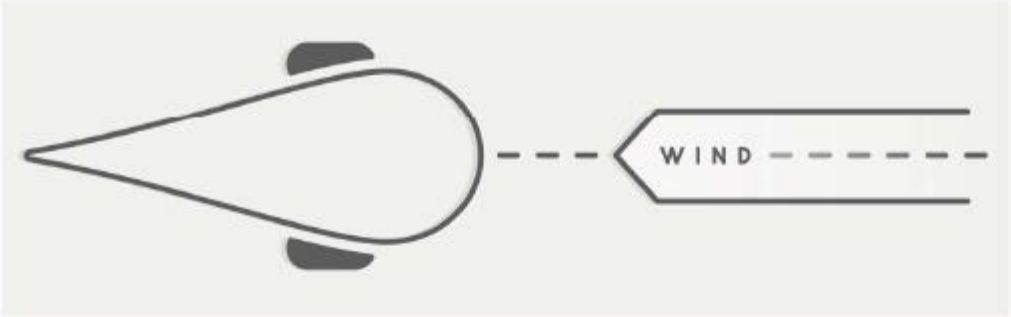
Elio Motors plans to offer a network of stand-alone Retail Centers. Similar to Tesla's direct consumer sales, Elio's self-owned Retail Centers are designed to turn the new car sales model completely on its head.

Refreshingly different, these Retail Centers will be staffed by Elio-trained certified specialists — a team that customers can trust knows the Elio inside and out. Additionally, every visitor will get the same high service, low-pressure experience without the old-school haggling element found in traditional dealerships.

SERVICE

Elio Motors is partnering with Pep Boys to be the official Elio Service Center. Pep Boys is the nation's leading automotive aftermarket service and retail chain with 800 locations and 7,500 service bays in 35 states and Puerto Rico. This means Elio owners will have access to more locations than major automotive players such as Volkswagen, Kia, Mazda and Subaru. Through Pep Boys proven service network, convenient options for warranty work and routine service appointments will be available to approximately 90 percent of all Elio owners.

HOW 84 MPG IS POSSIBLE

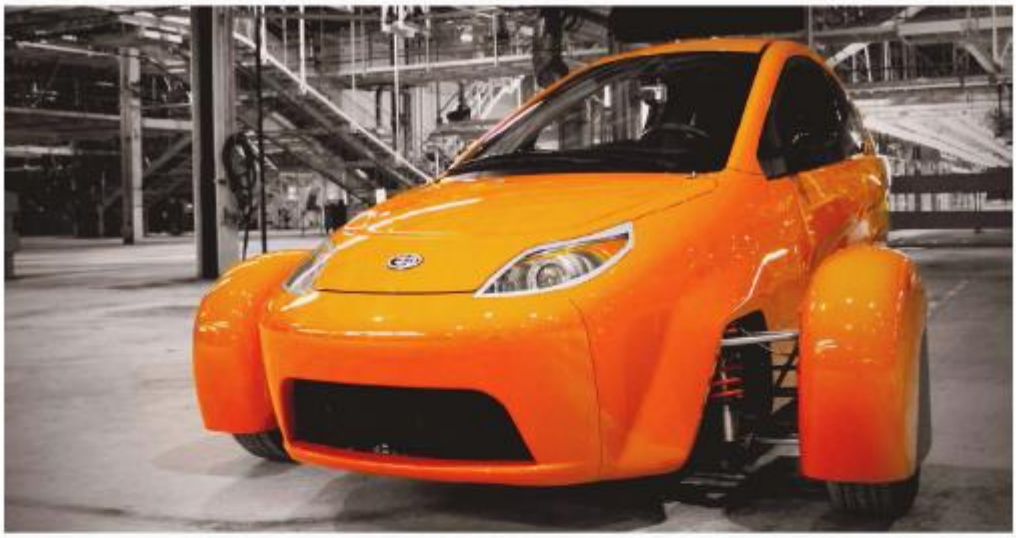


SIMPLE AERODYNAMICS: LESS WIDTH, LESS WEIGHT, LESS DRAG.

EMISSIONS

THE ELIO EMITS ONE THIRD THE Co2 OF THE AVERAGE VEHICLE

SAFETY



THE ELIO IS ENGINEERED TO THE HIGHEST SAFETY STANDARDS

Elio's Safety Management System includes three airbags, reinforced steel frame with side intrusion beams, Anti-Lock Braking System, stability control and crush zones for the front and back.

TARGET MARKETS: "E" IS FOR EVERYONE

Paul Elio has built his company around a simple premise. Just about everyone can find a compelling reason to purchase an Elio.

"CLUNKER" OWNERS HAVE AN ALTERNATIVE

"Clunker" owners have an alternative. There are approximately 95 million "clunkers" on the road today. With an expected low price of just $6,800, combined with the potential of $1,500 in annual fuel savings, a new vehicle is within reach for the masses.

SUV/MINIVAN OWNERS WHO COMMUTE ALONE OFTEN: KEEP THE BIG VEHICLE AND AN ELIO

COLLEGE STUDENTS CAN SAVE THEIR PIZZA MONEY

Money is usually pretty tight during the college years, yet mobility is still important. Elio Motors, at an expected price $6,800 and up to 84 MPG, provides an economical way for students to get to and from class, or to come home from campus for the weekend.

FIRST-TIME DRIVERS CAN ELIMINATE DISTRACTIONS

An Elio, with its front-and-back tandem seating, eliminates having a friend ride "shotgun" and cuts down on potential distractions.

AUTO-ENTHUSIASTS LOVE THE FUTURISTIC STYLING

Finally, the vehicle's unique styling makes it attractive to a wide variety of auto enthusiasts. The eye-catching, aerodynamic design and unique cockpit-like interior have been a hit with auto enthusiasts and also cross over to aviation enthusiasts, as well.

WHAT THEY ARE SAYING

USA TODAY · CNN · The New York Times · FT Financial Times · FOX Business · Good Morning America · FOX & friends · The Weather Channel · The Wall Street Journal · Forbes · Fast Company

"A THREE-WHEELED DREAM CAR OF THE FUTURE"
THE NEW YORK TIMES

KEY MILESTONES

AUGUST 2008: PROJECT KICKOFF

DECEMBER 2012
Initial design and business model complete

JANUARY 2013
P2 Revealed

MAY 2013
P3 Revealed

JANUARY 2014
P4 revealed

MARCH 2015
First Elio engine started on Dyno

JUNE 2015
Launch of P5

DECEMBER 2012
Initial design and business model complete

JANUARY 2013
Began accepting Reservations

JANUARY 2014
Secured manufacturing facility
& supplier partnerships announced

APRIL 2014
Pep Boys named official service provider

JULY 2014
Fleet division announced

AUGUST 2014
Application for ATVM Loan

SEPTEMBER 2014
Sale of surplus equipment commenced

OCTOBER 2014
2nd stage of ATVM Loan

DEC 2014
506(c) Investment Offering

JUNE 2015
Reg A+ Campaign

JUNE 2015: REG A+ CAMPAIGN

WHY ELIO MOTORS IS EQUITY CROWDFUNDING

Recent changes to the law make equity crowdfunding under Regulation A an opportunity for private companies to let anyone invest. This is the next natural step in a multi-pronged funding strategy for Elio Motors in their march toward production. Aligned with Paul Elio's vision of bringing this vehicle to the masses, equity crowdfunding opens ownership opportunities to literally millions of Americans.

ABOUT PAUL

A graduate of the General Motors Institute, and the Engineering and Management Institute (now Kettering University) in Flint, Michigan, Paul Elio has held various patents, worked for Johnson Controls and was a founding partner of Tempe-based ESG Engineering.

"This is an all-consuming passion for me and we are building a vehicle that will fill an important niche for low-cost, highly fuel efficient transportation. The time is right for this vehicle and I look forward to the day these vehicles begin rolling off the assembly line. It will literally change the world." - Paul Elio

THE BOARD

James Holden

Mr. Holden is the former Chief Executive Officer of DaimlerChrysler, where he worked in various leadership positions for 19 years. His roles included Executive Vice President of Sales and Marketing responsible for directing all of the automaker's sales, fleet and marketing organizations in the United States, Mexico and Canada, including Mopar parts operations. Mr. Holden was a director of Motors Liquidation Company until its dissolution in December 2011.

Hari Iyer

Mr. Iyer brings nearly 25 years of product development, business strategy and operations expertise in the automotive industry, and brings to Elio Motors his valuable experience from several executive level and senior operating positions for established and startup automotive companies.

Most recently, Mr. Iyer was Executive Vice President at Envia Systems, a Silicon Valley battery company backed by venture investors, where he led all aspects of business strategy and product commercialization. Prior to Envia, Mr. Iyer was Vice President, Engineering at Next Autoworks, a Kleiner Perkins and Google Ventures funded company. At Next, Mr. Iyer set the original vehicle architecture, led the selection of vehicle technologies and suppliers, was responsible for all module engineering teams (Powertrain, Chassis, Exterior, Interior, Electrical & Vehicle Integration), and was accountable for all vehicle goals, including Safety, Bill of Materials Cost, Fuel Economy, Drivability, Vehicle Dynamics, Craftsmanship and Product Quality.

Before Next Autoworks, he was co-founder and Chief Operating Officer at ESG Engineering, a product development firm specializing in automotive and clean tech applications. Mr. Iyer began his automotive career at Johnson Controls (JCI) Automotive Systems Group, where he was involved in several OEM programs for interiors components.

Stuart Lichter

Mr. Lichter is founder, President and Chairman of the Board for IRG, LLC. Mr. Lichter has held positions with General Services Administration of the United States Government, Mortgage Loan Department of New York Life Insurance Company, Marine Midland and started Quadrelle Realty Services, Inc. In recent years, he has acquired, in various forms and partnerships, over 100 industrial and commercial properties with a total size in excess of 100,000,000 square feet-making his portfolio the largest private holding of industrial and commercial real estate in the nation. Mr. Lichter is a national leader in transforming former military bases and industrial sites into thriving retail, residential and business.

David C. Schembri

Mr. Schembri previously was the President of smart USA, a Penske Automotive Group company. He was responsible for the successful launch of smart USA (a division of Mercedes-Benz), which included establishing and maintaining a sales and service retail network, customer relations, logistics, advertising, marketing, PR, government relations, and a parts distribution network.

Mr. Schembri has over 35 years of automotive experience. The majority of his career was realized in various executive positions at Mercedes-Benz and Volkswagen. While at Mercedes Benz, Dave served as both the Vice President of Sales and Vice President of Marketing. During his tenure, Schembri was responsible for several successful product launches while the company recorded 11 consecutive record years in new vehicle sales.

Mr. Schembri is currently the CEO of the Active Aero Group, a Platinum Equity Company.

Ken Way

Mr. Way served as the Chief Executive Officer of Lear Corporation from 1988 to September 2000 and Chairman of the Board from 1988 to December 2002. Mr. Way served with Lear Corporation and its predecessor companies for 37 years in various engineering, manufacturing and general management capacities. During his career he has served as a Director for several organizations, including Wesco International Inc., Wesco Distribution, Inc., CMS Energy Corporation, North American Rubber Inc., Cooper-Standard Holdings Inc. (formerly, Cooper- Standard Automotive Inc.), Cooper-Standard Automotive NC

L.L.C. and Cooper-Standard Automotive FHS Inc.

INVESTMENT OPPORTUNITY

Interested in owning a piece of the future? If the Securities and Exchange Commission (SEC) qualifies the Elio Motors offering, you may be able to – by owning shares in Elio Motors – the visionary transportation startup that aims to revolutionize personal transportation. With $70M raised, 43,000+ vehicle reservations, $290M worth of pre-orders, and a 1.8M square foot state-of-the-art manufacturing facility in Shreveport, Louisiana, now is the time to get in on the action.

This opportunity is now available to Americans across the country. Place your "indication of interest" in Elio Motors in the upper right hand corner of this campaign page. This is a unique opportunity for our current reservation holders and supporters to get in on the ground floor of an American company that will fundamentally transform the U.S. economy for the generations that follow.

Elio Motors believes in the American dream. In innovation. In making a difference in the world. That together, we can "alter the course" not only of transportation, but of people's lives. You can help us make a difference. Join us today by expressing interest in investing in Elio Motors. Those who do so will be notified when our preliminary offering circular is available.

WHY INVEST?

Henry Ford built his first gasoline-powered horseless carriage, the Quadricycle, in the shed behind his home. Five years later, he founded the Ford Motor Company. In order to meet overwhelming demand for the new-fangled automobile, Ford introduced new mass-production methods, including large production plants and the use of standardized and interchangeable parts.

Today, there's a new trailblazer working tirelessly to alter the course of history. His name is Paul Elio. He is gearing up to become the next Henry Ford and this is the public's first opportunity to invest in Elio Motors at the ground level. You can be a part of the $52 billion U.S. personal transportation industry and own a part of the next new U.S. vehicle manufacturer. But you have to act now!

Imagine if someone had offered you a chance to buy shares in Tesla in 2010. Elio is that opportunity today and we are offering shares for a limited-time, don't let this opportunity pass by you, express your interest in investing in Elio today!

Alter the Course. Express your interest to invest in Elio Motors.

#ALTERTHECOURSE

NO MONEY OR OTHER CONSIDERATION IS BEING SOLICITED AT THIS TIME, AND IF SENT IN TO ELIO MOTORS, WILL NOT BE ACCEPTED. NO OFFER TO BUY SECURITIES OF ELIO MOTORS CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE RECEIVED UNTIL ELIO MOTOR'S OFFERING STATEMENT IS QUALIFIED. ANY SUCH OFFER TO BUY SECURITIES MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME BEFORE NOTICE OF ITS ACCEPTANCE IS GIVEN AFTER THE QUALIFICATION DATE. ANY INDICATIONS OF INTEREST IN ELIO MOTOR'S OFFERING INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND.

THE OFFERING MATERIALS MAY CONTAIN FORWARD-LOOKING STATEMENTS AND INFORMATION RELATING TO, AMONG OTHER THINGS, THE COMPANY, ITS BUSINESS PLAN AND STRATEGY, AND ITS INDUSTRY. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON THE BELIEFS OF, ASSUMPTIONS MADE BY, AND INFORMATION CURRENTLY AVAILABLE TO THE COMPANY'S MANAGEMENT. WHEN USED IN THE OFFERING MATERIALS, THE WORDS "ESTIMATE," "PROJECT," "BELIEVE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, WHICH CONSTITUTE FORWARD LOOKING STATEMENTS. THESE STATEMENTS REFLECT MANAGEMENT'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE THE COMPANY'S ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE. THE COMPANY DOES NOT UNDERTAKE ANY OBLIGATION TO REVISE OR UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER SUCH DATE OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

start engine

June 19, 2015

Hello CONTACT.FIRSTNAME,

Today is yet another monumental day in the history of Elio Motors. **As of June 19, 2015**, everyday folks now have a new market where they can invest in private companies like Elio Motors. In an unprecedented development in March, the Securities and Exchange Commission (SEC) finalized rules under Title IV of the Jumpstart Our Business Start-up (JOBS) Act, paving the way for private companies to raise up to $50M from non-accredited investors. This new ruling is known as "Regulation A+."

This campaign is another funding step towards our ultimate goal of production. In March 2015, we pursued a Rule 506(c) offering, which allowed Elio Motors to offer accredited investors the opportunity to buy into Elio Motors.

As a valued supporter, we wanted you to know that Elio Motors is taking its movement to the masses. **From now until July 31, 2015**, you will have the opportunity to declare interest* in making an investment in Elio Motors. That's right: you could *own a piece of the company* that is revolutionizing the way we get from Point A to Point B. Click here to learn more about this offering.

The long awaited promise of democratizing investment in startups and small businesses across the country has arrived. Join us in "Altering the Course" of personal transportation: be a part of Elio Motors today.

Warm Regards,

Paul Elio

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June 20, 2015

Hello CONTACT.FIRSTNAME,

This week, Elio Motors announced another milestone in its company history. **As of June 19, 2015**, everyday folks now have a new market where they can invest in private companies like Elio Motors. In an unprecedented development in March, the Securities and Exchange Commission (SEC) finalized rules under Title IV of the Jumpstart Our Business Start-up (JOBS) Act, paving the way for private companies to raise up to $50M from non-accredited investors. This new ruling is known as "Regulation A+."

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Elio Motors Momentum v6

MOMENTUM

Looking Back on an Elio Growth Spurt

Most parents can relate to this scenario. When they are around a child every day, sometimes it's easy to miss subtle changes. But, flip through a photo album from just a year earlier and it hits home how much they've really grown.

The Elio team is like that parent. And, the Elio is our baby. Each day, we are grinding it out, doing everything we can to get this vehicle – your vehicle – to production. Sometimes, it's easy to overlook the growth.

Every now and then we like to take a step back and take a look through the metaphorical photo album at progress we've made. Today, we're taking a look back just six months. But, it's been a remarkable six months!

In January, we announced that our new engine from IAV was completed and ready to take to the testing phase. Early on in the project, we realized we needed to build an engine from the ground up that would provide the fuel economy and driving characteristics that our customers would demand. We turned to IAV, an industry icon who has designed engines for the likes of Mercedes and BMW. Getting to the testing phase was a significant hurdle to clear.

IAV developed engine for Elio Motors

In February, we topped the 40,000 reservation mark. Again, this was an important milestone, as it was just 12 months earlier that we hit 10,000 reservations. Consumer acceptance is growing. People simply love this concept.

March saw a flurry of activity. We introduced legislation to create the autocycle category. The engine was unveiled and we shared video of a running engine. Elio Motors is the first start-up vehicle manufacturer in 60 years to develop its own brand new internal combustion engine from the ground up. And, we launched an opportunity through JOBS Act legislation to allow accredited investors to buy into the company.

In April, we had a coming out party of sorts. Elio Motors exhibited at the New York Auto Show, one of the most important motor shows on the planet. The event put Elio Motors on a worldwide stage with the rest of the global auto industry.

Fifth Generation Prototype, P5

After catching our breath for a few weeks, we came back with a vengeance in June, as our Supplier Summit yielded a monumental result – we were able to launch the build for the next generation prototype, the P5. This crucial step was made possible by the JOBS Act fundraising effort that kicked off in March.

Just this week, we announced another fund raising strategy based on the JOBS Act. Regulation A+ allows private companies the chance to offer shares to the general public. Elio Motors is partnering with StartEngine.com, a crowd-funding platform based out of Los Angeles, to launch this initiative. Crowd-funding is gaining significant momentum and now is a viable option for start-ups to raise capital. Much like the JOBS Act strategy in March, this is one more strategy we are

employing to help us in our fundraising efforts.

In addition to those tangible signs of growth, we continued to grab the world's attention. In January at the Consumer Electronics Show (CES), attendees named the Elio "the product they'd most like to take home." In February, Elio Motors was featured on *The Henry Ford's Innovation Nation with Mo Rocca*, a nationwide television show highlighting innovators from across the country. We also generated feature stories on Elio Motors and its quest in the *New York Times* and *Wall Street Journal*, two of the most prestigious and influential publications in the world.

So, here's to a great run in the first half of 2015. We hit some important milestones and turned a lot of heads. Upon reflection, we've come a long way in a short period of time.

But, we know the best is yet to come. The next six months promise to bring more growth – more people who want a place in line, more progress with our prototype build, maybe even a little more press from some industry influencers.

Of course, we'll be so busy with our nose to the grindstone that we won't notice. But, we'll sit down again in six months, pull out that metaphorical photo album once again and exclaim "My, how you've grown."

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Elio motors

BUZZ

People are talking about Elio, and we like what they're saying. Compliments like "dream car of the future" (**New York Times**), "transportation revolution" (**Yahoo! Finance**), and "the future of the automobile industry" (**American Live Wire**) let us know we're on the right track. When we decided to make a vehicle with an expected price of just **$6,800*** that gets up to **84 MPG**, that's the kind of praise we hoped for.

And now, thanks to changes in Regulation A+ and the help of StartEngine.com**, the dream of an affordable, highly fuel-efficient vehicle is gaining momentum and coming closer to reality. Those who support our cause are important to our process of creating the vehicle, creating jobs, and creating the future of transportation.

Make your "All In" non-refundable reservation today and receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price

- An official place in line as one of 42,000+ reservation holders for as little as $100
- Limited edition Elio "Bring the Heat" T-shirt **(now through June 30, 2015)**
- Elio bumper sticker

American made and engineered for:

- **84 MPG Highway**
- **Highest Safety Standards**
- **$6,800**

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June 23, 2015

Dear CONTACT.FIRSTNAME,

As part of a select group of Elio reservation holders, I wanted to let you know that I have asked Mike Zarraga, Senior Vice President of Business Development for Network 1 Financial Securities, Inc., to reach out to you to discuss the investment opportunity now available with Elio Motors and that is being offered through his firm. This is truly a unique opportunity to help us achieve our goals of building an affordable, safe, and fun to drive vehicle here in the USA.

I believe the Elio is truly the right vehicle at the right time for many reasons. I also believe our Convertible Note offering has the potential to produce meaningful returns for you, and is structured in a way that also has real collateral backing the notes. I hope you'll take the time to speak with Mike directly as a means to better understand if this opportunity is a viable option for you.

In the meantime, feel free to contact Mike Zarraga at **732-558-2935 or via email at mz@netw1.com,** for more information.

Once again, we appreciate your support in working towards making the Elio a reality.

Kindest regards,

Paul Elio

Elio Motors Momentum v7

Every Revolution Needs its Thomas Paine – How One Fan is Helping Spread the Word

Paul Elio really is out to change the world.

Elio Motors is a revolutionary company in just about every way. This includes the vehicle itself, how we work with our suppliers, how it will be sold and serviced, and now, how we are going to finance the company. The groundbreaking crowdfunding strategy made possible by the 2012 JumpStart Our Business Start-up (JOBS) Act is helping us raise capital and is providing exciting ownership opportunities for everyday people.

You've heard us talk about how we are changing the world a lot here, obviously. But, once in a while, we see a comment from a fan that perfectly captures the essence of what we are trying to accomplish. It's sort of like the Revolutionary War had Thomas Paine and "Common Sense."

Here's one from a fan who goes by the handle Art Vandalay on the Elio Motors Owners Association Facebook Page (yes, we know....Art Vandalay was a fictional fictional character on Seinfeld, but the sentiments here are very real!)

"I'm in! This is not just about money. This is about changing the game. If you want to change the world, you have to start somewhere. This is about more than making a few bucks on an investment. This is about launching a company that can change the way the entire world looks at personal transportation. It's about saving energy; saving the environment; bringing mobility to those that could not otherwise afford it; creating jobs that matter; making our country safer and more prosperous. This is not without risk, but nothing worth doing is without risk. There is a time for discussion and a time for action. We've been discussing long enough. Let's do this!"

We couldn't have said it better ourselves. We are excited about the crowdfunding strategy and our relationship with crowdfunding platform StartEngine.com. If you've typed Eliomotors.com into your browser, you might have been a bit surprised to see a different look for the company. We'll be on the StartEngine page **until approximately July 31** as we "test the waters" for potential investors.

We can't comment on the success of this campaign to date, but can express how incredibly pleased we are with the response as it appears there are others out there like Art Vandalay (the Elio Fan, not the George Costanza alter-ego) who have chosen to follow Paul's mantra to `do something' as well.

In the meantime, if you are an Elio fan, spread the word. While we have to be careful with what we say, you don't. Tell your friends, tell your neighbors. Have them check out StartEngine.com to see if an Elio Motors investment might be for them.

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June 27, 2015

Hello CONTACT.FIRSTNAME,

If you've typed "eliomotors.com" into your browser lately, you might have been a bit surprised by a totally different look. Fear not! It's all part of our fundraising strategy to get Elio Motors one step closer to production.

Here's what's going on:

Elio Motors has partnered with StartEngine.com, a platform for crowdfunding investments. A new Securities and Exchange Commission (SEC) ruling, Regulation A+, has made it possible for start-up companies to "test the waters" and see if there is sufficient interest from potential investors. StartEngine.com is assisting us with this effort so that we can stay in compliance with the regulation.

When you land on the Elio Motors page at StartEngine.com, you will see a lot of background on the company, but you'll also see a button that says "Reserve your Shares." Clicking this button allows you to sign up and indicate how much you'd like to invest in Elio Motors. After July 31, Elio Motors will then decide how best to proceed with filing an offering statement with the SEC and once that offering statement is qualified by the SEC, Elio Motors can make a formal stock offer to interested investors.

We've been quite open about our need to raise money to move forward. Our most recent offering to accredited investors back in March helped us raise enough capital to begin building the P5. This was a huge step forward for the company. Funds raised from the recent Regulation A+ initiative will help us get to P6 and beyond.

It's also an incredible opportunity for Elio fans. Not only can you reserve an Elio, you can now actually OWN A PART OF THE COMPANY! We are making history, and we hope you will come along for the ride!

To learn more about this limited time opportunity, go to both the StartEngine.com website and also view the "Alter the Course" video which has been viewed more than **200,000 times** on Facebook since campaign launch just a few days ago.

In addition to Reserving your Shares and Reserving your Elio, below are a few more ways you can `Do Something' today:

1: **EXPRESS INTEREST** in investing in Elio Motors.

2: **SHARE THE VIDEO** on Facebook and Twitter (Once you reach the YouTube page, social sharing buttons are below the video on desktop and in the upper right corner of the video on mobile).

3: **FORWARD THIS EMAIL** to friends and family.

The long awaited promise of democratizing investment in startups and small businesses across the country has arrived. Together, we can "Alter the Course" of personal transportation: be a part of Elio Motors today.

Warm Regards,

The Elio Motors Team

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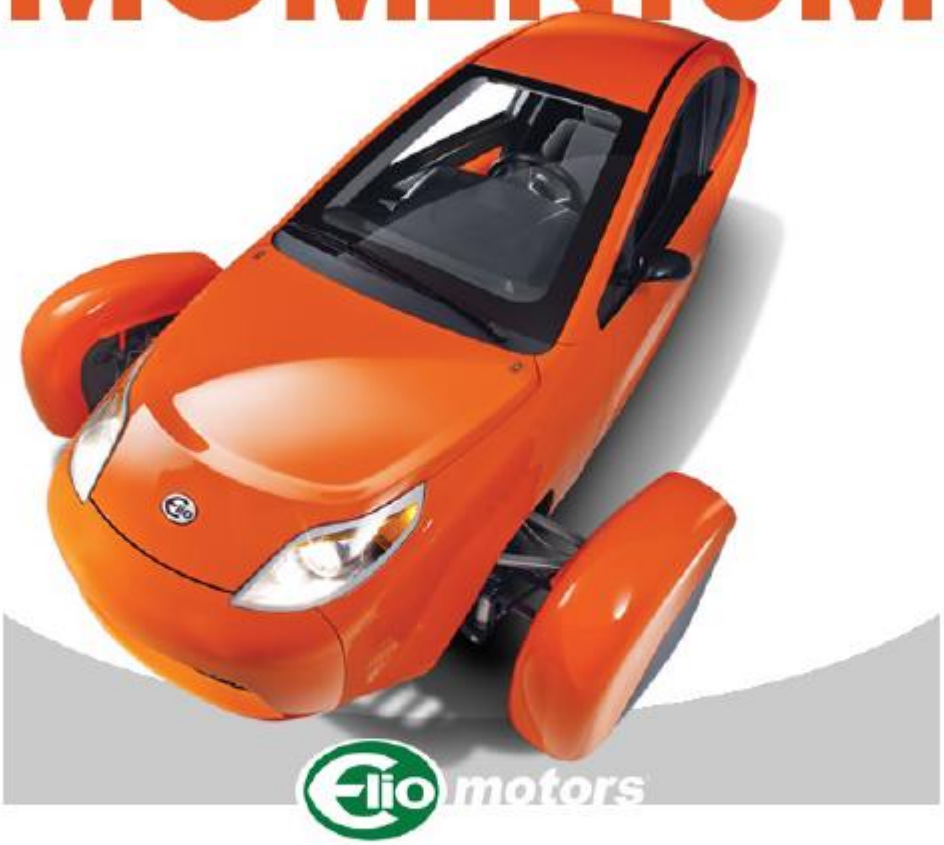
Elio Motors 2942 North 24th Street Suite 114-700 Phoenix, AZ 85016 US

Elio motors

MOMENTUM



Momentum is growing! Now you can reserve an Elio AND reserve shares in the company that you have already grown to know and love thanks to the recent Regulation A+ initiative created by the JOBS Act. The JOBS Act allows regular, working folks to invest in startups like Elio Motors by securing your interest in shares.

Just as Elio Motors made transportation more exciting with its up to **84 MPG** vehicle that is expected to cost just **$6,800***, **Forbes.com** says the same about crowdfunding and that Elio Motors "leads the pack" with SEC Regulation A+.

Reserve your shares today, and while your at it, make your "All In" non-refundable Elio vehicle reservation too

and receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price
- An official place in line as one of 42,000+ reservation holders for as little as $100
- Limited edition Elio "Bring the Heat" T-shirt **(now through June 30, 2015)**
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American made and engineered for:

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- **$6,800**

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Elio Motors Preview Tour Blog

The Preview Tour blog is up! Find out about our nine day tour we took along The Great Race route. Click here to be taken directly to it.

LEARN ABOUT INVESTMENT OFFERING

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Elio Motors 2942 North 24th Street Suite 114-700 Phoenix, AZ 85016 US

Elio Motors Momentum v8

What's in a name? Quite a bit, if you aren't a car and you aren't a motorcycle!

"What's in a name? That which we call a rose by any other name would smell as sweet."

Yes. We just quoted Shakespeare's "Romeo and Juliet."

But, as great a writer as The Bard was, we disagree!

You see, when Paul Elio sits down with reporters to discuss Elio Motors, frequently he's asked about "the car." Small problem. It's not technically a car. The Federal government classifies anything with three wheels as a motorcycle.

Of course, it's really not a motorcycle either. Motorcycles are all about open air and picking bugs out of your teeth for those of you who choose to ride without a helmet!

Enter the "Autocycle." Elio Motors is creating an entirely new category and it deserves its own name, for very practical reasons. We need legislation that matches the vehicle category we are creating. For example, it's far safer in an Elio to ride helmet free. So, motorcycle helmet laws just don't make sense.

Thankfully, there are legislators at the Federal level who agree.

Last week, U.S. Representative John Moolenaar (R-MI) introduced HR 2892, The Autocycle Safety Act, which creates the new classification "autocycle" for enclosed motor vehicles with three wheels. Similar legislation, S685, was introduced in the Senate in March by Senator David Vitter (R-LA).

Currently 26 states have enacted or are currently developing classifications for enclosed, three-wheeled vehicles as autocycles at the state level. But, setting rules at the Federal level will ensure consistency when customers drive their Elio from state to state. This is important to our customers, so it's important to us.

Here's what Paul had to say:

"Elio Motors is forging new territory here, as our innovative vehicle is unlike anything else on the road today. We applaud Rep. Moolenaar for recognizing this vehicle needs a new approach to safety and fuel economy legislation," Elio said. "We intend to build this vehicle to meet stringent safety standards. However, because anything with three wheels is classified as a motorcycle, some current regulations just don't make sense. We need to be classified as an autocycle to meet the expectations of our customers."

What does it mean to us to be an "Autocycle?" Affordability, of course – we expect to sell for $6,800. Fuel efficiency, obviously – we will get up to 84 MPG. We'll have an engine from IAV and a transmission from Aisin that provides car-like performance. We'll go from 0 to 60 in 9.6 seconds and we'll top out at more than 100 mph. And, we're enclosed with our unique front-to-back seating for two.

Like we said. There's nothing quite like it out there. We've truly created a new category!

So while Juliet might not care that Romeo was a Montague (if you slept through 10th grade English, go read the play...it's pretty good!) we respectfully disagree that there is something in a name. We're an autocycle. Affordable. Safe. Fuel efficient. Fun to drive. It means something to us. And, most importantly, it means something to our customers!

One of the many great things about Elio is that it gives Americans even more independence. The freedom to travel freely throughout this great country of ours without the constraints of high gas prices -- since it's engineered to get up to **84 MPG** and has an expected cost of just **$6,800***. And now, thanks to the recent Regulation A+ initiative created by the JOBS Act, you can live the American dream by reserving your shares in Elio Motors.

Celebrate your love for all things American. Reserve your shares today, and while your at it, make your "All In" non-refundable Elio vehicle reservation too and receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price
- An official place in line as one of 43,000+ reservation holders for as little as $100
- Limited edition Elio Motors "Alter The Course" T-shirt **(now through August 15, 2015)**
- Elio bumper sticker

American made and engineered for:

- 84 MPG Highway
- Highest Safety Standards
- $6,800

RESERVE NOW!
50%
BONUS OFFER

LEARN ABOUT
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July 2, 2015

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Elio motors

ACCELERATE

Elio Motors' progress has been non-stop, and things are about to accelerate. Now you can reserve an Elio AND reserve shares in the company that's bringing America a vehicle that gets up to **84 MPG** and is expected to cost just **$6,800***. Thanks to the recent Regulation A+ initiative created by the JOBS Act, anyone can become an entrepreneur, investing in startups like Elio Motors where according to **Forbes.com**, Elio "leads the pack."

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July 4, 2015

"Together, we can 'Alter the Course." The course of the future. The course of transportation. Let's do something."

- Paul Elio, CEO, Elio Motors

Hello CONTACT.FIRSTNAME,

Paul asked. You answered. Thank you.

What does it mean to "Alter the Course?" To "do something?" For Elio Motors, it's about changing the way people think about transportation. It's about creating something that's better for the environment. That creates jobs and strengthens American manufacturing.

Apparently, you agree. You expressed interest to invest in Elio Motors. Obviously, you want to alter the course. To do something. To play a role in impacting positive change.

How can you help from here?

Now is the time to increase momentum. Let's share the "Do Something" mantra with America.

You've probably seen the Alter the Course video. Did you know it's been viewed more than **200,000 times** on Facebook? We are striving to hit 1 million views within the next few weeks to further spread the word about Elio Motors. And that's where you come in. Please "share" the:

Video on your social media pages – Facebook, Twitter, Pinterest, LinkedIn – and help get us there.

Elio Motors Crowdfunding website on the business incubator platform StartEngine.com so friends and family can learn more about the Regulation A+ investment opportunity, the option to reserve an Elio and all about Elio Motors' vision.

With each step you take alongside us, together we can make great things happen.

Thanks again for your support!

Warm Regards,

The Elio Motor Team

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Elio motors

DRIVE

Elio has it. A drive that's fun and efficient. But also the drive to succeed. Now you can reserve an Elio AND reserve shares in the company that's bringing America a vehicle that gets up to **84 MPG** and is expected to cost just **$6,800***. Thanks to the recent Regulation A+ initiative created by the JOBS Act, anyone with a little drive can become an entrepreneur, investing in Elio Motors and other startups. Learn why **Forbes.com** says Elio "leads the pack" with Regulation A+.

Reserve your shares today, and while your at it, make your "All In" non-refundable Elio vehicle reservation and receive:

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Indications of interest in Elio Motor's offering involves no obligation or commitment of any kind.

Elio Motors Preview Tour Blog

The Preview Tour blog is up! Find out about our 4th of July weekend at Bandimere Speedway. Click here to be taken directly to it.

Elio Motors Momentum v9

MOMENTUM

Elio Motors Takes Major Step Forward with $21 Million in Expressed Interest; Revolutionary Investment Opportunity Perfect Fit For Revolutionary Transportation Start-up

As anyone who has followed Elio Motors closely over the past couple years knows, funding has been one of our biggest challenges. Like any good fisherman, we've kept a lot of lines in the water. Well, we're happy to report that following the success of the 506(c) offering, we had yet another big hit.

On June 19, we launched a crowdfunding campaign on StartEngine.com. Our "testing the waters" effort has been incredibly successful, incredibly quickly. We've already surpassed $21 million in expressed interest from over 5,000 investors. Should these non-binding indications of interest turn into actual investment in Elio Motors, we will be 86 percent of the way to our $25 million goal.

We're always looking for ways to innovate and the crowdfunding initiative was a perfect fit. It's made possible by recent changes to the 2012 JumpStart Our Business Start-up (JOBS) Act, which in part made it easier and more cost effective for start-up companies to go after non-accredited investors.

Now, about that $25 million that we are in process of raising…how will it be used? Back in March, a similar initiative was used to fund the upcoming P5 prototype. The latest funds from this campaign will be used to develop the P6 through P30 for a variety of testing and validation. It's a critical milestone for us as part of our march toward production and this latest round of funding will help us get there!

As the name of this newsletter suggests, Elio Motors continues to gather Momentum. This investment initiative has given us significant forward motion. Paul, being an engineer at heart, is a huge fan of Sir Isaac Newton and now believes we are experiencing Newton's Law. To paraphrase, "an object in motion will stay in motion unless acted on by an equal or opposite force."

We intend to stay in motion, moving relentlessly toward production and the results of this crowdfunding initiative are a big part of our current velocity!

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July 11, 2015

Hello CONTACT.FIRSTNAME,

On June 19, Elio Motors launched one of the first Regulation A+ equity crowdfunding campaigns, and we've been absolutely overwhelmed by the support we've received. And, now that we are able to share specifics on the campaign progress to date, we wanted you to be among the first to know. In 20 days, over 5,000 Elio Motors supporters and fans have expressed interest in investing in Elio Motors for more than $20 million. Should these non-binding indications of interest turn into actual investment in Elio Motors, that places us at over 80% of our $25 million goal for this phase of crowdfunding efforts.

In addition to sharing this milestone with you, we wanted to take a moment to share a few highlights of the campaign thus far:

Press from Forbes – The Elio Motors equity crowdfunding campaign had a monumental launch day, including coverage from Forbes, who referred to Elio Motors' work as "inspired." Other influential online publications have lent their voices to the story, including Inc, Autoguide, Inside Car News, Autoblog, The Auto Channel, International Business Times, Green Car Reports, and CNET.

YouTuber Test Drive Videos - To promote this campaign, we invited YouTube automotive influencers from around the country to test drive the Elio and share their opinions with their fans These videos have received over 335K collective views and include sources such as SaabKyle04, TechSmartt, ChrisFix, Engineering Explained, Scotty Kilmer, Rob Dahm, Autobytel, and even a "for-fun" drive with That Chick Angel!

Official Elio Motors Campaign Video – Alongside our launch, we released our official Elio Motors campaign video. It has since become the most viewed Elio Motors video to date. Watch it HERE!

This tremendous response, as well as your continued support and enthusiasm for Elio Motors, is a constant reminder that we are onto something that is truly exciting and innovative and most of all meets today's transportation needs.

To help further support our efforts and momentum as we push through to production:

1: **EXPRESS INTEREST** in investing in Elio Motors

2: **SHARE THE VIDEO** on Facebook and Twitter

3: **FORWARD THIS EMAIL** to friends and family to spread the word

Thank you for your continued support of Elio Motors!

Warm Regards,

The Elio Motors Team

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Elio motors

BRILLIANT

One brilliant idea deserves another. Inventing Elio, a vehicle that gets up to **84 MPG** with an expected price of just **$6,800***, is nothing short of pure brilliance. So is building it with 90% North American content by American workers – and bringing together world-renowned auto suppliers such as Bosch, Continental, Aisin, Lear and Cooper Tires.

Yet another another brilliant idea? Thanks to the recent Regulation A+ ruling created by the JOBS Act, regular working people can invest in startups like Elio Motors. Now you can you reserve an Elio AND reserve shares in the company that's shaping "the future of the automobile industry" **(American Live Wire)!**

Reserve your shares today, and while your at it, make your "All In" non-refundable Elio vehicle reservation and receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price
- An official place in line as one of 43,000+ reservation holders for as little as $100
- Limited edition Elio Motors "Alter The Course" T-shirt **(now through August 15, 2015)**
- Elio bumper sticker

American made and engineered for:

- 84 MPG Highway
- Highest Safety Standards
- $6,800

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* Starting MSRP excludes options, destination/delivery charge, taxes, title and registration

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Elio motors

INNOVATE

Elio founder and visionary Paul Elio understands that innovation is the catalyst for progress. That's why he sought to engineer a vehicle that gets up to **84 MPG** with an expected price of just **$6,800***. And that's just the beginning.

Thanks to the recent Regulation A+ ruling created by the JOBS Act, regular working people can invest in startups like Elio Motors. As of the June 19, 2015 launch, the response has been staggering with expressions of interest** from more than 5,000 investors for more than $20 million (of our $25 million goal). No wonder **The New York Times** names Elio the "dream car of the future."

Reserve your shares today, and while your at it, make your "All In" non-refundable Elio vehicle reservation and receive:

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Elio Motors Preview Tour Blog

The Preview Tour blog is up! Find out about our stop at the 43rd Annual Iola Old Car Show and Swap Meet. Click here to be taken directly to it.

Elio motors

EXHILARATE

From our earliest prototype, Elio has been designed to exhilarate. A fun and efficient machine that gets up to **84 MPG** with all the modern amenities you'd expect. And now, because of a recent JOBS Act initiative called Regulation A+, our exhilaration is reaching a whole new level. Now you can reserve an Elio (with an expected price of just **$6,800***!), and reserve shares in the company that **Forbes** says "leads the pack" in crowd-funded investing.

Help "Alter the Course" in personal transportation. Reserve your shares today, and while you're at it, make your "All In" non-refundable Elio vehicle reservation and receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price
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Elio motors

ADAPT

At Elio, we know that adaptation is a necessity for success. With fuel efficiency of up to **84 MPG** and an expected price of just **$6,800***, Elio was created as a means to evolve with America's new personal transportation needs in today's environment and economy.

We're also adapting to how folks can support today's most promising start-ups...on the ground-level. Thanks to a recent JOBS Act initiative called Regulation A+, you can reserve an Elio AND invest in the company that's starting a "transportation revolution" (**Yahoo! Finance**)!

Help "Alter the Course" in personal transportation. Reserve your shares today, and while you're at it, make your "All In" non-refundable Elio vehicle reservation and receive:

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Elio Motors Momentum v10

Mini Ice Age? Fear Not, We've Got You Covered!

When Paul Elio launched Elio Motors, he took a page out of the Boy Scout Handbook.

Be prepared.

The Elio needs to be able to handle any driving condition imaginable. It needs to have good traction on slick surfaces. It needs to be safe in the event of an accident. It needs to look good, it needs to get great mileage and it needs to be affordable.

It's a lot of great stuff to combine into one package. And, we were confident we had just about everything covered. Until last week.

You might have missed this story on the news, but according to the U.K. Telegraph, a group of scientists have looked at solar patterns and predicted that we are headed for a "mini ice age." From the article:

"The earth is 15 years from a "mini ice-age" that will cause bitterly cold winters during which rivers such as the Thames freeze over, scientists have predicted. Solar researchers at the University of Northumbria have created a new model of the sun's activity which they claim produces 'unprecedentedly accurate predictions.' They said fluid movements within the sun, which are thought to create 11-year cycles in the weather, will converge in such a way that temperatures will fall dramatically."

Imagine the horror among our engineering team. Did we forget to account for the possibility of pending ice age?

Well, fear not, Elio fans!

Our supplier network, which includes some of the brightest minds in the auto industry, quickly constructed a "Mini Ice Age Simulator" so we could run the Elio P4 Prototype through some tests.

Here's some video of the results.

Okay, okay. You caught us. That's not a "Mini Ice Age Simulator." It's Rochester, Michigan, in February, and that's the snow video that we've previously shared.

But, have you ever been to Rochester, Michigan? In February? For our Phoenix-based team, it really did feel like the Ice Age was upon us!

And, this close look at extreme weather does serve as a reminder – we really are prepared. It's one of our most frequently asked questions – "How is the Elio in the snow?" Well, the Elio does just fine in the snow. Our team has accounted for whatever on-road driving conditions Mother Nature can throw our way.

Of course, other scientists chimed in and completely de-bunked the mini ice age theory (we've cancelled our plans for a Phoenix-based snow-blower business.) But, it's good to know that if one comes, we've got you covered!

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Elio motors

PROGRESSIVE

Modern times call for progressive ideas. Ideas like Elio Motors. With comforts like SkyzMatic Internet connectivity, power windows, and AC, Elio has all the standard features and options you need...and want. And you get it all in a package that gets up to **84 MPG** and is expected to cost just **$6,800***!

Now, you can "Alter the Course" in personal transportation. Reserve your shares today, and while you're at it, make your "All In" non-refundable Elio vehicle reservation for what **The New York Times** calls a "dream car of the future" and receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price
- An official place in line as one of 43,000+ reservation holders for as little as $100
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- Elio bumper sticker

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- $6,800

RESERVE NOW! 50% BONUS OFFER

LEARN ABOUT INVESTMENT OFFERING

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Elio Motors Preview Tour Blog

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July 23, 2015

Hello CONTACT.FIRSTNAME,

Exciting news! Earlier today, Elio Motors was "hunted" (featured) on Product Hunt, a popular tech website that highlights the best new and innovative products each day.

Our goal? To finish in the `Top 5' products for the day, and be featured in a newsletter tomorrow morning that is distributed to Product Hunt's database consisting of 150K tech enthusiasts, reporters and investors.

Here's how you can help:

1. Google "Product Hunt" and go to their website.
2. Since we are currently featured in Upcoming Products, click the drop down on the top right of the page that says "Featured" and select "Upcoming" (If you can't find us in Upcoming Products, we may have been moved to the Featured list. Just look for us on the front page.)
3. Once on the "Upcoming" page, scroll down until you see Elio Motors, and click on our entry.
4. If you like our project and think others would like it too, click the ▲ button next to the Elio Motors listing or on the cover photo (note: you will need to login using your Twitter account. If you don't have a Twitter account, don't worry about setting one up just for this event. Only existing Twitter accounts will work).
5. Introduce Elio to your friends and family via Twitter and ask them to do the same. Make sure they too know they must do it today!

Here's why it's important:

When selected as a 'Top 5' product, Product Hunt will help Elio Motors reach a coveted audience of influencers that can help generate even more awareness of our efforts to positively impact the world. The logic is simple. If we reach more people, we'll find more potential reservation holders and potential investors. Ultimately, this gets us closer to reaching production.

Remember, this is a **ONE DAY OPPORTUNITY** to make a difference for Elio Motors. And, as Benjamin Franklin said, "Don't put off until tomorrow what you can do today."

Thank you in advance for your support. Happy Hunting!

The Elio Motors Team

Elio Motors 2942 North 24th Street Suite 114-700 Phoenix, AZ 85016 US

Elio motors

TRANSFORM

New ideas transform us. And Elio is leading the way. It's an idea that will affect how we travel by achieving up to **84 MPG** on the highway. With SkyzMatic Internet connectivity it's changing how we interact with our vehicle...and even our loved ones. And, it makes us reevaluate the need for all those empty seats when most of our driving is solo. With standard amenities such as power windows and door lock, AM/FM Stereo and AC in its expected **$6,800*** price, it's shifting our expectations of value. Best of all, it's helping to transform how great ideas can come to fruition.

Now, you can "Alter the Course" in personal transportation. Reserve your shares today, and while you're at it, make your "All In" non-refundable Elio vehicle reservation for what **The New York Times** calls a "dream car of the future" and receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price
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RESERVE NOW!
50%
BONUS OFFER

LEARN ABOUT
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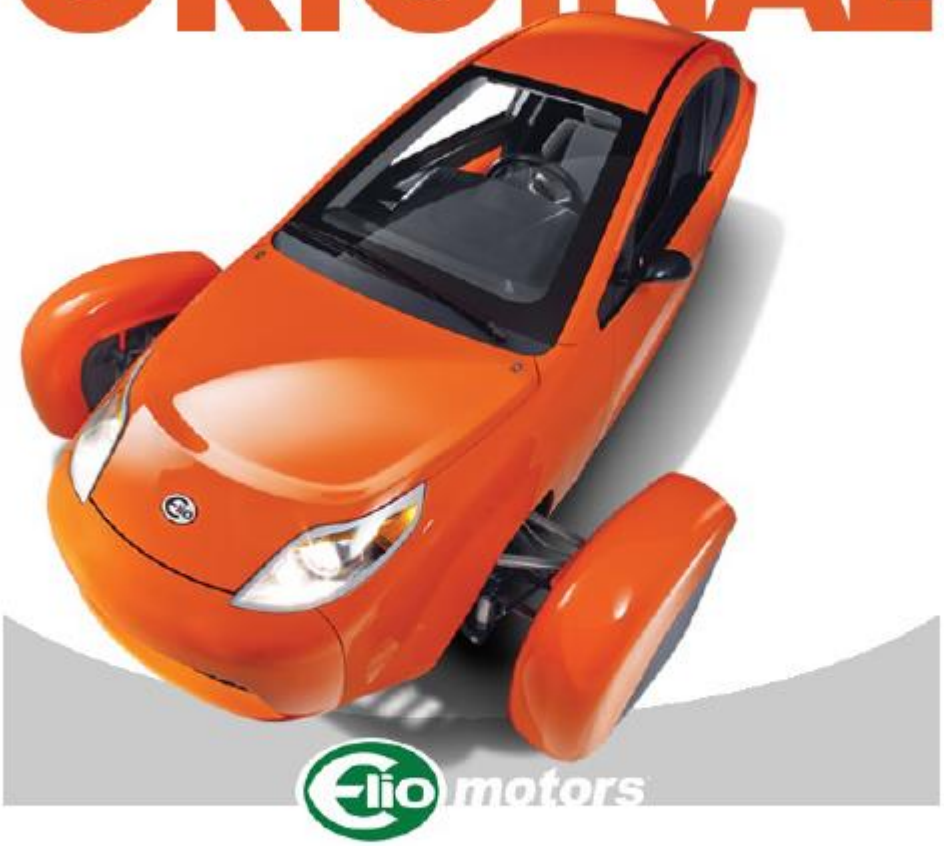
Elio motors

ORIGINAL



At Elio, we know that to be an original you've got to blaze your own path. To make a vehicle right here in the U.S. that gets up to **84 MPG** with an expected price of just **$6,800***. A "dream car of the future," according to **The New York Times**, that has amenities like power windows, AC and a safety management system that we held ourselves to as a new environmental and economic standard. And now, thanks to JOBS Act initiative Regulation A+, Elio is a vehicle to be owned by everyone AND a company to be owned by anyone. Just a few of the many reasons why we've already raised more than $24 million in non-binding expressions of interest from over 6,000 investors!

"Alter the Course" in personal transportation by reserving your shares today. And, while you're at it, make your

"All In" non-refundable Elio vehicle reservation and receive:

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Elio Motors Momentum v11

MOMENTUM

elio motors

Affordable transportation key to breaking the poverty cycle

Earlier this year, the story of James Robertson pulled at heartstrings across the country. The Detroit resident had a 23-mile commute to his job in suburban Rochester Hills, where he worked for a manufacturing company making a little more than $10 per hour.

Amazingly, he did 21 miles of his 46-mile total commute each day ON FOOT!

People rallied around James. They set up a GoFundMe page and raised more than $300,000 for a new vehicle. It was one of the best feel good stories of the year.

But, how many other James Robertsons are out there? How many people turn down a decent job just because they can't get there? There must be a lot of people who could benefit from low-cost transportation.

A few months after the Roberson story, we saw this headline in **The New York Times**:

"Transportation Emerges as Crucial to Escaping Poverty."

The article focused on a couple with a young son who were working a variety of part-time jobs while continuing education and internships. One quote from the article:

"The car is key to life in Frederick."

We agree. We live in a mobile society and the ability to get to and from work can be the difference between a good job and staying on welfare.

But, a vehicle is often out of reach for the average person. The average new vehicle costs more than $31,252, but the average family income is just $52,250.

And the poverty level? It's $24,250 for a family of four. It's tough to get even a decent used vehicle at that level.

It's one of the reasons that Paul Elio launched Elio Motors in the first place. Our customer base is going to be large and diverse and all over the socio-economic spectrum. We know the Elio can be a lifeline for people that need affordable transportation. If someone financed an Elio for five years, the principal would equate to a little more than $110 per month.

Compare that to riding the METRA train in Chicago. A monthly, unlimited ride pass starts at $92, but that's only a short ride. If you start downtown and head out

to suburban Aurora, it can cost nearly $215 a month.

The Elio also will come with a three-year, 36,000-mile warranty. One of the challenges often faced by used vehicle owners is simply keeping their vehicle running. Repairs might pull from – or wipe out – the monthly grocery bill. With the Elio under warranty, owners can have peace of mind that a repair won't set them back.

The Elio will impact society in many ways – boosting American manufacturing, creating jobs and reducing dependence on foreign oil. But, one of the things we look forward to the most is helping people like James Robertson to make their own lives even better.

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July 27, 2015

Hello CONTACT.FIRSTNAME,

We are so close! But, we need your help...

As you know, Elio Motors has embarked on a revolutionary crowdfunding strategy as part of our overall fundraising efforts. So far, so good. We are closing in on our goal of **$25 million** in expressed interest. Obviously, your interest in Elio Motors is an important part of that success and we thank you for believing in our vision.

These fundraising efforts are important to our continued success. Our last fundraising initiative in March yielded enough investment to begin building our fifth generation prototype, the P5. The latest effort will help fund the P6 through P30 so we can do some important validation and testing work.

Given that $4,000 is the average expressed interest to date, that is just several hundred Elio Motors' investors to get us to our latest goal.

These investors could come from anywhere...your neighbor, your brother-in-law, the usher at your church...who knows? Elio lovers come in all shapes and sizes and all walks of life. So, here's our ask.

1. Think of people you know and who might be interested in becoming a part of this movement. Someone who supports American ingenuity. Someone who cares about the environment. Someone who wants to create American jobs. And, most important, someone looking for a unique investment opportunity.

2. Reach out to them with this link www.eliomotors.com/equity. Send them an email, find them on Twitter, post on their Facebook wall.

3. Consider increasing your expressed interest of shares.

However you care to do it, just help us find a way.

Thanks again for all your support and thanks in advance for spreading the word.

The Elio Motors Team

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1. Express your desired interest via reservation of share, here.

2. Think of people you know and who might be interested in becoming a part of this movement. Someone who supports American ingenuity. Someone who cares about the environment. Someone who wants to create American jobs. And, most important, someone looking for a unique investment opportunity.

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However you care to do it, just help us find a way.

Thanks again for all your support and thanks in advance for spreading the word.

The Elio Motors Team

Elio motors

ENERGY

At Elio, we're feeling the energy. It's in the air and it's growing. Our new prototype P5 is underway and the P4 is on the road showing America that a vehicle can indeed get up to **84 MPG** and cost only **$6,800***. Add to this the fact that the Elio includes amenities like standard power windows and lock, AC, and a safety management system.

Now, not only can you reserve your own Elio, you can reserve shares in Elio Motors, too! Thanks to a new JOBS Act initiative called Regulation A+, regular working people can express interest in the company that **American Live Wire** calls "the future of the automobile industry."

"Alter the Course" in personal transportation by reserving your shares today. And, while you're at it, make your

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CNBC CNN FOX BUSINESS GOOD MORNING AMERICA The Weather Channel

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Elio Motors Preview Tour Blog

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Elio Motors Momentum v12

Crowdfunding Initiative Key to Maintaining Momentum

Paul Elio has been pretty candid about just how important fundraising is to Elio Motors' long-term success. Here's what he said in a recent video interview with **MotleyFool.com**:

"Access to capital is the hardest part of starting a company," Elio said. "Crowdfunding is a good, viable way for a company and investor to match up."

How good?

For Elio Motors, it meant obtaining non-binding indications of interest totaling $25 million in a little over five weeks. For many of our fans, it meant an opportunity to own a piece of Paul's dream.

On June 19, thanks to Regulation A+ of the Jumpstart Our Business Startup (JOBS) Act, Elio Motors launched this initiative on crowdfunding platform, StartEngine.com. It is officially known as the "testing the waters" phase, where we were able to gauge interest from investors. Once we have those expressions of interest, the next step is to file an offering statement with the Securities and Exchange Commission. The SEC will review our submission and if approved, we can then make a formal offer of stock to those who have expressed interest.

So far, things are going as planned. In fact, we are believed to be the largest equity-based crowdfunding initiative to date.

First, we'd like to thank those of you who have expressed interest. We truly appreciate your support.

And, if you still want in? Fear not, you have time! We are keeping the StartEngine.com link live to evaluate if perhaps our offering statement should be for more than $25 million.

As important as it is to celebrate this milestone, it's also important to understand just why this is such a great sign of progress.

This round of funding is critical to our forward momentum. As you know, our previous 506(c) investment strategy resulted in our ability to begin building the P5 prototype. The dollars raised from this recent Regulation A+ crowdfunding initiative will fund P6 to P30. In doing so, the objective is to validate the design so we can finalize our tooling and production plans. Sadly, the way we do this is by ultimately crashing 22 of these 25 vehicles to ensure we meet our safety goals. Once this is done, we'll know what adjustments need to be made to our tooling and manufacturing plan and we'll be much closer to final production.

Without the support of passionate fans like you, we wouldn't be where we are today. Thank you for the overwhelming show of interest and for continuing to share our story with others.

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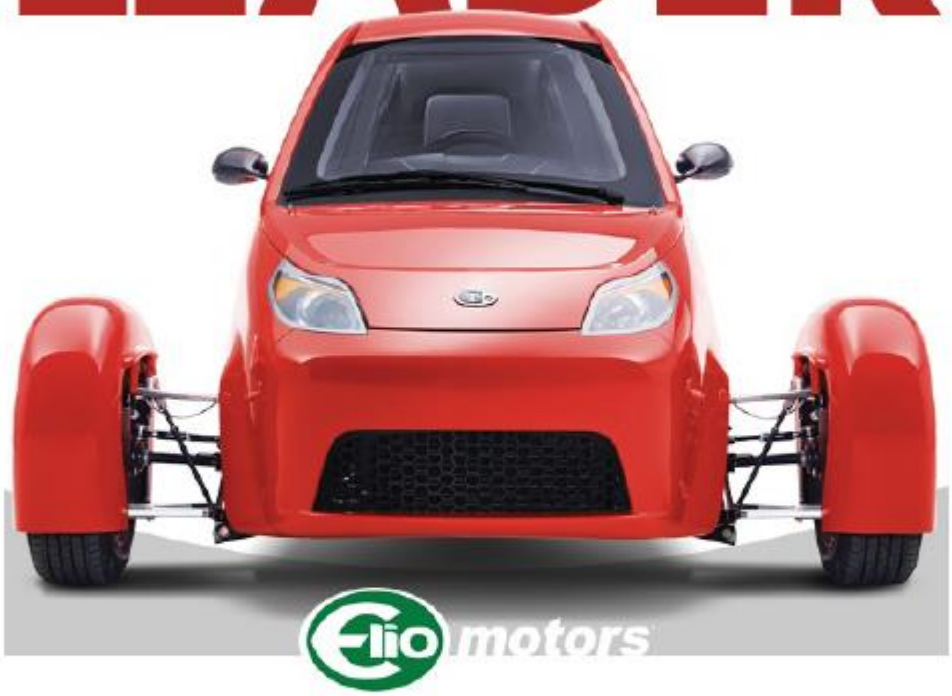
Elio motors

LEADER



There's a lot of talk about what Elio Motors "is." We like to think of ourselves as a leader. Publications such as **American Live Wire** thinks Elio is "the future of the automobile industry." Who are we to argue?

Now, thanks to a recent Regulation A+ crowdfunding initiative under the JOBS Act ruling, folks can reserve a vehicle with an expected price of just **$6,800*** that gets up to **84 MPG** and reserve shares in Elio Motors itself! So far, we've **received over $25 million** in non-binding indications of interest from nearly 7,000 investors.

"Alter the Course" in personal transportation by reserving your shares today. And, while you're at it, make your "All In" non-refundable Elio vehicle reservation and receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price
- An official place in line as one of 43,000+ reservation holders for as little as $100

- Limited edition Elio Motors "Alter the Course" T-shirt **(now through August 15, 2015)**
- Elio bumper sticker

American made and engineered for:

- **84 MPG Highway**
- **Highest Safety Standards**
- **$6,800**

* Starting MSRP excludes options, destination/delivery charge, taxes, title and registration

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Like Elio Motors, cool is tricky to define, but you know it when you see it. And a vehicle that gets up to **84 MPG** that comes with power windows/lock, heat and AC, am/fm stereo and an Elio Safety Management System for an expected price of just **$6,800*** feels as cool in the driver's seat as it looks on paper. And now, thanks to a recent JOBS Act initiative called Regulation A+, you can buy into a piece of the company that's making "cool" accessible to everyone.

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Elio Motors 2942 North 24th Street Suite 114-700 Phoenix, AZ 85016 US

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Elio Motors Preview Tour Blog

The Preview Tour blog is up! Find out about our stop in Tukwila, WA at the Museum of Flight. Click here to be taken directly to it.

August 5, 2015

Hello CONTACT.FIRSTNAME,

On **Thursday, August 6, at 3 p.m. (EDT)**, join **Forbes** contributor Devin Thorpe for a live Google+ Hangout <please click here to find the broadcast at the appointed time> as Elio Motors' founder Paul Elio is interviewed along with Start Engine's Ron Miller.

Devin covers social entrepreneurship and impact investing. His self-proclaimed mission is to solve some of the world's biggest problems before 2045 by identifying and championing the work of experts who have created credible plans and programs to end them once and for all.

Paul is one of those experts who decided the world was ready for something radically new, specifically our need to evolve to more efficient and practical forms of transportation. The discussion will focus on the issues related in today's Forbes article such as how Paul envisions Elio Motors will revolutionize the transportation industry, the latest Elio developments and the ongoing crowdfunding initiatives that provide you the opportunity to buy-in to the company that **Forbes** says "leads the pack" in crowdfunded investing.

Elio motors

DISCOVER

In this week's live interview with Paul Elio, Founder and CEO of Elio Motors, Forbes.com contributor Devin Thorpe discoverd first hand how a simple yet ingenious 3-wheel vehicle is capable of gaining "absolutely unprecedented interest," much like the attention the Elio receives everywhere it tours. Especially when folks discover it is an American made vehicle that gets up to 84 MPG with an expected price of $6,800*. During this interview, Forbes.com and those tuning in also learned there is much more to this love affair.

It's about how Elio Motors has invited all of its supporters on an intimate, insider's view of the journey to launch an American start-up that will be revolutionizing the transportation industry. It's the discovery of transportation as a critical solution in escaping poverty. It's understanding why

Forbes.com cites Elio Motors as "leading the pack" in Regulation A+ crowdfunding.

Click here to read the article and watch the replay of the interview and, while you're at it, reserve your shares AND your "All In" non-refundable Elio vehicle reservation to receive:

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Elio Motors Momentum v13

Genesee Group Inc. to Play Integral Role in Elio Motors

One of the core pieces of Elio Motors' business strategy was to build a blue-chip supplier base so that we had the right partners providing parts and systems. We tout our supplier team frequently, and many of them are major global suppliers, some with sales in the billions.

The goal for Elio Motors is to work with the most notable suppliers that best meets our needs which sometimes means we find the right partner in a smaller, highly specialized company. That's the case with the Genesee Group, Inc., a 100-person operation with team members near Nashville, Tennessee and Dallas, Texas.

"One of the things we value in our supplier network is world-class expertise," said Steve Semansky, Vice President of supply chain management. "Genesee's not the biggest, but we think they are the best at what they do. Their stampings are an integral part of our vehicle structure and will play a significant role in everything from aerodynamics to safety and vehicle quality."

The Genesee Group is an expert in providing both high- and low-volume stamped parts. Stamping is the process of placing flat sheet metal in either blank or coil form into a stamping press where a tool and die surface forms the metal into the correct shape of the part. Genesee will have over 80 different stamped parts on the Elio. In addition, Genesee Group will provide 10 -15 different welded assemblies – a group of stamped parts welded together to form one functional part – as part of the Elio frame. In fact, Genesee Group provides more individual parts for the Elio than any other single supplier.

Genesee Group is a perfect fit for Elio for several reasons. First, while the company is in the prototype phase, it needs a partner that can provide high-quality stamped parts in a low-volume run. At this stage of our development, this is precisely Genesee's role – providing "cut-to-order" parts for the upcoming E1 series.

But, looking down the road, Genesee Group also is capable of mass-producing stamped parts, as well. Currently, the company's Tennessee operation is deeply involved as a Tier Two supplier to both Nissan and Honda.

The company's ability to switch from a low-volume to high-volume supplier is a tremendous advantage, as it will provide continuity of expertise from our E1 phase through mass production.

Genesee also has one other significant advantage – geography. The company's existing facility near Dallas is only a few hours drive to Elio Motors' manufacturing facility in Shreveport. The relative close proximity will be an advantage as we get closer to production.

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Elio motors

RELEVANCE

According to a recent report by J.D. Power, more than 43% of premium brand drivers and 28% of non-premium brand drivers cite the latest in-vehicle technology as one of the reasons they purchased their vehicle. And because Elio Motors believes a new vehicle should match the needs of each individual buyer, SkyzMatic Internet Connectivity with in-vehicle VoIP calling, Wi-Fi, remote vehicle monitoring and alarms, and remote start is just one of the many options to choose from when personalizing your Elio.

This is yet another way Elio Motors is relevant to today's emerging transportation needs. Now you can reserve shares in Elio Motors AND make your "All In" non-refundable Elio vehicle reservation to receive:

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Elio Motors Preview Tour Blog

The Preview Tour blog is up! Find out about our stop in Portland and our upcoming one in Detroit. Click here to be taken directly to it.

Elio Motors Momentum v14

Behind the Scenes with Paul Elio: A Frank Discussion About How We're Going to Succeed

Paul Elio recently had the opportunity to sit down for a chat with employees at The Motley Fool, a media brand designed to educate, amuse and enrich readers and help them make better financial decisions. As a company that prides itself on giving outstanding investment advice, The Motley Fool's employees scrutinize every aspect of a business from top to bottom. It's a potentially tough crowd!

Of course, Paul was completely unfazed. If there's one thing he loves to do, it's share the details of what makes Elio Motors different and why it's destined to change the world.

Paul's hour long talk provided some amazing insight into the company, its history, its goals and its strategies. Fortunately, the camera was rolling.

Over the next several months, we'll be sharing "Behind the Scenes with Paul Elio," a series of video snippets from Paul's interview. It will give you a glimpse behind the curtain to learn more about the company and the man.

Today's clip takes things right from the top. Why did Paul start Elio Motors and what makes this a meaningful project <Part 1: About Paul and Elio Motors' Purpose>.

There are very few CEOs who are willing to put themselves under the microscope quite like Paul. He made a strategic decision to be transparent right from the start. He loves talking strategy, but he also loves facing down skeptics and educating them on exactly why this is going to work.

We look forward to bringing you these insights as we move forward. Launching Elio Motors has been and will continue to be an incredible journey. We hope that by sharing Paul's vision from time to time, you'll be able to enjoy the journey as much as the Elio team.

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August 12, 2015

Hello CONTACT.FIRSTNAME,

The reason you are receiving this letter, and will be receiving others like it in the future, is to keep you well-informed of the momentum that continues to build for Elio Motors. To date, our innovative crowdfunding campaign has commanded the attention of more than 7,700 supporters who expressed non-binding interest in investing more than $28 million in Elio Motors' revolutionary concept. We're thrilled that so many people like you are committed to changing the way America looks at transportation.

This week, we are holding a Supplier Summit to help us take one step closer to production. Designers and engineers from our world-class network of suppliers will put the finishing touches on designs for engineering prototypes that will eventually become the E1 through E25. These vehicles will be funded by money raised in the crowdfunding initiative that you have already expressed an interest in supporting and will be used for a variety of testing and validation purposes. It's a critical step in our development.

Also, in the very near future, Elio Motors will file with the Securities and Exchange Commission (SEC) for authorization to offer a formal investment in the company. But that doesn't mean the time to express interest is over. There is still time for someone you know to show interest in becoming an investor in Elio Motors through this Regulation A+ investment opportunity. That is, up until we receive authorization from the SEC to proceed with our offering. Once that occurs, the opportunity to express interest will come to a close.

Anyone still interested in expressing a non-binding indication of interest in becoming an Elio Motors' investor can go to our crowdfunding website. In addition, please continue to share this opportunity by:

1. Creating a list of people you know and who might be interested in becoming a part of this movement and unique investment opportunity.

2. Reach out to them with this link www.eliomotors.com/equity. Send them an email, find them on Twitter, post on their Facebook wall.

3. Introduce them to Elio Motors, the company, by sharing the Alter the Course video.

4. Share the video clip of Paul Elio's most recent interview with **The Motley Fool** <click here> to learn more about Paul and also the purpose of this project.

5. Consider increasing your expressed interest of shares.

Thank you for being a part of the Elio Motors family and for your help with keeping the momentum going.

The Elio Motors Team

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SUPPORT

A **Cars.com** survey indicates that American consumers care more than ever about buying cars that support the domestic economy – and no one cares more about supporting the American economy than Elio. For Elio Motors, it's just as much about giving back to this great country of ours as it is changing the way we travel. When Elio creates an estimated **3,000 American jobs** by putting plant workers, suppliers, engineers and the like to work through vehicle assembly and supply partners, it supports American families and a way of life our forefathers worked so hard to build for future generations. Elio is bound and determined to secure that way of life for Americans everywhere, and working together, we can.

How can you support the good ˙ol U.S.A.? What's more American than buying into an American company and keeping the American Dream alive and well? Now you can **reserve shares in Elio Motors AND make**

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Elio motors

UNITY

Unity is the cornerstone that has made America great. So when Elio Motors focuses on bringing upwards of 1,500 direct jobs to our Shreveport facility, plus an additional 1,500 from the supply base, Elio Motors corporate, sales and service once full production is underway, plus approximately 18,000 indirect jobs nationwide, it just goes to show that together we can play a significant role in bringing manufacturing back to the United States.

Another way Elio Motors is bringing America together? Everyday folks can now share in the American Dream by having the opportunity to buy into an American company. **Reserve shares in Elio Motors AND make your "All In" non-refundable Elio vehicle reservation** today to receive:

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EFFICIENCY

Americans are all too familiar with austerity. We know that in uncertain economic times the need to do more with less is very real. That's why the time is right for Elio Motors. With an expected price of just **$6,800*** and up to **84 MPG**, Elio is affordable personal transportation for the masses. It's the ideal vehicle for commuters, students, recent grads, and anyone else who appreciates the value of efficiency. And just like Elio is the "people's" vehicle, Elio Motors is a company that anyone can buy into thanks to the recent JOBS Act initiative. Now, any American, regardless of income, has the opportunity to invest in start-up companies at the ground-floor level. Elio Motors included.

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Elio Motors Preview Tour Blog

The Preview Tour blog is up! Elio Motors had a big week in Detroit with our third annual appearance at the Woodward Dream Cruise. Read about it here: Click here to be taken directly to it.

Elio Motors 2942 North 24th Street Suite 114-700 Phoenix, AZ 85016 US

Elio Motors Momentum v15

MOMENTUM

Behind the Scenes with Paul Elio: Elio Supplier Summits Revolutionize OEM, Supplier Relationships

Thirty-Four World-Class Suppliers Gather to Lay Groundwork for Production Timeline

Talk to any therapist, marriage counselor, clergy member, or maybe even Dr. Phil or Oprah, and what's the one thing they say is most important to healthy relationships? Communication.

At Elio Motors, we take that to an exponential level. It's not enough to have good relationships with our supplier companies individually, it's just as important that they have good relationships with each other and that they communicate with each other to make positive things happen.

That's what makes our supplier summits – like the one last week in Troy, Mich. – so unique and special. We bring 34 suppliers together under one roof. We talk about challenges. We trade ideas back and forth. We come up with solutions that save costs and improve design and manufacturability. We tap into the collective brainpower of some of the top minds in the auto industry. It makes us better and it is one of the key strategies that will get us to the production line.

This most recent supplier summit was perhaps our most important to date. Now that the funding picture is coming into focus thanks to recent crowdfunding initiatives, we are zeroing in on our production timeline. Our collective supplier team is working together feverishly to iron out minute details that, ultimately, will save our customers money.

The innovative nature of Elio Motors' supplier relationships can't be taken lightly. It will take a lot of discussion and decision making between the company and our supplier partners to get to the finish line. No idea is too big or too small. Paul Elio learned this early in his career as an engineer working at a supplier company. He came up with a solution to save $1.50 per part... all the supplier had to do was move a bolt hole an inch. The OEM said no. Here is a clip of Paul telling the story to Motley Fool in a recent interview:

Part 2: Relationship with our Suppliers

When Paul launched Elio Motors, he realized that he couldn't climb this mountain alone. His supplier partners were going to be a key part of the success. It's one of the reasons communication with our suppliers – especially the listening part – is so important and such a big part of our culture.

Relationships are the lifeblood of business. Communication is what breeds healthy relationships and our supplier summits are how we put this innovative philosophy to work every day.

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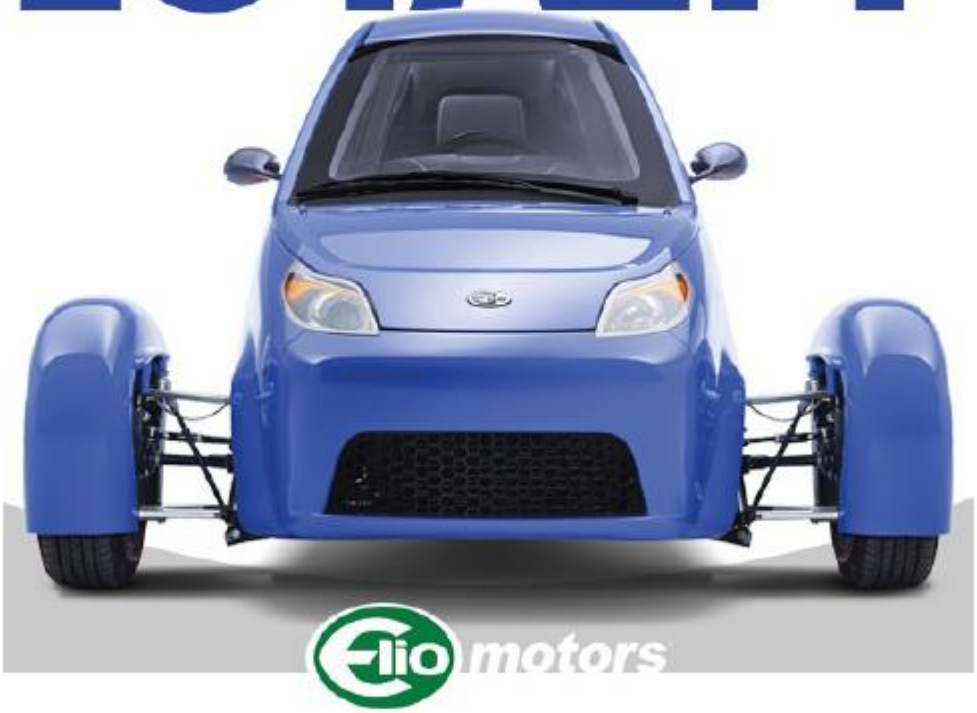
Elio motors

LOYALTY



Automotive News recently published an article that revealed how many American cars are actually being manufactured overseas. This got us thinking about what it truly means to be an "American company."

How important it is for products from an American company to actually be made in America? At Elio Motors, we believe that this is a key principle for maintaining American leadership. It is this sense of loyalty to our country that is a guiding principle at Elio Motors. Invented in Arizona, engineered in Michigan, and to be manufactured in Louisiana, Elio is truly American transportation. In fact, when production begins, we'll directly employ upwards of 1,500 workers in our Shreveport assembly plant plus an additional 1,500 in our

supply base, at Elio Motors corporate, and in sales and service.

At Elio Motors, we're altering the course of personal transportation and reigniting American manufacturing. We've already accepted nearly 45,000 Elio reservations, and now, thanks to a recent JOBS Act initiative, everyday Americans can reserve shares in Elio Motor's "transportation revolution!" **(Yahoo! Finance)**

You too can reserve shares in Elio Motors AND make your "All In" non-refundable Elio vehicle reservation today to receive:

- A 50% bonus of your reservation amount up to $500 off the final purchase price
- An official place in line as one of 44,000+ reservation holders for as little as $100
- Limited edition Elio Motors T-shirt (now through September 30, 2015)
- Elio bumper sticker

American made and engineered for:

- **84 MPG Highway**
- **Highest Safety Standards**
- **$6,800***

* Starting MSRP excludes options, destination/delivery charge, taxes, title and registration

**No money or other consideration is being solicited at this time, and if sent in to Elio Motors, will not be accepted. No offer to buy securities of Elio Motors can be accepted and no part of the purchase price can be received until Elio Motor's offering statement is qualified. Any such offer to buy securities may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of its acceptance is given after the qualification date. Any indications of interest in Elio Motor's offering involves no obligation or commitment of any kind.